

2010 SUSTAINABILITY REPORT

Economic, Environmental and Social Responsibility

FIAT
SOCIETÀ PER AZIONI





2010 SUSTAINABILITY REPORT

Economic, Environmental and Social Responsibility

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LETTER TO STAKEHOLDERS

The facts and figures contained in the following pages describing what Fiat has done over the past year, its significant accomplishments and the targets it has set for the future all form part of something bigger, they demonstrate our commitment to sustainable development and how we interpret and cultivate sustainability throughout the Group.

Our actions are guided by principles such as safeguarding the environment and natural resources, guaranteeing the respect and safety of individuals, collaborating with local communities and even extending the principles of sustainability beyond the factory gates to all our partners and collaborators.

Fiat's approach involves acting with responsibility – where active concern for the environment and society are fully integrated with our economic objectives – and a sustainability management system aligned with the new ISO 26000 standard which defines international best practice in social responsibility.

We firmly believe the quality of our results is also a direct function of how they are achieved.

That is why we have always striven to ensure our growth ambitions are compatible with sustainable development practices and to conscientiously seek the right balance in every choice we make.

This ethic is an intrinsic component of our leadership that has rooted itself deeply in the Group's culture.

None of this would be possible without the determination and dedication of our employees and we thank them for embracing these principles and translating them every day into concrete actions.

The severe blow to the global economy, whose impacts continued to be felt in 2010, did not prevent us from maintaining the promises made in last year's Sustainability Plan and the Plan included in this edition of the Sustainability Report sets even more ambitious targets.

Fiat's values and commitment have been appreciated and recognized at the international level, as demonstrated by several top sustainability rating agencies ranking our group among the leaders.

For the second consecutive year, Fiat S.p.A. has been included in the Dow Jones Sustainability World and Sustainability Europe indexes – one of only three automobile sector companies admitted for 2010/2011.

During the year, we achieved significant results in all areas of activity.

On the environmental front, Fiat was named, for the fourth consecutive year, as the most eco-performing of the major brands in Europe, with cars that have the lowest CO₂ emissions levels.

Fiat Powertrain completed development of the 2-cylinder TwinAir that reduces CO₂ emissions to as low as 92 grams/kilometer, the lowest in Europe for a production gasoline engine.

Iveco introduced the Eurocargo hybrid, the first diesel/electric truck available commercially in Europe.

CNH consolidated its position as "Clean Energy Leader" with an extensive offering of products that are already in line with Tier 4 regulations for polluting emissions.

Magneti Marelli made further advances in telematic technologies that enable an ever more sustainable mobility and Centro Ricerche Fiat continued to prove itself as a center of excellence for international research projects and platforms in the areas of vehicle safety and fuel-efficient technologies.

Significant gains were also made toward reducing the environmental impact of production processes. For example, Fiat Group Automobiles plants worldwide achieved an 11% reduction in CO₂ emissions per vehicle produced compared to the previous year.

On the social front, Fiat continued to invest in projects centered around the health and safety of employees. In addition, we managed the effects of the protracted global crisis on our employees with a deep sense of responsibility, seeking to mitigate the potential social impacts to the greatest extent possible.

The values underpinning Fiat's business approach also guided us in the major strategic decisions we took during the year: the separation of the Group into two distinct entities, Fiat and Fiat Industrial, and the definition of our 2010-2014 Business Plan.

The demerger allows for the potential of both groups to be unleashed – a potential that would otherwise have risked being only partially realized.

Those who lead an enterprise have a responsibility not just toward the assets they manage, but, even more importantly, to the people in their organizations.

And, therefore, the best way to understand the value generated by this transaction is to consider the opportunities for personal growth that it offers our employees.

As for the 2010-2014 Business Plan, it reflects our commitment to the continued development of both groups, Fiat and Fiat Industrial, while holding firm to the values that have guided us in recent years to ensure our employees certainty and positive long-term prospects.

This is the path we intend to continue along, because we are convinced that our commitments and the trust we have earned from our stakeholders represent the best foundation upon which to build a better future.

/s/ John Elkann

John Elkann
CHAIRMAN

/s/ Sergio Marchionne

Sergio Marchionne
CHIEF EXECUTIVE OFFICER

GUIDE TO THE REPORT

Now in its seventh edition, the Sustainability Report is a voluntary document produced by the Group to provide its stakeholders a comprehensive picture of the activities carried out, results achieved and commitments made in the economic, environmental and social spheres. For the second year running, the report has achieved the maximum Application Level (A+) of the GRI-G3 guidelines, inclusive of the Automotive Sector Supplement⁽¹⁾. This year, for the first time, in addition to being audited by an independent organization, the Sustainability Report has been examined externally by the GRI organization, which has confirmed the Application Level.

Application level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of : Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Labor practices, Human rights, Society, Product responsibility.		Report on each core G3 and Sector Supplement (in final version) Indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

See also the Statements of assurance on pages 198-199

⁽¹⁾ The Global Reporting Initiative (GRI) is a multi-stakeholder process for development and disclosure of guidelines for sustainability reporting. The guidelines set out principles and indicators for reporting on the economic, environmental and social dimensions and represent a standard for content to assist the organization in the preparation of the Sustainability Report, enabling comparability over time and between similar organizations. In addition to establishing principles for the preparation of sustainability reports, the GRI-G3 guidelines define content which is broken down into: strategy and analysis, profile of the organization, report parameters, governance, stakeholder inclusiveness, and economic, environmental and social performance indicators. At the end of 2010, the Automotive Sector Supplement was still in the pilot phase and, as such, there was no requirement for it to be included for determination of the application level of the GRI-G3 guidelines, which only takes into account the definitive versions of the Sector Supplements.

MATERIALITY AND STAKEHOLDER INCLUSIVENESS

The subjects addressed in the Sustainability Report have been chosen on the basis of an analysis that takes account of the information needs of stakeholders concerning the work carried out and results achieved by the Group in the areas of economic, environmental and social sustainability (see *materiality index in the following pages*), and of the requirements of the principal international reporting standards and the specific characteristics of the automotive industry.

Significant attention has also been given to the information requirements of socially responsible investors (SRIs) and financial analysts who periodically analyze the Group's sustainability performance.

The contents of the report therefore reflect the need to satisfy these requirements and also benefit from the results of regular benchmarking against the main players in the automotive industry.

The structure of this document, which has been refined over the years, is substantially similar to last year's edition and provides stakeholders a familiar layout in which to find the information they are interested in.

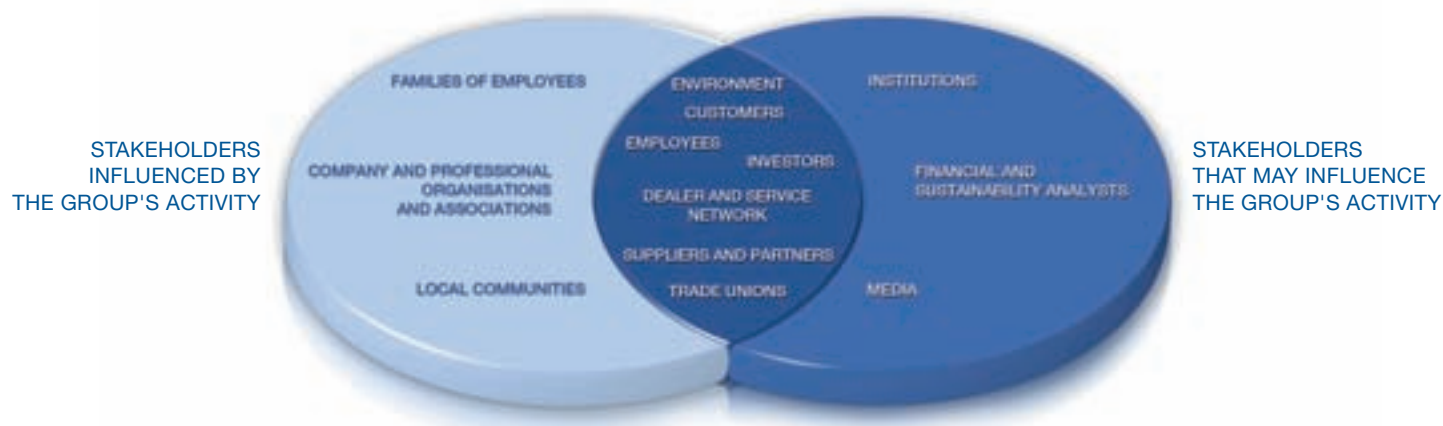
The areas discussed (governance, sustainable mobility, manufacturing processes, human resource management, relationships with local communities, dealer and service network, customers, and suppliers) are organized into three principal sections: the first illustrates the Group's strategic approach to sustainability; the second reports on initiatives implemented in 2010; and the last section provides information on additional economic, environmental and social indicators. Based on the feedback obtained during meetings and interviews with the principal stakeholders, this document examines certain areas in greater depth and includes reporting on new indicators.

The main additions with respect to previous editions of the Sustainability Report are:

- expansion of the scope (by geographic area and/or Sector) for KPI reporting and target setting in relation to occupational health and safety, logistics and suppliers
- description of the commitments and targets set out in the new 2010-2014 Environmental Plan (for atmospheric emissions, water management, waste management and biodiversity)
- reporting of the commitments made in the area of work-life balance and more details on actions taken in relation to equal opportunities
- detailed information on disabled employees
- more information on employee volunteering during working hours in the section on local communities
- in relation to environmental protection, a description of the Fiat Biodiversity Value Index, developed together with the Department of Animal and Human Biology of the University of Turin and a professional consultancy firm
- reporting, for the first time, on occupational disease and near misses

MAP OF STAKEHOLDERS

The map of stakeholders, and their expectations, has been generated from the results of an internal survey of entities charged with managing day-to-day relationships with the different categories of stakeholders. The materiality index, on the other hand, shows the entities responsible for ongoing dialog with the various stakeholders, the tools used, the principal expectations identified and reference to the sections of the Sustainability Report that address each aspect.



MATERIALITY INDEX

Stakeholder	Corporate function ⁽¹⁾	Tools and interaction channels	Stakeholder expectations	References
<ul style="list-style-type: none"> Public institutions: government, local authorities, public agencies, regulatory bodies, EU institutions, trade associations and non-governmental organizations 	Institutional Relations	<ul style="list-style-type: none"> periodic ad hoc meetings on corporate objectives and decisions participation in working groups, development of joint projects and alliances ad hoc involvement collaboration on R&D projects initiatives to promote environmental issues 	<ul style="list-style-type: none"> responsiveness and proactiveness towards projects presented collaboration and access to information satisfaction of tender requirements for R&D projects technical support on specific sector-related issues 	pages 32-34, 45-46, 49, 51, 82, 86, 92-93, 95, 99-105, 115, 120, 133-137, 145, 148, 156-158, 170, 195
<ul style="list-style-type: none"> The Environment 	Environment	<ul style="list-style-type: none"> dialog with institutions and environmental associations 	<ul style="list-style-type: none"> inclusion of environmental aspects in business strategies (combating climate change) strengthening of environmental management through: dedicated organizational structure, environmental performance monitoring systems, management objectives and action plans 	pages 43-48, 51-57, 60, 73-86, 95-102, 104-105, 107-127, 186-192
<ul style="list-style-type: none"> Employees 		<ul style="list-style-type: none"> daily dialog people satisfaction surveys meetings to communicate expected and actual performance level and professional development path 	<ul style="list-style-type: none"> clarity of organization and protection in periods of market uncertainty clarity of objectives and reward system information on Group strategies and results training and professional development stimulating and safe work environment 	pages 57-64, 129-161, 186, 193-196
<ul style="list-style-type: none"> Professional organizations and associations 	Human Resources	<ul style="list-style-type: none"> meetings to share and align with corporate objectives and decisions 	<ul style="list-style-type: none"> indirect participation in the decision-making process developing sense of belonging access to information 	-
<ul style="list-style-type: none"> Employees' families 		<ul style="list-style-type: none"> participation initiatives (<i>Natale Bimbi</i>, Family Day, Open Day, etc.) targeted initiatives (nursery school, academic scholarships, FASIFIAT) 	<ul style="list-style-type: none"> indirect participation in corporate life 	pages 149, 154-155

⁽¹⁾ The names provided in the index for corporate functions have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.

Stakeholder	Corporate function	Tools and interaction channels	Stakeholder expectations	References
<ul style="list-style-type: none"> Trade unions and employee representatives 	Industrial Relations	<ul style="list-style-type: none"> institutional meetings (European Works Council – EWC) and other meetings at all levels (plant, company, regional or national) pursuant to legal or contractual provisions tri-lateral meetings (company, trade unions and government bodies) on matters of particular importance ad hoc meetings at plant, company, regional or national level 	<ul style="list-style-type: none"> social dialog in line with the applicable legal or contractual provisions under which – from time to time and dependent on the country, the matters at issue and the level of dialog – trade unions or employee representatives have the right to information, consultation and/or negotiation 	pages 32-34, 63, 133, 135, 145, 149, 156-161, 195
<ul style="list-style-type: none"> Dealer and service network, associations 	Sales	<ul style="list-style-type: none"> daily contacts and periodic meetings with the network two-way communication through the web and dedicated phone lines individuals responsible for monitoring the network and ensuring fulfillment of contractual standards dealer development programs programs to support dealers, including training, definition of standards, financing and promotional campaigns 	<ul style="list-style-type: none"> complete and rapidly accessible product information business profitability developing sense of belonging quality and availability of products/parts/services competitive prices expansion of product lines expansion of services offered to customers, including financial support services for dealers and rapid response to breakdowns 	pages 64-65, 163-166
<ul style="list-style-type: none"> Prospective and existing customers, and opinion leaders 	Marketing and Customer Care	<ul style="list-style-type: none"> market research focus groups customer satisfaction surveys above-the-line and below-the-line communication channels two-way communication through: web, direct mailing, dealerships, toll-free numbers, etc. events (product launches, etc.) and participation in exhibitions, trade fairs and conventions 	<ul style="list-style-type: none"> quality, reliability and safety of products competitive prices and availability of credit sustainability in business choices and product development (reduced consumption and emission levels, access to restricted areas, possible utilization of state and regional incentives) speed and efficiency of assistance professionalism and courteousness in direct contacts and through dealers increase in products and services offered to customers (including financial) 	pages 46, 49-50, 64, 66, 81-83, 90-93, 164, 167-170
<ul style="list-style-type: none"> Suppliers and commercial partners 	Purchasing	<ul style="list-style-type: none"> daily relationship through buyers conventions technology days 	<ul style="list-style-type: none"> continuity of supply fulfillment of contractual conditions 	pages 67, 96, 171-175
<ul style="list-style-type: none"> Local communities: religious, cultural, socio-political, scientific and technological research, health system, schools and universities, non-governmental organizations, non-profit organizations 	Miscellaneous entities	<ul style="list-style-type: none"> meetings with representatives of associations, organizations or local communities definition of actions or projects, managed directly or in partnership collaboration on R&D projects cultural exchange programs 	<ul style="list-style-type: none"> responsiveness to project proposals and individual requests for assistance contributions and support for initiatives over medium-to-long term satisfaction of tender requirements for R&D projects access to information 	pages 32-34, 37, 46, 51, 68-69, 99-100, 103-105, 176-181, 194
<ul style="list-style-type: none"> Financial community: traditional and sustainability investors 	Investor Relations, Corporate Affairs and Sustainability Unit	<ul style="list-style-type: none"> Annual General Meeting price sensitive communications and information quarterly conference calls seminars, industry conferences, roadshows and meetings daily dialog (meetings, telephone, email) Investor Relations section of the Group website 	<ul style="list-style-type: none"> expand and reinforce knowledge of the Group and its businesses value creation (return on investment, sustainability of the business) transparent and responsible management 	pages 39-40, 41-69
<ul style="list-style-type: none"> Journalists and media 	Communications	<ul style="list-style-type: none"> daily dialog presentations and press conferences meetings the Group and Sector websites 	<ul style="list-style-type: none"> availability, timeliness and accuracy of information, transparency 	www.fiatspa.com www.fiatindustrial.com

METHODOLOGY AND SCOPE

Unless otherwise indicated, the information and data contained in this Sustainability Report (which covers the calendar year) relates to the 2010 financial year and to all Group companies worldwide falling within the scope of consolidation⁽¹⁾ at 31 December 2010.

The exclusion of any geographic area or company or specific site from the scope of reporting is attributable to the inability to obtain data of a satisfactory quality or their immateriality in relation to the Group as a whole, as is often the case for newly-acquired entities or production activities that are not yet fully operational.

In some cases, entities that are not consolidated in the financial statements have been included in the scope of reporting because they have significant environmental and social impacts.

In particular:

- data on occupational health and safety relates to 168 of the 181 plants included in the Consolidated Financial Statements (covering approx. 92% of overall Group employees and over 97% of plant workers⁽²⁾) and to the Sevel joint venture
- the Group's environmental and energy performance refers to the same 168 plants (covering over 99.5% of the Group's industrial revenues⁽³⁾) and 6 plants of companies that are not fully consolidated (including the Sevel and Tofas joint ventures).

Moreover, from this year, the Sustainability Report has adopted a definition of *plant* that corresponds to the definition used in the Consolidated Financial Statements and, as a result, the number of *production sites* reported in previous years has been replaced by the number of *plants*.

Data has been collected and reported with the aid of existing management control and information systems, where available, in order to ensure reliability of information flows and correct monitoring of sustainability performance. For certain indicators, a specific reporting

process has been established using electronic databases or files that are populated directly by the individual or entity responsible for each aspect worldwide.

To enable comparison over time, the data presented usually covers a three year period (2008-2010).

To assist readers in correctly assessing the performance of the Group and the individual Sectors, in the few cases where there have been significant changes in the scope of reporting, normalized data⁽⁴⁾ relating to previous years has been shown together with both the "historic" value and the value under the scope of reporting comparable to 2010.

Details of calculation methods and explanations of trends are provided alongside the corresponding graphs and tables.

GUARANTEE OF QUALITY OF INFORMATION

The quality of the information contained in the Sustainability Report is guaranteed by compliance with the following principles:

- materiality: inclusion of all information deemed to be of interest to stakeholders due to its economic, environmental or social impact
- completeness: inclusion of all material issues and indicators
- balance: coverage of both positive and negative aspects of the Group's performance
- comparability: ability to compare between time periods and with similar organizations
- accuracy: provision of adequate levels of detail
- reliability: reporting process subject to audit by an independent organization
- timeliness: report made available together with the Annual Report at the Annual General Meeting of Fiat S.p.A.
- clarity: the language used is directed at all stakeholders

⁽¹⁾ The Consolidated Financial Statements at 31 December 2010 refer to Fiat Group pre demerger, as this transaction took effect on 1 January 2011. Moreover, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, as the Demerger became highly probable in December, all businesses to be transferred to the new Fiat Industrial Group were classified and presented as Discontinued Operations in the Consolidated Financial Statements.

⁽²⁾ Plant workers are defined as all the employees located at a particular site including workers assigned to manufacturing and other associated units (quality control, logistics, etc), and to research and development.

⁽³⁾ Revenues attributable to activity of plants directly controlled by the Group.

⁽⁴⁾ Normalized data refers to the relationship between an absolute value and a quantity produced (e.g., GJ/vehicles produced).

Preparation of the Sustainability Report is part of an annual reporting process subject to audit, analysis and approval by a number of individuals and entities. The document is:

- prepared by the Sustainability Unit, which is part of Group Control, and centrally coordinates and engages the relevant Sectors and Group functions
- approved by the Group Executive Council, the decision-making body headed by the Group CEO and composed of the CEOs of the operating Sectors and various heads of function
- examined by the Nominating, Corporate Governance and Sustainability Committee, a sub-committee of the Board of Directors of Fiat S.p.A.
- subject to an assurance audit by SGS Italia S.p.A.⁽¹⁾, an independent certification body, in accordance with the Sustainability Reporting Assurance procedure (SRA), in compliance with the GRI-G3 guidelines and

the AA1000APS-2008 standard. SGS is officially authorized to conduct AA1000 assurance audits. In addition, as of this year the Group's sustainability management system is aligned with ISO 26000 guidelines on social responsibility, published in November 2010. The statement of assurance, which describes the activities carried out and the opinion expressed, is provided on page 198

- presented, in the Italian version, together with the Annual Report at the Annual General Meeting of Fiat S.p.A. to provide a complete, up-to-date overview of the Group's financial, environmental and social performance
- published and freely available for download from the Sustainability section of the Group website. The 2009 Sustainability Report was made available at Fiat S.p.A.'s Annual General Meeting on 26 March 2010.



⁽¹⁾ The Chief Executive Officer of Fiat S.p.A., Sergio Marchionne, is Chairman of the Board of Directors of SGS S.A. In addition, on 15 March 2011, after the 2010 Sustainability Report was closed, John Elkann, Chairman of the Board of Directors of Fiat S.p.A., was appointed as a non-executive director of the Board of Directors of SGS S.A.



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THE GROUP AND SUSTAINABILITY

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A YEAR OF SUSTAINABILITY: FACTS AND FIGURES

Fiat S.p.A. confirmed in
Dow Jones
World and Europe
Sustainability Indexes



**Dow Jones
Sustainability Indexes**
Member 2010/11



For the fourth year running,
Fiat is leader for the
lowest CO₂ emissions
in Europe at 123.1 g/km

Fiat S.p.A. recognized among
sustainability leaders
by major rating agencies
and international organizations

Sustainability management
system aligned with
ISO 26000
guidelines on social responsibility



TwinAir is leader
in Europe for the lowest CO₂
emissions for a gasoline
engine at 92 g/km

148 plants
ISO 14001 certified

€1.9 billion spent
on Research and
Development (+14% vs 2009)

90% of New Holland Agriculture
models in Europe capable of
using up to
100% biofuel mix



Commercialization in Europe of
the **first hybrid medium
commercial vehicle**



€25.6 million
committed by the Group to
local communities

-11% over 2009 in
CO₂ emissions per
vehicle produced at Fiat Group
Automobiles plants worldwide

138 plants
OHSAS 18001 certified



€64.5 million
spent on
employee **training**
(+32% vs 2009)

Over **700,000** hours
of training to the network on **safety
and the environment**
(+65% vs 2009)

-8% over 2009 in
water consumption per
vehicle produced at Fiat Group
Automobiles plants worldwide

€218 million
spent on
occupational
health and safety

Alfa Giulietta receives
Euro NCAP 5 Stars
for safety, adding to Fiat 500,
Grande Punto, Bravo, Croma,
Lancia Delta, Alfa MiTo and 159

15% of energy consumed
by the Group is from
renewable sources
(11% in 2009)



+7% over 2009 in
women employed
by the Group

GROUP PROFILE

On the 1st of January 2011, the demerger of activities from Fiat to Fiat Industrial took effect⁽¹⁾. As a result of this transaction, there are now two distinct groups, one focused on the automobile business (Fiat) and the other on the capital goods business (Fiat Industrial), each with well-defined objectives that are clearly understandable to the market.



FIAT GROUP

In 2010, **Fiat Group pre demerger** continued the coordinated management of the design, production and sale of passenger cars, trucks, agricultural and construction equipment, engines, transmissions, and components and production systems, with an emphasis on technological innovation and environmental compatibility. With 181 plants, the Group employed around 200 thousand people around

the world and had commercial relationships with customers in more than 190 countries.

Some 14 thousand highly-qualified personnel working at 113 Research and Development centers on five continents focused on product and process innovation. Revenues of €56.3 billion for the year represented a 12% increase over the prior year. Trading profit was €2.2 billion.

⁽¹⁾ Fiat Industrial Group consists of the Agricultural and Construction Equipment (CNH – Case New Holland), Trucks and Commercial Vehicles (Iveco) activities, as well as the Industrial & Marine business line of FPT Powertrain Technologies (FPT Industrial).

⁽²⁾ Includes 25% interest in Chrysler Group LLC

GLOBAL PRESENCE – FIAT GROUP PRE DEMERGER

Italy



Revenues	21%
Employees	41%
Plants	60
R&D centers	43

Europe (excluding Italy)



Revenues	33%
Employees	23%
Plants	54
R&D centers	34

North America



Revenues	11%
Employees	6%
Plants	17
R&D centers	16

Mercosur



Revenues	24%
Employees	24%
Plants	26
R&D centers	9

Rest of world



Revenues	11%
Employees	6%
Plants	24
R&D centers	11

HIGHLIGHTS⁽¹⁾

Fiat Group worldwide (€ million)	2010	2009	2008
Net revenues	56,258	50,102	59,564 ⁽²⁾
Trading profit/(loss)	2,204	1,058	3,362
Profit/(loss) for the year	600	(848)	1,721
Investments in tangible and intangible assets ⁽³⁾	3,718	3,386	4,979 ⁽²⁾
R&D expenditure ⁽⁴⁾	1,936	1,692	1,986
Net industrial (debt)/cash	(2,442)	(4,418)	(5,949)
Cash and cash equivalents	15,653	12,226	3,683
Employees at year end (no.)	199,924	190,014	198,348
Plants (no.)	181	188	203

⁽¹⁾ Highlights by Sector are provided in the Appendix.

⁽²⁾ Following adoption of the improvement to IAS 16 in 2009, as described in the Notes to the 2010 Consolidated Financial Statements, net revenues for 2008 were increased by €184 million and investments in tangible and intangible assets were reduced by €284 million.

⁽³⁾ Net of vehicles sold under buy-back commitments and leased out.

⁽⁴⁾ Includes capitalized R&D and R&D charged directly to the income statement.

BREAKDOWN OF VALUE ADDED

The value added through the activities of Fiat Group and distributed to its various stakeholders in

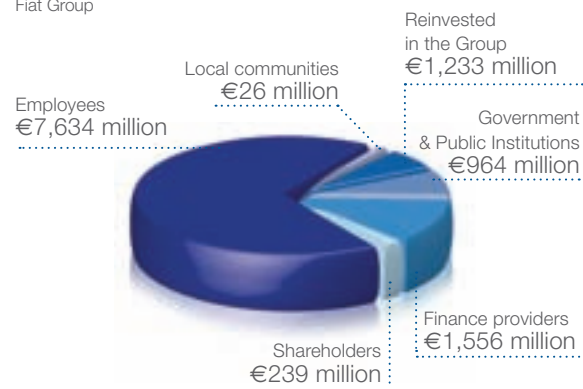
DIRECT ECONOMIC VALUE GENERATED

Fiat Group (€ million)	2010
Consolidated 2010 revenues	56,258
Income of financial services companies	(950)
Government grants (current and deferred/ capitalized), release of provisions, other income	699
Other income	1,241
Direct economic value generated	57,248
Cost of materials	(41,432)
Depreciation & Amortization	(3,077)
Other expense	(1,088)
Value added	11,651

2010 totaled €11,651 million, equivalent to 21% of revenues (19% in 2009).

BREAKDOWN OF VALUE ADDED

Fiat Group

**AUTOMOBILES**

Fiat is one of the founders of the European automotive industry. Operating for more than a century, it has produced approximately 97 million passenger cars and light commercial vehicles and its models have been named *Car of the Year* 12 times. The Automobiles business consists of Fiat Group Automobiles, Maserati and Ferrari.

During 2010, the global strategic alliance between Fiat and Chrysler, initiated in mid 2009, was developed further and the foundation was laid for the creation of a group capable of positioning itself as one of the leaders in the automobile sector. Fiat Group Automobiles and Chrysler are working together to bring to customers around the world cars that are unique, innovative, reliable, safe and combine excellent performance with low consumption by uniting the capabilities and know-how of the two groups.

FIAT GROUP AUTOMOBILES

Fiat Group Automobiles (FGA) designs, produces and sells automobiles under the Fiat, Alfa Romeo, Lancia and Abarth brands, and light commercial vehicles under the Fiat Professional brand. Each brand has its own unique identity and distinct commercial and marketing practices.

Fiat

Since its foundation, Fiat has produced practical, versatile and lively models with an unmistakable Italian design. Cars for consumers who are increasingly focused on technological innovation, as well as the environment. As a result of its constant commitment to developing concrete solutions that are deployable now, Fiat has achieved the lowest average CO₂ emissions among the top selling brands in Europe for the fourth consecutive year (source: JATO Dynamics).

The new products released in 2010 also demonstrate the brand's commitment to the environment: from the Fiat 500 and Fiat 500C equipped with the innovative 85 hp two-cylinder TwinAir (which offers up to a 30% reduction in CO₂ emissions), to the Doblò Natural Power (the latest addition to the bifuel natural gas/gasoline range).

Fiat's product line-up ranges from the agile city cars Panda, 500 and 500C, to modern, versatile models such as the Punto Evo, Grande Punto, Bravo and Idea and, finally, to the new Doblò MPV, the Sedici SUV and the original Fiat Qubo and the Fiat Linea, which is sold internationally.

Alfa Romeo

In 2010, Alfa Romeo celebrated its 100th anniversary. With a century of successes, generations of auto enthusiasts have identified with the brand's distinctive values: sportiness, technology, comfort, elegance and unique design all contributing to its distinctive personality.

Today, Alfa Romeo models combine the allure of sensual proportions with state-of-the-art technology that offers optimum power, fuel consumption and ecological performance. The compact Giulietta, a name from Alfa Romeo's rich past, embodies the brand's new signature style and technology. Launched in the Spring of 2010, this new model received 5 stars from Euro NCAP and was named *Auto Europa 2010*. The Giulietta joins Alfa Romeo's existing range, including the peppy MiTo, the spirited 159 and 159 Sportwagon and other models.

Lancia

Class, exclusivity and unmistakable Italian style are the hallmarks of Lancia. For more than 100 years, the brand has been producing models whose elegant originality is adaptable to everyday life, such as the compact Ypsilon, the Musa city limousine and the Delta, which blends attractive styling with a bold and innovative spirit.

These values are also reflected in the bifuel (LPG/gasoline) ECOCHIC range, an innovative concept in eco-friendly automobiles that are luxurious yet affordable, lively yet fuel efficient.

As part of the integration of the distribution activities of Fiat Group Automobiles and Chrysler Group in Europe, a reorganization of the Chrysler and Lancia sales networks was initiated in May 2010 which will result in the creation, by the end of 2014, of a new integrated distribution network with more than 1,000 points of sale across Europe.



Abarth

Relaunched in 2007, Abarth is today synonymous with spirited performance and sporting emotion. The Scorpion offers cars that are ultra-modern yet true to the brand's traditional spirit, inspired by the world of motor racing, packed with technology and performance. Models include the Abarth Punto Evo, the Abarth 500C and the limited edition Abarth 695 Tributo Ferrari, all released in 2010. The line-up also includes conversion kits and exclusive versions for racing enthusiasts. Abarth has made the world of competitive racing more accessible with cars such as the Abarth 500 Assetto Corse and the Abarth 500 R3T, as well as the single-make championships and an extensive distribution network. In 2010, Abarth's gritty spirit was confirmed once again with the victory of the Abarth Grande Punto S2000 in the European Rally Championship for the second consecutive year.

Fiat Professional

Fiat Professional's relationship with its customers is a partnership between professionals. Fiat Group Automobiles' brand of light commercial vehicles was created to partner small and large companies in growing

their businesses. Customers seeking productivity, ease of use and fuel efficiency rely on the know-how and innovation of Fiat Professional, their ally in meeting the challenges of the market. From the Fiorino, Scudo and Ducato, to the new Doblò Cargo, the brand offers vehicles capable of meeting every need, both professional and personal. In 2010 that commitment was again rewarded with commercial success – leader in Italy and second position in Europe – and critical acclaim. The Doblò Cargo was named *International Van of the Year*, the fourth time in 5 years that one of the brand's models has received this prestigious recognition.

MASERATI

Maserati's cars are unique for their allure, elegance and state-of-the-art technology. Models such as the Quattroporte, a sedan of unmistakable style that represents the ideal balance between luxury and performance; or the GranTurismo, the first 2-door, 4-seater modern coupé that combines power and elegance, futuristic design with surprising practicality; or the GranCabrio, the brand's first ever 4-seater cabriolet. An excellence that is often the result of experience gained on the racetrack. Indeed, Maserati has a long





and glorious racing heritage that continues today with the MC12, winner of 14 FIA GT Championships since its debut in 2004, and the new GranTurismo MC Trofeo, which, launched in 2010, has its own mono-brand trophy. In 2010, the brand also expanded its line-up with the presentation of the Quattroporte Sport GT S Awards Edition, to celebrate the 56 awards received by the sedan since its launch in 2003, and the top-of-the-range GranTurismo MC Stradale coupé, the fastest, lightest and most powerful car in Maserati's product stable.

FERRARI

Ferrari, by definition, is the most prestigious example of Italian technology and craftsmanship: exclusive cars without equal. Their genealogy is inextricably linked to the company's experience in competitive racing, and to Formula 1 in particular, where Team Ferrari is the only team that has participated in every world championship, as well as winner of the greatest number of titles (16 times winner of the Constructors'

Championship and 15 times winner of the Drivers' Championship).

The HY-KERS, the hybrid GT presented by Ferrari at the 2010 Geneva Motor Show is derived from technology developed for the Formula 1 circuit. Powered by two engines, one electric and the other a traditional V12, this concept car is a demonstration of Ferrari's ability to combine driving pleasure and respect for the environment. Leveraging on this ability and on continuous product improvement, the Prancing Horse also introduced the High Emotion Low Emissions (HELE) system on the Ferrari California. This system reduces CO₂ emissions by about 15% through a combination of innovative technological solutions and the optimization of various technical content, including a Start&Stop designed specifically for application on sports cars. During the year, the Maranello-based automaker also presented the 599 GTO, the highest performance road car in its history, and the special series Ferrari SA Aperta.

COMPONENTS AND PRODUCTION SYSTEMS

Fiat Powertrain, Magneti Marelli, Teksid and Comau contribute significantly to the Group's growth through business strategies based on: product innovation, flexible design processes and integration with customers, collaboration agreements with other technology leaders, excellence in production processes and quality, and an increased industrial and commercial presence in emerging markets.

FIAT POWERTRAIN

Fiat Powertrain develops, produces and sells engines ranging in output from 60 to 235 hp and transmissions with torque from 143 to 400 Nm for application on passenger cars and light commercial vehicles. The company is a major player in the global powertrain sector and has a strong tradition of creating solutions to reduce polluting emissions and fuel consumption

through the development of conventional and alternative propulsion systems, such as natural gas and bifuel (natural gas/gasoline) engines.

There is also significant emphasis on hybrid propulsion systems. New developments in 2010 include: the 85 hp 900 cc two-cylinder TwinAir, which debuted on the Fiat 500, and was awarded the prestigious Technobest 2010; the new 120 hp 1.4 16v bifuel T-Jet (Euro 5) that equips the new Doblò Natural Power; and the innovative Alfa TCT dual dry clutch transmission (containing 23 patented technologies), available on the Alfa MiTo. Finally, the 1.4 MultiAir Turbo, which was recognized *Best New Engine 2010* at the prestigious Engine of the Year Awards.

MAGNETI MARELLI

The company is an international leader in the design and production of leading-edge automotive systems and components: from lighting to engine control systems, from electronics to suspension systems, from exhaust systems to components for the aftermarket and motorsport.

Through a process of continuous innovation, Magneti Marelli seeks to leverage its know-how and the Group's expertise in electronics to develop intelligent systems and solutions that contribute to the evolution of safe and environmentally-sustainable mobility, as well as optimizing the on-board environment. The company has been a major contributor to the enormous technological advances achieved in the automotive sector in recent years as demonstrated by the many state-of-the-art components developed for the Group's main models (from the Fiat 500 to the Punto Evo, Alfa MiTo, Giulietta and Lancia Delta), as well as those of other major automakers. Products resulting from know-how and a focus on research and innovation developed over more than 90 years.

TEKSID

With more than 80 years of experience, Teksid is the largest producer of gray and nodular iron castings in the world, with annual production of more than 600,000 tons in engine blocks, cylinder heads, engine components, and parts for transmissions, gearboxes and suspensions. In addition, through Teksid Aluminum it is a world leader in production technologies for aluminum cylinder heads and engine components. The company continually focuses on the technical features of its products to meet the specific and increasingly demanding needs of the automotive industry. Teksid's competitive advantages include: a high level of automation; upgrading technology to continuously improve quality standards; and close integration with the product development of its customers, which include leading global producers of cars, trucks, agricultural equipment and engines.

COMAU

Comau makes "the machines that make machines": body welding and assembly robots; and machining and assembly for mechanical systems. Customers are delivered a turnkey solution that includes design, production, installation, production start-up and follow-up maintenance. With 22 companies in 15 countries and 40 years of experience in industrial automation, Comau is a leader in development of innovative technologies for the continuous improvement of processes. Constant investment in R&D has enabled the company to position itself as an international full-service provider of engineering solutions to the automotive industry, as well as the aerospace, petrochemical, foundry and steel industries. Through its Ecomau solutions, the Company also supports customers in the application of energy-saving production technologies through upgrades to existing plant and equipment and provision of new plant and equipment.



AGRICULTURAL AND CONSTRUCTION EQUIPMENT

CNH - CASE NEW HOLLAND

Established in 1999 through the merger of brands that played a key role in the development of the agricultural and construction equipment industries, CNH – Case New Holland is today a global producer with the most advanced products available in each segment.

It is present in around 170 countries through a commercial network of 11,300 dealers and distributors and offers comprehensive service support (CNH Parts & Service) and personalized financing solutions (CNH Capital).

Agricultural Equipment

Since 1895, **New Holland Agriculture** has provided solutions that improve farming efficiency and productivity through the use of accessible technologies. In 2006, it began actively promoting the use of alternative fuels, emission reduction systems and sustainable agricultural technologies.

Case IH Agriculture is synonymous with incomparable performance, low operating costs and reliability. In 2010, it unveiled a new line-up of more powerful and fuel-efficient Steiger® tractors and introduced the new generation of Magnum™ tractors for 2011, which offer

increased productivity and fuel efficiency along with an improved operator environment. Both product lines meet the new Tier 4 emissions standards.

Steyr has been the leading producer of tractors in Austria for more than 60 years. In 2010, the brand launched three new CT tractor models equipped with the Ecotech technology that further increase fuel efficiency.

Construction Equipment

New Holland Construction is a global leader in the construction equipment market. In 2010, it launched in Europe the first three new models of wheeled excavators, in addition to the new E10SR mini excavator (the smallest in the range).

Case Construction since its foundation has built a reputation as a premium manufacturer of a complete range of technologically-advanced products. In 2010, the brand also initiated a comprehensive refresh of its backhoe loader line, introducing new models with reduced fuel consumption, improved productivity, visibility and operator comfort.

Kobelco manufactures and sells in North America a full line of compact, mid-size and full-size excavators ranging from 2 to 88 tons.



TRUCKS AND COMMERCIAL VEHICLES

IVECO

Iveco operates internationally in the development, production and sale of a wide range of trucks, buses and other commercial vehicles, providing customers worldwide the highest level of after-sales support and, through Iveco Capital, financial services for purchase, lease or rental. The company has long been committed to safe, efficient and ecological mobility, developing technological solutions that respect people and the environment for more than 30 years.

The **Iveco** brand sells light, medium and heavy commercial vehicles for on-road and off-road use. All its models are available with engines that meet the Enhanced Environmentally-friendly Vehicle (EEV) standard, the strictest emissions standard currently in effect in Europe. It is the only producer to offer ecological diesel and natural gas engines on its entire range of vehicles and it was the first full-line truckmaker to offer engines specifically designed to run on natural gas.

Through its other brands, Iveco produces and sells vehicles for specific uses: fire-fighting equipment

to deal with the most serious emergencies (**Iveco Magirus**); mining and construction vehicles, rigid and articulated dumptrucks, and special vehicles to carry out the most challenging tasks in extreme climate conditions (**Iveco Astra**); touring coaches, urban and inter-city buses, and mini-buses (**Iveco Irisbus**); and vehicles for civil defense and peace-keeping missions (**Iveco Defence Vehicles**).

In 2010, Iveco launched the new hybrid Eurocargo, which is equipped with a parallel diesel/electric propulsion system that offers a reduction in fuel consumption and CO₂ emissions of up to 30% in urban driving conditions. At the Hannover Motor Show, Iveco presented the EcoStralis, equipped with engine, aerodynamics and electronic systems that make it an innovative and powerful vehicle offering optimum fuel consumption and emissions performance. In 2010, the sector also released the Citelis serial hybrid, an urban bus available in both 12-meter and 18-meter versions, fitted with a generator powered by a 6-cylinder EEV-compliant FPT Tector engine and Start&Stop system.

INDUSTRIAL COMPONENTS

FPT INDUSTRIAL

FPT Industrial is specialized in the design, production and sale of propulsion and transmission systems for on- and off-road trucks and commercial vehicles, as well as engines for marine application and power generation. The company's distribution network of more than 100 dealers and 1,000 service points ensure its presence in around 100 countries.

With an extensive product portfolio, consisting of 5 engine families ranging in output from 50 to 870 hp

and transmissions with maximum torque from 300 to 400 Nm, and a strong emphasis on research and development, FPT Industrial is one of the world's leading producers of powertrains for industrial application.

In relation to diesel engines for marine applications, at the 2010 Genoa Boat Show, FPT Industrial presented the new C90 650 diesel engine, best-in-class in its category offering power, quiet operation, reliability and efficiency with incredibly compact design.



**MAP OF PRINCIPAL
INTERNATIONAL
AGREEMENTS⁽¹⁾****ITALY****FPT Industrial and Daimler Group**

Strategic collaboration and supply of light diesel engines

ITALY AND FRANCE**Fiat Group Automobiles (FGA)
and PSA Peugeot Citroën Group**

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

- high-end MPVs for Fiat and Lancia (until the fourth quarter of 2010), and for Peugeot and Citroën
- compact commercial vans for Fiat, Peugeot and Citroën
- light commercial vehicles for Fiat, Peugeot and Citroën

ITALY, FRANCE, GERMANY AND THE UK**Iveco and Barclays**

JV (49%) for the provision of financial services to Iveco's dealer network and end customers

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

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

CNH - Case New Holland and BNP Paribas

JV (49.9%) for the provision of financial services to CNH's end customers

CHINA**Iveco and Nanjing Automotive Corporation**

JV (50%) for the production and sale of light and medium commercial vehicles

Iveco and SAIC

JJV (50%) for the production and sale of heavy vehicles

Iveco, FPT Industrial, SAIC and Chongqing

JV (60% held directly and indirectly) for the production and sale of commercial vehicles, engines and transmissions

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

Framework agreement for the establishment of a JV (50%) for the production of engines and passenger cars for the Chinese market

Magneti Marelli and SAIC

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

JAPAN**Fiat Powertrain and Suzuki Motor Corporation**

Licensing agreement for the production of MultiJet diesel engines

INDIA**Fiat Group Automobiles, Fiat Powertrain and TATA
Alliance including:**

- JV (50%) for the production of B- and C- segment cars, engines and transmissions
- Exclusive distribution through dealer network of TATA Motors

Magneti Marelli, Suzuki and Maruti Suzuki

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

⁽¹⁾ Current as of 28 February 2011

Magneti Marelli and Sumi Motherson

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

Magneti Marelli and Krishna

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

Magneti Marelli and Endurance Technologies

JV (49.9%) for the production of shock absorbers

Magneti Marelli and Unitech Machines

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

PAKISTAN**CNH - Case New Holland and AI Futtaim**

Listed JV AI-Ghazi (43.2% CNH and 50% AI Futtaim) for the production and distribution of New Holland Agriculture branded tractors in Pakistan

POLAND**Fiat Group Automobiles and Ford**

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

RUSSIA**CNH - Case New Holland and Kamaz JSC**

Two JVs for the production (50%) and distribution (51%) of agricultural and construction equipment in the Russian Federation

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

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

UNITED STATES**Fiat Group and Chrysler Group**

Global strategic alliance in the automotive sector

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

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

CNH - Case New Holland and Koç Holding

Listed JV (37.5% CNH and 37.5% Koç Holding) for the production of tractors under the Case IH Agriculture and New Holland Agriculture brands, and import and distribution of agricultural equipment in Turkey

Fiat Group Automobiles and Opel

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



CORPORATE GOVERNANCE

An organization's long-term success is closely linked to its ability to create value for shareholders, achieve customer loyalty, motivate employees, develop mutually-beneficial relationships with partners and integrate harmoniously with the local community. As such, the choices Fiat makes everyday are centered around the needs and expectations of all stakeholders.

CORPORATE GOVERNANCE TIMELINE

- | | |
|-------------|--|
| 1992 | ■ Publication of Fiat Group's first Environmental Report |
| 1993 | ■ Publication of the Group's first Code of Ethics, replaced in 2003 by the Code of Conduct |
| 1997 | ■ Adoption of a system of Values and Policies |
| 1999 | ■ Establishment of the Internal Control Committee and the Nominating and Compensation Committee. In 2007, the Nominating and Compensation Committee was separated into the Nominating and Corporate Governance Committee and the Compensation Committee |
| 2002 | ■ Institution and adoption of Internal Dealing Regulations that establish disclosure and conduct requirements for "Relevant Persons". These Regulations remained in place until March 2006, when the European Directive on Market Abuse, which governs such matters, took effect |
| 2003 | <ul style="list-style-type: none"> ■ Approval of the first Compliance Program (Legislative Decree 231/2001) which was updated in subsequent years to reflect developments in legislation and interpretation that expanded the scope of Legislative Decree 231/2001 to include new categories of crimes ■ Approval of Guidelines for the Internal Control System ■ Issuance of Guidelines for Significant Transactions and Transactions with Related Parties |
| 2004 | <ul style="list-style-type: none"> ■ Publication of first Annual Report on Corporate Governance, prepared in accordance with guidelines issued by Assonime and Emittenti Titoli S.p.A. and endorsed by Borsa Italiana S.p.A. ■ Implementation of an Enterprise Risk Management process based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management (ERM) - Integrated Framework of 2004 ■ Publication of the first Fiat Group Sustainability Report |

- 2005**
- Issue of Whistleblowing Procedures for reporting alleged violations of the Code of Conduct
 - Approval by Fiat S.p.A. shareholders of requirements for annual assessment of independence of members of the Board of Directors
 - Approval of the Group Procedure for the Engagement of Audit Firms aimed at ensuring the independence of the external auditors
-
- 2006**
- Certification of the System of Internal Control over Financial Reporting (ICFR) established pursuant to Section 404 of the U.S. Sarbanes-Oxley Act. Although the company is no longer listed on the New York Stock Exchange (NYSE), management and Internal Audit have continued their activities relative to evaluation and monitoring of the System of Internal Control over Financial Reporting. Those activities also provide support for the attestation of the Chief Executive Officer and the executive officers responsible for the preparation of the company's financial statements, required under Italian Law 262/2005 from 2007
-
- 2008**
- Creation of the Sustainability Unit within Group Control and publication of the first Sustainability Plan
-
- 2009**
- The Nominating and Corporate Governance Committee is also assigned responsibility for sustainability issues and becomes the Nominating, Corporate Governance and Sustainability Committee
 - The Code of Conduct is revised to incorporate additional principles of sustainability
 - Formulation of Group Guidelines on the Environment, Health and Safety, Business Ethics and Anti-corruption, Suppliers, Human Resource Management, Respect of Human Rights and Investments in Local Communities
 - Training on Corporate Governance and Sustainability conducted in Italy for all managers, Supply Quality Engineers and buyers (personnel responsible for commercial negotiations with suppliers)
 - Update of the Enterprise Risk Management model to include additional risk factors related to climate change
-
- 2010**
- Formulation of Group Guidelines on Conflicts of Interest, Data Privacy and Use of IT and Communications Equipment, and of the Green Logistics Principles
 - Dissemination of Code of Conduct updated to include references to Group Guidelines on the Environment, Health and Safety, Business Ethics and Anti-corruption, Suppliers, Human Resource Management, Respect of Human Rights, Conflicts of Interest, Community Investment, Data Privacy and Use of IT and Communications Equipment
 - Approval of Procedures for Transactions with Related Parties
 - Review of the internal Business Ethics Audit system to include additional sustainability-related elements from the Code of Conduct
 - Updating of the Enterprise Risk Management model and revision of risk map
 - Approval of governance procedures for new Fiat Industrial Group, similar to those for Fiat Group, that take effect on 1 January 2011

CODE OF CONDUCT

The Code of Conduct represents a **set of values** recognized, adhered to and promoted by the Group which understands that conduct based on the principles of **diligence, integrity and fairness** is an important driver of social and economic development. The Code of Conduct is a pillar of the governance system which regulates the decision-making processes and operating approach of the Group and its employees in the interests of stakeholders.

The latest version of the Code, which took effect in February 2010, is a revision of the 2003 version that replaced the Code of Ethics in 1993.

The Code of Conduct amplifies aspects of conduct related to the economic, social and environmental dimensions, underscoring the importance of dialog with stakeholders. Explicit reference is made to the **UN's Universal Declaration on Human Rights, the principal Conventions of the International Labor Organization (ILO), the OECD Guidelines for Multinational Enterprises** and the **U.S. Foreign Corrupt Practices Act (FCPA)**. The Code was amended to include specific **Guidelines** relating to: the Environment, Health and Safety, Business Ethics and Anti-corruption, Suppliers, Human Resource Management, Respect of Human Rights, Conflicts of Interest, Community Investment, Data Privacy and Use of IT and Communications Equipment.

Available in Italian and eight other languages (English, French, German, Spanish, Polish, Flemish, Portuguese and Chinese), all employees are informed of the content of the Code, in the manner most appropriate to local practice, and it can be viewed and downloaded from the Group's internet and intranet sites. Copies can also be obtained from Human Resources, the Legal department or the Compliance Officer. The Code applies to the members of the Board of Directors of Fiat S.p.A., to all employees of Group companies and to all other individuals or companies that act in the name and on behalf of one or more Group companies.

The Group disseminates the principles established in the Code of Conduct and the values of good governance to all employees (including security personnel), whatever

their level or role, through periodic courses and other information channels (*see also page 151*).

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

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

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



MONITORING VIOLATIONS OF THE CODE OF CONDUCT

Violations of the Code of Conduct are essentially determined through:

- periodic activities carried out by **Internal Audit** and the **Compliance Officers** for each Group Sector
- reports received in accordance with the **Whistleblowing Procedures**
- checks forming part of the standard operating procedures.

VIOLATIONS OF THE CODE OF CONDUCT

Fiat Group worldwide	2010	2009	2008
Reports received under Whistleblowing Procedures	56	74	69
of which violations confirmed and disciplinary action taken	6	5	5
of which violations confirmed and action taken to strengthen the Internal Control System	9	12	14
Violations revealed during standard operating procedures	222	272	- ⁽¹⁾

During 2010, 56 reports of alleged violations were received under the Whistleblowing Procedures. Of that number, 6 cases were verified as actual violations of the Code, resulting in disciplinary action, and 9 cases led to the implementation of measures to strengthen the Internal Control System. 8 cases were found to be

Internal Audit investigates violations of the Code during standard periodic audits and through specific **Business Ethics Audits** (BEA). The results of those activities are reported to the Compliance Officer, Chief Executive Officer and Board of Directors of Fiat.

During 2010, the Group revised its BEA procedures to include additional sustainability-related elements from the Code of Conduct and conducted 24 Business Ethics Audits, which did not reveal any significant violations.

groundless or without sufficient corroborating evidence. The remaining 33 cases are still under investigation by Fiat Revi, the Group's Internal Audit function. In relation to reports still under examination at the end of 2009, investigations resulted in 2 cases of disciplinary action and further measures to strengthen procedures.

BUSINESS ETHICS AND ANTI-CORRUPTION GUIDELINES

The Fiat Group participates actively in the fight against all forms of corruption, adhering fully to national and international laws and the principles of fairness, transparency and integrity. To ensure the highest standards are met, these principles have also been set out in detail in the relevant guidelines and, together with the requirements of local law, they are to be adhered to by all employees, agents, suppliers and other individuals and entities that have a business relationship with the Group.

The Guidelines specifically address:

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

⁽¹⁾ Data not available for 2008 due to a change in reporting criteria.

Violations of the Code involving 222 employees were revealed through standard operational checks.

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

The principal types of violation verified in 2010 included misuse of company assets and inappropriate conduct by employees. Specific focus on these issues during the Business Ethics Audits and the normal activities of the Compliance Officers revealed no cases that involved discrimination or corruption in any form.

In addition, in order to understand the level of adherence by suppliers to the sustainability standards required by

the Group, in 2008 Fiat Group Purchasing⁽¹⁾ initiated a monitoring process based on 2 principal elements: self-assessment questionnaires from suppliers and field audits conducted Group personnel or external organizations (see also page 173-174).

Finally, to the Group's knowledge, there is no use of child or forced labor at its plants or plants of its suppliers. Every two years, the Group conducts a review to determine whether child labor is being used. On the basis of the latest analysis of 90% of employees outside Italy conducted in 2009, no company was found to have personnel under the minimum legal age to begin work or an apprenticeship under local legislation or, in any event, under fifteen, even in countries where the minimum legal age is lower.

RELATIONSHIPS WITH ORGANIZATIONS, ASSOCIATIONS AND POLITICAL PARTIES

As a major industrial enterprise, Fiat Group maintains dialog and collaboration with numerous organizations, in particular in Italy where it is an active member of the principal trade associations and regularly participates in round-table discussions at both the national and international level.

Relationships with organizations and associations are subject to the Code of Conduct and are conducted on a transparent basis, in keeping with the Group's core values. Any lobbying activity is carried out in strict observance of the law and regulations and must be authorized at the appropriate level within each Group company.

Dialog focuses on issues of an economic nature, such as the performance of Group companies, issues related to growth and development and, more generally, labor policies (flexibility, training, pension systems) and specific needs associated with its products and manufacturing and commercial activities (technical, commercial and tax regulation).

Through its participation in numerous associations, the

Group contributes to the development of **regulations and standards** for the automobile industry and all other sectors concerned with the **mobility of people and goods**.

In Italy, one example is the Group's role in the automobile industry association, ANFIA. Through ANFIA, Fiat promoted and supported legislative proposals to government and parliamentary institutions for definition of effective measures system-wide for a more sustainable mobility.

Work also continued in partnership with the Ministry of Infrastructure and Transport on the DICIOTTO project, promoted by ANFIA with the active participation of Iveco, which involves testing of a tractor/semitrailer system, up to 18 meters in length, with a view to optimizing the transport capacity and eco-friendliness of heavy vehicles, whilst satisfying strict safety standards.

In Europe, the Group belongs to trade associations, such as ACEA for passenger cars and commercial vehicles and CEMA for agricultural equipment, as well

⁽¹⁾ The Group company that conducts purchasing activities for all major Sectors to enable global management of purchasing policies and supplier relationships.



as working groups such as the European Round Table (ERT) for leaders in the industrial sector. Through ACEA, which interfaces on a constant basis with the principal European institutions, Fiat contributed to the definition of Regulations and Directives on CO₂ emissions and international transportation and commercial policies, in an effort to ensure that regulations are more balanced and sustainable for automakers and EU member states.

In addition, in the medium and heavy commercial vehicle segments, collaboration continued between the ACEA and the European Commission to define a methodology for the measurement of CO₂ emissions. Iveco contributed actively by leading international working groups and developing tests for application in definition of the above methodology.

Collaboration with public entities, universities and other organizations very often takes place through the Group contributing to experimental activities or laboratory testing aimed at defining the content of specific legislation or regulations for increasingly sustainable mobility (*see also pages 99-100*).

In addition, for **social issues**, lobbying activities are carried out through the industrial and employers' associations to which Group companies belong, such as Confindustria in Italy, Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA) in Germany, and Mouvement des Entreprises de France (MEDEF) in France.

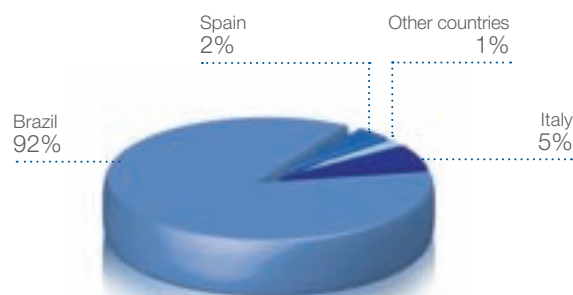
These associations act to protect the interests of their members and represent them in social dialog, both at the national and local level, with principal political

PUBLIC FUNDING TO FIAT GROUP

Fiat Group worldwide (€ million)	2010	2009	2008
Grants	35	66	50
Loans	670	761	706
of which subsidized loans	670	361	706
of which EIB loans ⁽¹⁾	-	400	-

PUBLIC FUNDING TO FIAT GROUP BY COUNTRY

Fiat Group worldwide (€ million)



and administrative institutions, trade unions and other social parties.

During the year, European employers' associations participated actively in social dialog with their respective governments and trade unions to obtain emergency legislation, principally in relation to social benefits, aimed at mitigating the impacts of the economic crisis experienced in nearly every European nation on their workers. In addition, Business Europe – the confederation of European businesses which, through its 40 member federations from 34 countries, represents more than 20 million businesses of all sizes – is a recognized partner that participates in social dialog at Community level.

Finally, any relationship between Fiat Group and **political parties** and their representatives or candidates is conducted according to the highest standards of

transparency and integrity. Financial contributions by the Group are only allowed where permitted by law and must be authorized at the appropriate level within each Group company. In 2010, no contributions were made to political parties. Any political association or financial contribution made by Group employees is considered as personal and completely voluntary. This includes contributions made through a United States Political Action Committee (PAC). In accordance with U.S. law, CNH - Case New Holland provides support to the Case New Holland Excellence in Government Committee (PAC) which collects voluntary personal contributions from its employees for donation to political parties or candidates. Information relating to those contributions is available on the website of the U.S. Federal Election Commission (www.fec.gov).

⁽¹⁾ European Investment Bank.

RISK MANAGEMENT ENTERPRISE RISK MANAGEMENT MODEL

Fiat Group defines a risk as any event that could negatively or positively impact its ability to achieve its objectives.

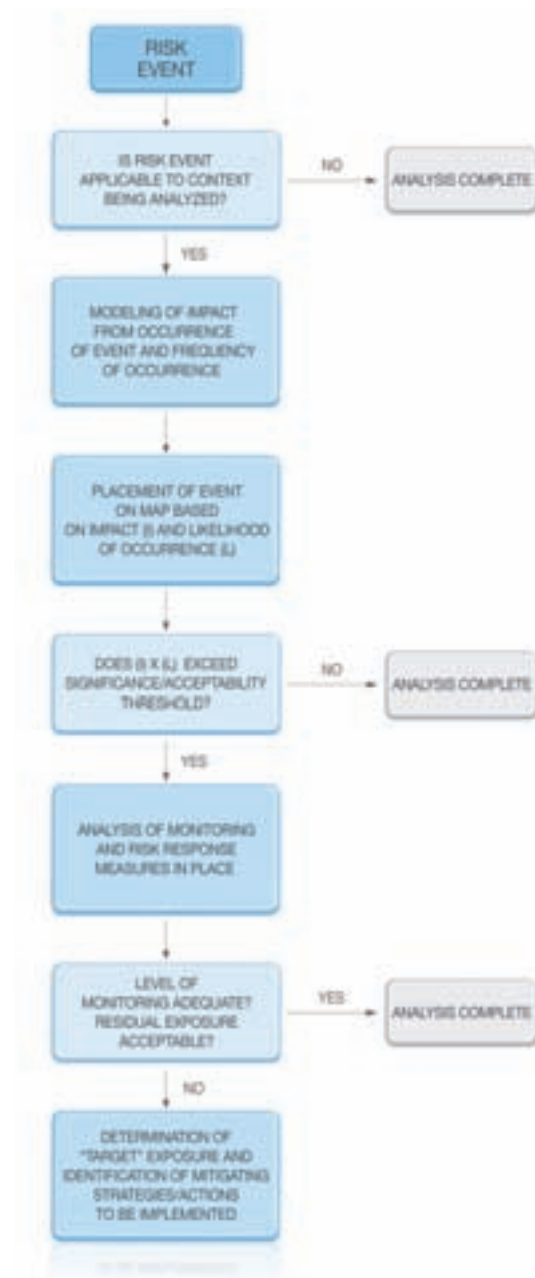
In order to identify and assess the significance of risks in a timely manner, subsequently mitigate those risks, and insure them where possible or eliminate them where necessary, in 2005 the Group developed an internal Enterprise Risk Management (ERM) model. Adapted from the framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) to the specific needs of the Group, in 2010 that model was revised to reflect experience acquired over the years and indications of best practice that emerged from a comparison with other industrial groups.

In particular, **risk drivers were remapped** with those drivers being grouped, refined, reformulated or newly established, as applicable, to better respond to new requirements or emphasize significant issues (climate change, macro-economic developments, joint ventures, etc.). Some 50 risk drivers have now been identified, which are further broken down into 85 potential events. This update was managed and coordinated by central group functions and, applying a top-down approach, was extended to all operating Sectors and companies.

The classification of probability of occurrence and the potential impact on profitability, business continuity and reputation (or a combination of these elements) – which, analyzed jointly determine the significance of the risk – remained unchanged.

For events that exceed a predetermined significance threshold, existing measures are analyzed and future containment measures, action plans and individuals responsible determined.

This process, which is aided by a dedicated information system, is based on a bottom-up approach that, beginning with individual business units, enables generation of a summary report for each Sector, including any containment measures to be put in place.





Sector CEOs and CFOs are required to approve those reports, while Group Control is responsible for their coordination and consolidation into the **Group Risk Report**. This document is submitted annually to the Internal Control Committee, which assists the Board of Directors in verifying the adequacy and effective functioning of the Internal Control System.

Certain specific risks⁽¹⁾ are monitored by the appropriate organizational entities. For example, risks associated with the potential impact of the Group's industrial activities on the environment and climate are monitored and proactively managed by the Environment Health

& Safety unit for each Sector, also in accordance with the Environment pillar of World Class Manufacturing. Plant managers are responsible for the operational aspects and the activity is coordinated centrally by the Group EHS structures (*see also pages 107-109*). In addition, for management of events that could potentially impact the **continuity of operations** or integrity of physical assets (in particular, the Group's 181 plants), a central role is played by Risk Management S.p.A., the Fiat Group company responsible for control of pure risks (fire, explosions, natural disasters) and insurance cover for those risks.

⁽¹⁾ For additional information on the management of financial risks, please refer to the Consolidated Financial Statements and the Sustainability section of the Group website.

MANAGEMENT OF PURE RISKS

The activities carried out directly or indirectly by Risk Management S.p.A. cover every phase of the management process for pure risks, from identification to quantification, analysis and treatment. On the basis of those studies, strategies and actions for the **prevention, elimination, mitigation or transfer of risks** are established and implemented. Accordingly, each plant has put in place a specific plan to prevent and/or contain events that could negatively impact the continuity of production.

Risk Management S.p.A. has the support of a specialized external team, part of a leading insurance group, for the identification, quantification and treatment of those risks.

This provides Fiat with a dedicated team of 30 specialists in the prevention of industrial risk, assigned to conduct field audits and prepare risk profiles for each site, identifying the appropriate measures for prevention or mitigation based on international standards and verifying their correct implementation.

The **audits** of Group sites are based on a three-year cycle and for 2010 the scope of analysis (291 sites) **covered approximately 89%** of the insured value⁽¹⁾ of the Group's physical assets. For activities falling within that scope, the objective is to analyze, based on specific risk sensitivity, substantially all sites (more than 98%) at least once each cycle and all principal sites (over 50%) at least annually. In 2010, 148 sites were audited, covering more than 58% of activities within the scope of analysis.

Risk Management S.p.A.'s internal team conducts a central assessment of the risk profile of each site, sets the action priority, determines the measures to be

AUDIT CYCLE

Fiat Group worldwide (% of insured value)

Period	Coverage of scope of analysis
2010	58%
2009-2010	90%
2008-2010	98%

put in place for prevention, elimination, mitigation or transfer (through adequate insurance cover) of static risks, and monitors their implementation and progress status.

Prevention and mitigation measures put in place in 2010 resulted in **targeted investment of around €33.2 million** that enabled a **reduction of approximately €3,600 million⁽²⁾ in the potential value of losses**, with a global efficiency index in excess of 100/1⁽³⁾. Further evidence of the level of success of those actions is the percentage of sites that attained Highly Protected Risk (HPR) certification from the international insurance market. Those sites, in terms of insured value, account for approximately 55% of activities within the scope of analysis.

During the year, coverage of all Magneti Marelli plants with the VisioRisk software was completed. This software enables real-time sharing of individual risk profiles. The application will be rolled out to all Group Sectors during 2011.

Also in 2010, the process of alignment with the guidelines issued by the Australian government was completed with the development of a guide for the incorporation of potential new risks associated with **climate change** into internal risk management processes.

Finally, with the aim of constantly improving its ability to quantify pure risks, Risk Management S.p.A. launched the following new projects:

- in collaboration with Magneti Marelli, AXA Risk Engineering and the University of Naples: development of a **new quantitative methodology for seismic risk evaluation**, for identifying sites potentially vulnerable to earthquakes and establishing action priorities, with launch of a pilot project in 2011
- in collaboration with Fiat REVI S.c.r.l., Sector EHS departments, SGS and AXA Risk Engineering: development of a new methodology for identifying, analyzing and quantifying insurable environmental risks, with completion of pilot project at six sites by the end of 2011.

⁽¹⁾ Calculation based on replacement value of property insured and cost associated with interruption of activity.

⁽²⁾ Figures relate to the period from 1 September 2009 to 31 August 2010 (Insurance Year).

⁽³⁾ Efficiency index for mitigation measures (KPI = reduction of expected damage/cost of protection) indicated as best practice for industrial risk management.

SUSTAINABILITY GOVERNANCE

The success of an organization over time is strongly linked to its capacity to respond to the needs and expectations of all stakeholders. Sustainable growth is, in fact, built on trust generated through the satisfaction of customers and shareholders, the sense of belonging of collaborators, profitable relationships with partners, and positive and mutually beneficial interaction with local communities.

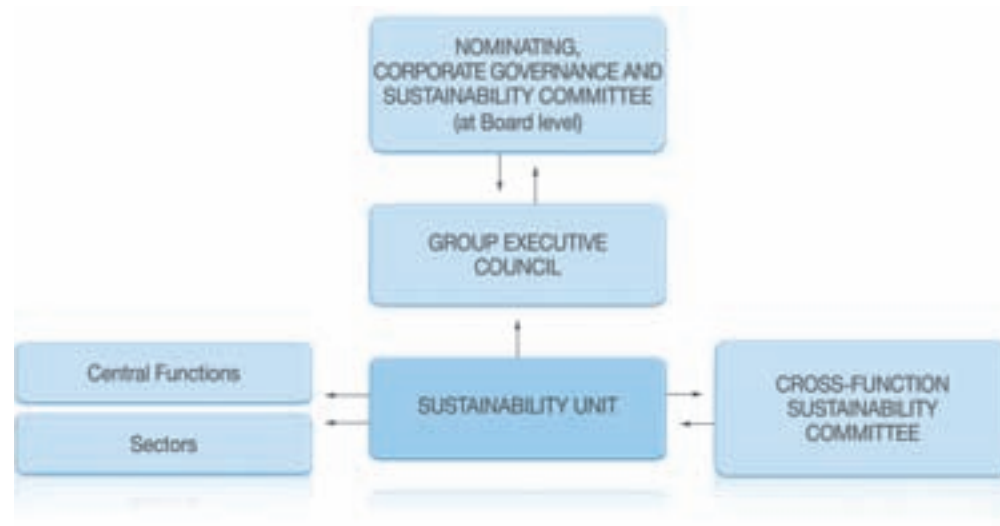
SUSTAINABILITY- FOCUSED ENTITIES

At Fiat Group, integration of economic decisions with those of a social and environmental nature constitutes a commitment that is fundamental to the creation of long-term value. This awareness is rooted in the Group's history and corporate culture and has evolved and strengthened over the years, becoming an integral part of the strategic approach that guides the business.

Fiat's approach to business is, in fact, shaped by a culture

of acting responsibly and the conviction that industrial development only has value if it is also sustainable.

Fiat Industrial's operational approach is based on the same principles and, from day one, it has applied best practice in sustainability, operating methods and organizational structure already in place at Fiat Group prior to the demerger adapting them to its own specific requirements.



Sustainability management involves several entities within the organization.

The **Sustainability Unit (SU)**, which reports directly to Group Control, plays a key role in promoting a culture of sustainability within the Group, facilitates the process of continuous improvement, and contributes to risk management, cost optimization and enhancement of the reputation with stakeholders. The Sustainability Unit interacts with the individuals responsible for operational management of key issues (e.g., environment, energy, innovation, human resources, etc.) within each **Sector and central function**, supporting them in identifying principal areas for action. The SU also manages relationships with sustainability rating agencies, analysts and international organizations. During 2010, in particular, it achieved a significant increase in interaction with socially responsible investors (SRI).

The **Cross-function Sustainability Committee (CSC)**, consisting of representatives of the principal functions at central and sector level (Business Development, Corporate Communications, Engineering & Design, GEC Coordinator, Group Control, Human Resources, Industrial Relations, Institutional Relations, Internal Audit, Manufacturing, Purchasing, Senior Counsel, Treasurer) promotes and evaluates operational decisions and plays an advisory role for proposals submitted to the Group Executive Council (GEC) by the SU.

The **Group Executive Council (GEC)**, the decision-making body headed by the Group CEO and composed of the CEOs of the operating Sectors and various heads of function, defines the strategic approach, approves the guidelines and evaluates the congruity of the Sustainability Plan with business objectives.

GEC is periodically informed on the status of projects and the Group's overall performance on sustainability issues.

The **Nominating, Corporate Governance and Sustainability Committee** (a sub-committee of the Board of Directors) evaluates proposals related to strategic guidelines on sustainability-related issues, presenting opinions to the Board of Directors, as necessary, and reviews the annual Sustainability Report.

PROCESS FOR THE SUSTAINABILITY PLAN

The commitments, actions and targets in the Sustainability Plan are initially defined on the basis of the areas for improvement identified by the Sustainability Unit (SU) in collaboration with the Sectors and central functions (planning phase).

In support of that activity, throughout the year the SU monitors performance of best competitors and assessments of the principal sustainability rating agencies, international organizations and SRI investors with whom the Group has a relationship.

The draft Sustainability Plan is then submitted to the approval of the Group Executive Council (GEC), which evaluates its consistency with Group strategy and makes appropriate recommendations.

The Plan approved by the GEC is then evaluated by the Nominating, Corporate Governance and Sustainability Committee, the sub-committee of the Board of Directors that gives the formal approval.

Responsibility for individual projects and achievement of the targets agreed in the Sustainability Plan rests with the various Sectors or corporate functions which have the resources, tools and know-how necessary for their implementation (management phase).

As a further guarantee of adherence to the commitments made, the Sustainability Unit is periodically updated on the status of projects and, in turn, updates the GEC (control phase).

SUSTAINABILITY INDEXES AND RATINGS

During 2010, the Group maintained its position as a Sustainability leader, as confirmed by recognition received from the principal rating agencies and international organizations.



**Dow Jones
Sustainability Indexes**
Member 2010/11

In September 2010, for the second consecutive year, Fiat was included in the **Dow Jones Sustainability (DJSI) World** and **Europe** indexes, scoring 93/100 compared to an average of 70/100 for companies in the Automobiles sector evaluated by SAM, the sustainability-focused investment group.

Fiat achieved the maximum score (100/100) for the quality of its reporting (both environmental and social), in nearly all areas analyzed for the environmental dimension (combating climate change, product performance, logistics processes) and in several areas for both the economic (risk management and code of conduct) and social dimensions (human capital development and stakeholder engagement).

The DJSI World and DJSI Europe are the most prestigious equity indexes which only admit companies that are best-in-class in managing their businesses according to sustainability criteria.

In September 2010, following partici-

CARBON DISCLOSURE PROJECT

participation in the review conducted by the **Carbon Disclosure Project (CDP)**, Fiat achieved the highest score (80/100) among automobile companies included in the world's 500 largest corporations by market capitalization for the level of disclosure on issues linked to climate change (Carbon Disclosure Score).

Fiat also achieved a score of "B" (on a scale from D-worst to A-best) for its climate change mitigation initiatives (Carbon Performance Score).

The CDP, which acts on behalf of 534 institutional investors holding \$64 trillion in assets under management, is an independent nonprofit organization with the largest database of primary corporate climate

change information in the world. This year, more than 3,000 organizations measured and disclosed their greenhouse gas emissions and climate change strategies through the CDP.

In August 2010, **Oekom Research** awarded Prime status to Fiat, which identifies it as a sustainability leader in its sector. Oekom Research, founded in 1993, is one of the world's leading sustainability rating agencies.



In September 2010, following **Sustainalytics** assessment, Fiat was recognized as the Automobiles sector leader with a score of 79/100.

Sustainalytics is an international provider of environmental, social and governance (ESG) research and analysis, specialized in Responsible Investment (RI) and Socially Responsible Investment (SRI) markets.

Fiat took 3rd place at the third edition of the **CSR Online Awards Italy 2010**, with a score of 73.5/100 for its online communication on social responsibility, climbing five places over the 2009 ranking.

The research, conducted by Lundquist (a company specialized in web-based corporate communication), analyzed how the 50 largest Italian companies by market capitalization used the corporate website to communicate their corporate social responsibility strategy and performance.



Since 2009, Fiat has been included in the ECPI Ethical Index Euro and the ECPI Ethical Index EMU, managed by ECPI, an independent company that has been producing sustainability research, ratings and indexes in Italy and Europe since 1997.

SUSTAINABILITY PLAN

Fiat believes that development in harmony with the environment and people is not only more responsible, but also essential for long-term growth, and is committed to continuously improving its sustainability performance. In fact, each year the Group provides continuous and transparent communication to stakeholders through the Sustainability Plan that contains targets to be reached, results achieved and instruments and approaches to be used.

CORPORATE GOVERNANCE AND SUSTAINABILITY

page 42

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

PRODUCT

pages 43-51

- Continue to reduce CO₂ and polluting emissions
- Increase recoverability, recyclability and reusability of vehicles
- Continue to improve product safety

PLANTS

pages 51-54

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

LOGISTICS

pages 55-56

- Reduce environmental impact of logistics

NON-MANUFACTURING PROCESSES

page 57

- Reduce waste and energy consumption

HUMAN RESOURCES

pages 57-64

- Offer equal opportunities
- Promote development of human capital
- Attract and retain the best talent
- Develop know-how
- Continue to promote and safeguard health and safety

DEALER AND SERVICE NETWORK

pages 64-65

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

CUSTOMERS

page 66

- Enhance the customer experience

SUPPLY CHAIN

page 67





- Promote social and environmental responsibility among suppliers

COMMUNITY

pages 68-69

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








Key

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



CORPORATE GOVERNANCE AND SUSTAINABILITY

BEST-IN-CLASS SYSTEM OF GOVERNANCE

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

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Increase in the number of Key Performance Indicators (KPI) monitored on the basis of information requested by Sustainability rating agencies ▶ Update of Code of Conduct and integration of audit model ▶ Introduction of anti-fraud program and formulation of Business Ethics and Anti-corruption Guidelines ▶ Integration of sustainability issues in dialog with investors ▶ Continuous improvement in sustainability performance 	<ul style="list-style-type: none">  Additional KPIs monitored and reported in 2010 Sustainability Report (disabled employees, rate of absenteeism, biodiversity indexes, etc.)  Maximum Application Level (A+) of GRI-G3 Guidelines maintained, and confirmed in check conducted by GRI <i>(see pages 6-7)</i>  Code of Conduct (updated in 2009) approved and disseminated  Internal Business Ethics Audit (BEA) system reviewed to include additional sustainability-related elements introduced in updated Code of Conduct (24 BEAs conducted)  Business Ethics and Anti-corruption Guidelines disseminated <i>(see pages 30-31)</i>  Frequency of contact with Socially Responsible Investors (SRI) increased  Fiat S.p.A. recognized as a sustainability leader by major rating agencies and international organizations: <ul style="list-style-type: none"> ▶ SAM (included in Dow Jones Sustainability World and Europe indexes for second consecutive year) ▶ Oekom ▶ Sustainalytics ▶ Carbon Disclosure Project <i>(see page 40)</i>  Fiat Group sustainability management system aligned with ISO 26000 guidelines <i>(see page 199)</i> 	<ul style="list-style-type: none"> ▶ 2011: further increase in KPIs monitored ▶ 2011: expansion of all operational audits to include assessment of ethical issues ▶ 2011: further increase in contact with SRIs ▶ 2011: maintain Group's position as a sustainability leader

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

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Continuous updating of the Enterprise Risk Management (ERM) system 	<ul style="list-style-type: none">  ERM system reviewed and updated to meet latest standards and internal requirements: <ul style="list-style-type: none"> ▶ risk factors simplified and broken down into further events, including business-specific risks ▶ description of probability and impact of events updated <i>(see pages 35-36)</i>  Alignment with Australian Government guidelines for pure risks completed through development of a guide for integration of climate change impacts into Risk Management S.p.A.'s processes <i>(see page 37)</i> 	<ul style="list-style-type: none"> ▶ 2011: organization of training courses on updated ERM system for all Sectors ▶ 2011: organization of workshops to identify, analyze and evaluate potential industrial risks associated with climate change

Note: results for Fiat Group relate to the Group pre demerger, while targets relate to both Fiat Group post demerger and Fiat Industrial Group, unless otherwise specified.

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Use of innovative software to provide real-time information within the Group on all pure risks (fire, explosion, natural disasters) to which corporate assets and continuity of production are exposed ▶ Enhancement of capabilities and tools available to the Group for identifying, measuring, analyzing and treating pure risks 	<ul style="list-style-type: none"> 🟢 Pilot project completed and <i>VisioRisk</i> software made operational at Magneti Marelli (75 sites worldwide). Most significant pure risks monitored (see page 37) 	<ul style="list-style-type: none"> ▶ 2011: extension of application of <i>VisioRisk</i> software ▶ 2011: extension of pure risks monitored through <i>VisioRisk</i> to include hailstorms and hurricanes ▶ 2011: development of innovative "quantitative" methodology for identifying sites potentially vulnerable to earthquakes and determining priority actions, with start-up of pilot project at selected sites ▶ 2011: development of a new methodology for identifying, analyzing and quantifying insurable environmental risks, with completion of pilot project at 6 selected sites



PRODUCT





CO₂ EMISSIONS

COMMITMENT: Reduce CO₂ emissions using a 360° approach

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Introduction and development of a diversified portfolio of technology solutions for: <ul style="list-style-type: none"> ENGINES <ul style="list-style-type: none"> ▶ extension of second-generation MultiJet to diesel engines ▶ introduction of eco-Turbo ▶ evolution of Start&Stop system ▶ extension of two-cylinder engine (TwinAir) to small cars TRANSMISSIONS <ul style="list-style-type: none"> ▶ extension of highly-efficient Dual Dry Clutch Transmission (DDCT) to small and midsize cars VEHICLES <ul style="list-style-type: none"> ▶ -5% in weight of 2010-2012 models vs 2005-2007 models ▶ increase in overall efficiency of auxiliary systems (e.g., climate control, alternators, oil pumps) and temperature management systems (cooling systems with smart heat exchangers) ▶ introduction of second-generation Gear Shift Indicator (GSI) on all new models 	<ul style="list-style-type: none"> 🟢 For the fourth year, Fiat brand had the lowest weighted average emissions (123.1g CO₂/km) among the top selling brands in Europe (source: JATO Dynamics) 🟢 58% of FGA cars sold in Europe had emissions at or below 120 g CO₂/km and 68% at or below 130g CO₂/km 🟢 Fiat 500 with TwinAir AMT and Start&Stop launched: CO₂ emissions of 92 g/km, the lowest level in Europe for a gasoline engine 🟢 MultiAir technology introduced on gasoline models (accounting for 7% of total gasoline vehicles sold by FGA) 🟢 Automated Manual Transmission (AMT) introduced on small cars and light commercial vehicles and DDCT introduced on Alfa MiTo <p style="text-align: right;"><i>(see pages 73-74, 80)</i></p>	<ul style="list-style-type: none"> ▶ 2012: maintain leadership among principal carmakers in Europe for cars with lowest weighted average CO₂ emissions




Key










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

	Actions	2010 Results	Targets
Maserati	<ul style="list-style-type: none"> ▶ Introduction and development of a diversified portfolio of technology solutions for: <ul style="list-style-type: none"> ENGINES <ul style="list-style-type: none"> ▶ new family of engines (research in downsizing and/or turbo) ▶ Start&Stop system TRANSMISSIONS <ul style="list-style-type: none"> ▶ increase gearbox efficiency VEHICLES <ul style="list-style-type: none"> ▶ low rolling resistance tires ▶ lighter and ultra-light materials ▶ improve aerodynamic efficiency of all new models ▶ improve cooling and thermal management systems ▶ optimize friction/lubrication ▶ introduce smart accessories (Pulse Width Modulation controllers, smart alternator) 	<ul style="list-style-type: none">  -12.5% in CO₂ emissions on new GranTurismo MC Stradale vs GranTurismo S, through increased engine efficiency and weight reduction 	<ul style="list-style-type: none"> ▶ 2011: -6% in CO₂ emissions on all vehicles with new 4.7 engine vs previous models ▶ 2012: -30% in CO₂ emissions on new Quattroporte vs 2008 version
Ferrari	<ul style="list-style-type: none"> ▶ Introduction and development of a diversified portfolio of technology solutions for: <ul style="list-style-type: none"> ENGINES <ul style="list-style-type: none"> ▶ optimization of combustion ▶ deactivation of cylinders ▶ research on turbo engines TRANSMISSIONS <ul style="list-style-type: none"> ▶ high-efficiency gearbox lubrication pump VEHICLES <ul style="list-style-type: none"> ▶ brake optimization to minimize energy loss and increase efficiency ▶ smart alternator 	<ul style="list-style-type: none">  -27% in CO₂ emissions on vehicles sold in Europe vs 2007  -14.5% in CO₂ emissions on Ferrari California with High Emotion Low Emissions (HELE) kit – consisting of Start&Stop system, continuous radiator fan control, continuous fuel pump control and electronic control of compressor for climate control system – vs standard Ferrari California <p style="text-align: right;"><i>(see page 79)</i></p>	<ul style="list-style-type: none"> ▶ 2012: -40% in CO₂ emissions vs 2007 product range
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Increase efficiency (work output per unit of energy) through: <ul style="list-style-type: none"> ▶ improvement in vehicle systems (transmissions, hydraulics, cooling systems, ventilation and climate control) for agricultural equipment ▶ development of prototypes and technologies, global leader for level of efficiency, for wheel loaders ("Green" Wheel Loader) and potential extension to other products ▶ feasibility studies for skid steer loader prototypes with high-efficiency hydraulic systems 	<ul style="list-style-type: none">  +3% in efficiency for Puma and T7000 AutoCommand™ tractors equipped with new Continuously Variable Transmission (CVT) vs tractors with traditional transmission <p style="text-align: right;"><i>(see page 80)</i></p>	<ul style="list-style-type: none"> ▶ 2011: -20% in fuel consumption for new "Green" Wheel Loader vs existing version ▶ 2011: -10% in fuel consumption for agricultural and construction equipment compliant with interim Tier 4 standards (Tier 4A) vs Tier 3






	Actions	2010 Results	Targets
Iveco	<ul style="list-style-type: none"> ▶ Introduction and development of a diversified portfolio of technology solutions for: <ul style="list-style-type: none"> ENGINES <ul style="list-style-type: none"> ▶ Common Rail engines for heavy vehicle range ▶ improve engine efficiency for light commercial vehicle range ▶ improve efficiency of Selective Catalytic Reduction system (SCR) ▶ ultra-high fuel economy oils for Cursor engines VEHICLES <ul style="list-style-type: none"> ▶ improve efficiency of auxiliary systems (e.g. air conditioning, engine cooling) ▶ low rolling resistance tires ▶ Promote use of longer vehicles to increase goods transport capacity 	<ul style="list-style-type: none"> 🌱 Continued work with the European Automobile Manufacturers' Association (ACEA) to develop methodology for measurement of CO₂ emissions from heavy commercial vehicles <i>(see page 33)</i> 🌱 -7.3% in average fuel consumption (TUV certified) on the EcoStralis vs existing version through: optimization of powertrain efficiency and aerodynamic features, Tire Pressure Monitoring Systems (TPMSs) and specially-designed low rolling resistance tires 🌱 Around 2 million km of testing completed in Italy on the first 14 vehicles 18-meter long (tractor/ semitrailer combined) under the <i>DICIOTTO</i> project <i>(see page 32)</i> 	<ul style="list-style-type: none"> ▶ 2012: define effective method for measuring CO₂ emissions from heavy commercial vehicles ▶ 2011: continue road test with 16 additional 18-meter vehicles
COMMITMENT: Promote use of alternative and renewable energy sources			
	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Promote at least one alternative energy model in each major market, in line with local socio-economic and energy conditions: <ul style="list-style-type: none"> ▶ natural gas (<i>Natural Power</i> brand) and LPG in Europe ▶ Flexfuel and TetraFuel® in Latin America ▶ Evaluate and test other sustainable solutions for the future: <ul style="list-style-type: none"> ▶ electric/hybrid solutions for urban mobility ▶ hydrogen/natural gas blends 	<ul style="list-style-type: none"> 🌱 Market leadership maintained for natural gas vehicles in Europe: 80% market share with a total of approx. 75,000 natural gas vehicles sold 🌱 Largest natural gas range in Europe with a total of 10 models 🌱 Natural gas version of Doblò and Doblò Cargo launched 🌱 Over 750,000 Fiat Flexfuel and TetraFuel® vehicles sold in Brazil (representing 99% of total sales) <i>(see pages 76-77)</i> 🌱 A further 10 natural gas/hydrogen Pandas delivered to the Region of Lombardy <i>(see page 101)</i> 	<ul style="list-style-type: none"> ▶ 2011: maintain leadership position for natural gas vehicles in Europe ▶ 2012: introduction of natural gas two-cylinder (TwinAir) turbo ▶ 2011: road testing of 20 natural gas/hydrogen Fiat Pandas ▶ 2012: launch of electric Fiat 500 in North America ▶ 2012: feasibility study for small hybrid city car
Ferrari	<ul style="list-style-type: none"> ▶ Testing of hybrid propulsion for the first time on high-performance vehicles 	<ul style="list-style-type: none"> 🌱 Ferrari HY-KERS presented at Geneva Motor Show, an experimental vehicle offering up to 35% reduction in CO₂ emissions <i>(see page 102)</i> 	<ul style="list-style-type: none"> ▶ 2014: start of production

Key

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

	Actions	2010 Results	Targets
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Promote <i>Clean Energy Leader</i> project for use of biofuels and support research on second-generation biofuels derived from non-food cultivation (New Holland Agriculture) ▶ Promote concept of energy independence for farms through use of hydrogen tractors (New Holland Agriculture) 	<ul style="list-style-type: none">  Increased number of models capable of using up to 100% biofuel blends (+5 models vs 2009)  90% of New Holland Agriculture models in Europe capable of using up to 100% biofuel blends <i>(see page 77)</i>  Farm identified for first pilot project of energy-independent farm equipped with New Holland NH²™ <i>(see page 104)</i> 	<ul style="list-style-type: none"> ▶ 2011: initial testing of second-generation prototypes of hydrogen tractor by energy-independent farm
Iveco	<ul style="list-style-type: none"> ▶ Promote alternative fuel/propulsion solutions for specific product segments: <ul style="list-style-type: none"> ▶ natural gas for vans, trucks and buses ▶ electric propulsion for minibuses and urban delivery vans ▶ Evaluate and test other sustainable solutions for the future: <ul style="list-style-type: none"> ▶ diesel/electric hybrid technology for buses and urban delivery vehicles ▶ second-generation biofuels (Hydrotreated Vegetable Oil, Biomass to Liquid) 	<ul style="list-style-type: none">  Market leadership maintained in Europe with full range of natural gas vehicles and over 11,000 vehicles already in service <i>(see page 76)</i>  Electric version of ECODAILY (delivery van) marketed in Europe  Road testing of Daily Hybrid van in collaboration with FedEx completed  Started commercialization in Europe of the Eurocargo Hybrid, the first hybrid OEM medium commercial vehicle <i>(see page 78)</i>  All new diesel/electric hybrids equipped with lithium-ion batteries  Completed laboratory testing of compatibility of second-generation biofuels with all vehicle materials <i>(see page 77)</i> 	<ul style="list-style-type: none"> ▶ 2011: begin experimental applications of liquefied natural gas (LNG) on medium and heavy commercial vehicles ▶ 2011: market feasibility study for Daily Hybrid ▶ 2011: market of the Citelis Hybrid citybus with series hybrid configuration and lithium-ion batteries ▶ 2011: begin study of plug-in hybrid solutions for light commercial vehicles ▶ 2011: begin road testing of second-generation biofuel vehicles

COMMITMENT: Promote the use of low environmental impact technologies and encourage ecological behavior by customers

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Provide customers with information on eco-compatible use and maintenance of vehicles ▶ Promote projects to educate young learner drivers toward more eco-responsible driving 	<ul style="list-style-type: none">  Distribution of <i>eco:Drive</i> software continued, also with versions for natural gas vehicles and light commercial vehicles added (50,000 users registered since launch with a 3,500 ton reduction in CO₂ emissions)  Presented <i>eco:Drive Fleet</i> version of the <i>eco:Drive</i> software for use by corporate fleets  Presented <i>White Paper on eco:Drive</i>, the automotive sector's first real database on driving style  <i>GreenCHECK-UP</i> maintenance program extended to Czech Republic, Slovakia, France, Germany and Greece and educational campaign on responsible driving launched  Fiat and Magneti Marelli continued their participation in <i>EcoPatente</i>, the project promoted by the Italian NGO Legambiente to educate young people attending Italian driving schools toward a more eco-responsible use of cars <i>(see pages 81-83)</i> 	<ul style="list-style-type: none"> ▶ 2011-2013: continuation of the program ▶ 2011: continuation of participation in <i>EcoPatente</i> project in Italy and extension to Spain

POLLUTING AND NOISE EMISSIONS

COMMITMENT: Minimization of polluting emissions

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)		<ul style="list-style-type: none"> ✔ All vehicles produced available with Euro 5 engines (see page 83) 	<ul style="list-style-type: none"> ▶ 2014: all new gasoline vehicles in Europe to be compliant with Euro 6 standard <i>Note: compliance deadlines for implementation of Euro 6 regulation are: 1 September 2014 for new type-approvals; 1 September 2015 for all new vehicle registrations</i>
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Early implementation of regulations for the reduction of polluting emissions (e.g. NOx, particulates) through development and introduction of new technology solutions 	<ul style="list-style-type: none"> ✔ Began gradual introduction of new models that are compliant with interim Tier 4 regulations (Tier 4A) (see page 83) 	<ul style="list-style-type: none"> ▶ 2011: offering the industry's widest range of interim Tier 4 (Tier 4A) compliant products (agricultural and construction equipment) <i>Note: compliance deadlines for implementation of interim Tier 4 standard (Tier 4A) are 1 Jan 2011 for >130 kW engines and 1 Jan 2012 for <130 kW engines</i>
Iveco	<ul style="list-style-type: none"> ▶ Compliance with Euro VI standard for medium and heavy commercial vehicles, through: <ul style="list-style-type: none"> ▶ further development of Selective Catalytic Reduction system (SCR) ▶ general application of Diesel Particulate Filters (DPF) 	<ul style="list-style-type: none"> ✔ 20% of vehicles sold in Europe were compliant with EEV (Enhanced Environmentally-Friendly Vehicles) standard (see page 83) 	<ul style="list-style-type: none"> ▶ From beginning of 2012: gradual introduction of new Euro VI compliant models <i>Note: compliance deadlines for Euro VI regulation are: 31 December 2012 for new type-approvals; 31 December 2013 for all new vehicle registrations</i>





COMMITMENT: Reduction of noise emissions

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Improve noise emissions from powertrain (engine noise, transmission and auxiliary systems) and tires (maintaining dynamic performance) 	<ul style="list-style-type: none"> ✔ -4% average in noise from new engines vs 2008 engines (equal to -3 to -4 dBA) ✔ -3% average in rolling noise at mid-high frequencies for new models vs 2008 models (equal to -2 dBA) 	<ul style="list-style-type: none"> ▶ 2013: -4% average in noise from new diesel engines vs 2010 engines (equal to -3 dBA) ▶ 2013: -3% average in noise from new gasoline engines vs 2010 engines (equal to -2 dBA) ▶ 2013: -3% average in rolling noise at mid-high frequencies for new models vs 2010 models (equal to -2 dBA)

COMMITMENT: Contribute to improving traffic management




	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Make traffic information systems more accessible to customers and improve the quality of information 	<ul style="list-style-type: none"> ✔ Real-time traffic information service based on radio navigator introduced on all models ✔ Blue&Me™ now available on entire new range in Europe (except Fiat Panda) 	<ul style="list-style-type: none"> ▶ 2011: introduction of real-time traffic information service based on TomTom® devices ▶ 2012: entire range in Europe equipped with Blue&Me™
Maserati		<ul style="list-style-type: none"> ✔ 100% of vehicles produced equipped with Bluetooth or integrated mobile phone 	

Key

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

RECOVERY, RECYCLING, REUSE





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

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Analyze environmental impacts of components and/or production processes 	<ul style="list-style-type: none">  LCA analysis applied to air conditioning systems that use fluid refrigerant to assess environmental impact of production processes  LCA analysis applied to body pre-painting processes that use nickel compounds  Questionnaire prepared to evaluate application of LCA analysis by suppliers <p style="text-align: right;"><i>(see page 86)</i></p>	<ul style="list-style-type: none"> ▶ 2011: LCA analysis of natural materials (biopolymers and natural fibers) ▶ 2011: continue LCA analysis of body pre-painting process to evaluate environmental impacts of alternative treatments in production processes ▶ 2011: analysis of results of survey of the application of LCA analysis by major suppliers

COMMITMENT: Compliance with REACH regulation (Registration, Evaluation, Authorisation of Chemicals) with focus on SVHC (Substances of Very High Concern)

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Establish operational procedures for management of REACH and identify critical issues ▶ Maintain system of control for reduction or elimination of SVHCs 	<ul style="list-style-type: none">  Integrated management of substance safety cards implemented and preliminary activities for SVHC reporting initiated  IT system developed (on FELIS platform) for management of SVHCs <p style="text-align: right;"><i>(see page 85)</i></p>	<ul style="list-style-type: none"> ▶ 2012: development of software for integrated management of all REACH requirements (SVHC, reporting, registration, safety cards, etc.)

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

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Identify components that can be made from recycled materials ▶ Monitor use of recycled materials in components ▶ Increase use of natural/renewable materials ▶ Develop eco-design systems to support designers in choosing recycled, natural and renewable materials 	<ul style="list-style-type: none">  +5% use of recycled polymer materials vs 2009  Standard developed, on IMDS platform, for monitoring use of recycled materials in components for new models  Verified feasibility of renewable raw material use in components <p style="text-align: right;"><i>(see pages 84-85)</i></p>	<ul style="list-style-type: none"> ▶ 2013: develop eco-design tool tailored to automotive sector
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Increase number and distribution of remanufactured components in North America 	<ul style="list-style-type: none">  Approx. 800 new remanufactured components distributed in North America by CNH Reman (JV with Springfield Remanufacturing Corp.) 	<ul style="list-style-type: none"> ▶ 2013: triple offering of remanufactured spare parts vs 2009





COMMITMENT: Increase recovery rate of vehicles in circulation






	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Create a network of qualified, authorized vehicle demolition agents ▶ Improve energy recovery management at end of vehicle life cycle 	<ul style="list-style-type: none"> ✔ +10% vs 2009 in number of demolition agents in the FGA network (271 in Italy) ✔ Completed testing of various pyrogasification technologies as part of Target Fluff (a project of the Italian innovation program, Industria 2015) <i>(see pages 85-86)</i> 	<ul style="list-style-type: none"> ▶ 2011-2014: assessment of the qualitative performance of demolition agents in the FGA network in Italy to ensure 85% recyclability by 2015 ▶ 2011: development of a network of dedicated demolition agents in at least one non-EU country ▶ 2011: creation of pilot industrial installations to recover residual energy from vehicles following shredding at end of life cycle (fluff)

PRODUCT SAFETY
COMMITMENT: Continue to improve preventive, active and passive safety of vehicles


	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Utilization of on-board equipment using new human-machine interface ▶ Provide information to customers on safety-related maintenance ▶ Offer range of driver assist systems: <ul style="list-style-type: none"> ▶ collision mitigation ▶ Adaptive Cruise Control (ACC) ▶ Lane Departure Warning (LDW) ▶ Improve safety standards for children and pedestrians 	<ul style="list-style-type: none"> ✔ Technical partners selected for new on-board infotainment systems ✔ Roadshows conducted in Italy, France, Czech Republic, Slovakia, Portugal and Spain to raise customer awareness concerning correct maintenance <i>(see page 93)</i> ✔ Euro NCAP 5 stars: Alfa Giulietta (in addition to the Fiat 500, Grande Punto, Bravo, Croma, Alfa 159, MiTo and Lancia Delta) <i>(see page 88)</i> ✔ Introduced on Alfa Giulietta: <ul style="list-style-type: none"> ▶ innovative child restraint (Euro NCAP rating for child safety: 85%) ▶ energy-absorbing front-end ▶ new hood architecture (Euro NCAP rating for pedestrian safety: 63%) <i>(see pages 88-90)</i> 	<ul style="list-style-type: none"> ▶ 2012: introduction of Voice Control on all new models ▶ 2011: continuation of the program ▶ 2012: introduction of low-speed collision mitigation on small cars and ACC on compact and large cars ▶ 2011: innovative child restraint available on all new models ▶ 2011: introduction of energy-absorbing front-end on all new models ▶ 2012: application of Alfa Giulietta's hood architecture on all new models
Maserati	<ul style="list-style-type: none"> ▶ Offer range of driver assist systems: <ul style="list-style-type: none"> ▶ Latest generation Vehicle Dynamic Control (VDC) ▶ Skyhook - dynamic damping control for suspension systems ▶ adaptive front light systems and xenon headlights ▶ Brake Prefill ▶ Active Roll Bar 	<ul style="list-style-type: none"> ✔ Introduced a range of driver assist systems on entire current product range 	
Ferrari	<ul style="list-style-type: none"> ▶ Technology transfer from Formula 1 experience to on-road vehicles 	<ul style="list-style-type: none"> ✔ Introduced on 599 GTO: <ul style="list-style-type: none"> ▶ second-generation Carbo-Ceramic braking systems (CCM2) ▶ second-generation Magnetorheological Suspension Control (SCM2) 	<ul style="list-style-type: none"> ▶ 2011: in progress

Key




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

	Actions	2010 Results	Targets
Ferrari	<ul style="list-style-type: none"> ▶ Research projects with soon-to-be/recent graduates for the development of upgraded human-machine interface (HMI) 	<ul style="list-style-type: none">  Experimental vehicle equipped with an upgraded human-machine interface platform for road testing 	<ul style="list-style-type: none"> ▶ 2013: reporting of driver's biometric data in real time
Iveco	<ul style="list-style-type: none"> ▶ Offer range of preventive safety systems and collision mitigation: <ul style="list-style-type: none"> ▶ Electronic Stability Control (ESC) ▶ Lane Departure Warning (LDW) ▶ second-generation Adaptive Cruise Control (ACC2) ▶ Electronic Braking System (EBS) ▶ Automatic Emergency Braking System (AEBS) ▶ Evaluate other safety devices for future application: <ul style="list-style-type: none"> ▶ Driver Attention Support 	<ul style="list-style-type: none">  All tourist coaches equipped with ESC as standard, in advance of regulatory deadlines <i>Note: compliance deadlines for ESC in the EU depend on the coach's class and type of braking system: from 1 November 2014 to 11 July 2016 for new registrations</i>  Introduced on ECOSTRALIS: ESC, LDW, ACC2 and EBS  Daily equipped with ESC as standard  Driver Attention Support tested successfully 	<ul style="list-style-type: none"> ▶ 2013: introduction of AEBS on the range of heavy commercial vehicles ▶ 2011: feasibility study of Driver Attention Support application to long-haul heavy commercial vehicles

COMMITMENT: Continue to improve air quality inside passenger compartment

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Minimize emissions of Volatile Organic Compounds (VOC) inside passenger compartment 	<ul style="list-style-type: none">  Reduced formaldehyde emissions from certain components (e.g., acoustic insulators) and monitored plastics to eliminate low molecular mass phthalates 	<ul style="list-style-type: none"> ▶ 2012: analysis of new methodologies to measure pollution level in vehicle interior

COMMITMENT: Continue to improve conditions for machine operators

	Actions	2010 Results	Targets
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Decrease noise level in the operator environment and reduce operator exposure to vibration, through: <ul style="list-style-type: none"> ▶ active suspension systems for cabs and axles (agricultural equipment) ▶ high level of ergonomics for tractor loader backhoes and wheel excavators (construction equipment) ▶ Improve ergonomics of operator controls to reduce operator stress and enhance comfort 	<ul style="list-style-type: none">  Target postponed to 2012  Launched a new cab for "utility" tractors (at EIMA International in Bologna) which reduces noise by 6 dBA vs previous model  New automatic vehicle-to-vehicle synchronization system (V2V) launched which reduces risk of collision between tractor and combine, as well as operator stress. Received gold medal at SIMA Innovation Awards 	<ul style="list-style-type: none"> ▶ 2012: research solutions to reduce vibration level on crawler tractors ▶ 2012: -2 dBA average in operator cab for all new models vs 2008 models (agricultural and construction equipment) ▶ 2011: several products in range will offer: touch screen displays, automation of complex operations, simplified diagnostic messaging, intelligent climate control ▶ 2011: joystick with integrated steering functions and clutch control available on new crawler tractors

COMMITMENT: Continue to improve safety for machine operators

	Actions	2010 Results	Targets
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Increase driveability and safety of agricultural tractors at high speed 		<ul style="list-style-type: none"> ▶ 2011: introduction on agricultural tractors of: ABS systems, advanced steering, automated braking and vehicle stability controls

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

	Actions	2010 Results	Targets
Centro Ricerche Fiat	<ul style="list-style-type: none"> ▶ Increase integration between sensor technology and second-generation preventive safety devices to optimize their effectiveness ▶ Development of wireless Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) communication technologies that improve road safety 	<ul style="list-style-type: none"> ✔ Started development of 4 prototypes using technology that detects obstacles and imminent accidents in order to optimize response of pre-crash systems and avoid low-speed collisions as part of Italian (Industria 2015) and European (CityLog and CitiMove) innovation projects <i>(see pages 99-100)</i> ✔ In Amsterdam, at the Cooperative Mobility Showcase, presented final results of the European SAFESPOT project with prototypes that incorporate safety features based on V2V and V2I communication (Head On Collision Warning, Lane Change Assistant, Safety Distance Warning) <i>(see page 103)</i> 	<ul style="list-style-type: none"> ▶ 2012: completion of 4 prototypes as part of Italian and European innovation projects ▶ 2013: road testing of a range of vehicles, as part of the European DRIVE C2X project, to assess the reliability of V2V and V2I technologies following initial results of SAFESPOT project ▶ 2013: assessment of application of certain V2V and V2I functions in accident blackspots <i>Note: implementation deadline differs from that published in 2009 Sustainability Report</i>
Magneti Marelli	<ul style="list-style-type: none"> ▶ Improve road safety performance through use of telematic technologies and infomobility services: <ul style="list-style-type: none"> ▶ warning when vehicle is approaching accident blackspots or roadworks ▶ visualization of road signs via on-board systems 		<ul style="list-style-type: none"> ▶ 2012: development in Turin, as part of the Easy Rider project, of the first demo installations based on V2I communication for on-board display of road signs and accident blackspots <i>Note: implementation deadline differs from that published in 2009 Sustainability Report</i>





PLANTS
ENVIRONMENTAL AWARENESS
COMMITMENT: Promote environmental awareness within the Group

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Formulation and dissemination of new environmental Guidelines ▶ Activation of a Group-wide intranet platform for sharing of information and best practice across Sectors and to deliver training ▶ Preparation and distribution of a training kit for personnel working with the environmental management system 	<ul style="list-style-type: none"> ✔ Environmental Guidelines disseminated to all Group employees ✔ Approx. 1,400 users registered ✔ Training kit prepared and tested <i>(see page 107)</i> 	<ul style="list-style-type: none"> ▶ 2011: distribution of training kit to all plants in Italy ▶ 2012: distribution of training kit to all plants worldwide

COMMITMENT: Expand and consolidate management system for environmental Key Performance Indicators (KPIs)

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Development and improvement of systems for management of environmental KPIs (monitoring and reporting) and provide targeted training 	<ul style="list-style-type: none"> ✔ Training provided on the new environmental KPI management system to around 800 employees worldwide ✔ Online course developed and provided to employees in all Sectors involved with Energy Monitoring & Targeting (EMT) system (course was mandatory) <i>(see page 116)</i> 	<ul style="list-style-type: none"> ▶ 2012: extension of number of KPIs monitored

Key





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

ENVIRONMENTAL IMPACT⁽¹⁾⁽²⁾

COMMITMENT: Optimize the Group's environmental management system

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Extension of ISO 14001 certification ▶ Adoption of World Class Manufacturing (WCM) system, considered one of the highest standards globally 	<ul style="list-style-type: none">  148 plants ISO 14001 certified (all 104 plants existing in Europe in 2008 and an additional 44 in the rest of the world), together accounting for 92% of total Group industrial revenues⁽³⁾ (see page 108)  WCM system adopted at plants accounting for 95% of total manufacturing cost base: 18 plants achieved bronze level, 9 silver level (see page 109) 	<ul style="list-style-type: none"> ▶ 2011: ISO 14001 certification for all plants existing in 2010 in Europe ▶ 2012: ISO 14001 certification for all plants existing in 2010 worldwide ▶ 2011: extension of WCM program to plants representing at least 96% of manufacturing cost base

COMMITMENT: Optimize the Group's environmental performance

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Optimization of management system for withdrawal and discharge of water, based on the specific characteristics of the country in which each plant is located, including through dissemination of specific guidelines 	<ul style="list-style-type: none">  More effective water management system implemented at all plants where WCM has been adopted  -26% vs 2006 in water consumption per car produced at Fiat Group Automobiles (FGA) plants worldwide (from 7.28 to 5.36 m³/car)  Identified all plants located in areas where water resources are scarce (26 in total)  Measures to improve reuse and recycling of water implemented at all plants located in areas with scarce water resources <p style="text-align: right;">(see pages 111-113)</p>	<ul style="list-style-type: none"> ▶ 2014: up to -45% vs 2009 (with specific objectives for each Sector) in water consumed per unit values at Group plants worldwide <i>Note: details for each Sector are available in the Sustainability section of the Group website</i> ▶ 2014: maintain levels of Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) present in water discharged from Fiat Group plants worldwide below local regulatory levels, including after reductions in water consumption <i>Note: details for each Sector are available in the Sustainability section of the Group website</i> ▶ 2011: monitoring of performance and target setting for Fiat Powertrain, FPT Industrial, Teksid and Comau ▶ 2011: formulation and dissemination of water management guidelines





⁽¹⁾ Targets stated in this section for "Fiat Group" relate to Fiat Group pre demerger. Those based on specific multiple objectives that vary by Sector will be re-presented based on which of the two new Groups – Fiat or Fiat Industrial – each individual Sector belongs to and made available in the Sustainability section of the respective Group website.

⁽²⁾ Results and targets stated in this section are for all plants included in the scope of reporting for the Sustainability Report, as described in the "Guide to the Report" (see page 10).











⁽³⁾ Industrial revenues are those attributable to the activity of plants directly controlled by the Group.

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Optimization of waste management based on specific characteristics of the country in which each plant is located 	<ul style="list-style-type: none"> ✔ More effective waste management system implemented at all plants where WCM has been adopted ✔ 60% of waste recovered at Fiat Group plants worldwide, with performance varying by Sector (e.g. 90% for Fiat Group Automobiles) <p style="text-align: right;"><i>(see page 187)</i></p>	<ul style="list-style-type: none"> ▶ 2014: up to 95% (with specific targets for each Sector) of waste recovered at Group plants worldwide <i>Note: details for each Sector are available in the Sustainability section of the Group website</i> ▶ 2014: up to -20% vs 2009 (with specific targets for each Sector) in waste generated per unit values at Group plants worldwide <i>Note: details for each Sector are available in the Sustainability section of the Group website</i>
	<ul style="list-style-type: none"> ▶ Application of best available techniques for reduction of Volatile Organic Compounds (VOCs) in paint shops 	<ul style="list-style-type: none"> 📉 -47% vs 2007 in VOC emissions levels from car body painting process at FGA's European plants (from 50.2 g/m² to 26.6 g/m²) <p style="text-align: right;"><i>(see page 110)</i></p>	<ul style="list-style-type: none"> ▶ 2014: up to -50% vs 2009 (with specific targets for each Sector) in VOC emissions per square meter at Group plants worldwide <i>Note: details for each Sector are available in the Sustainability section of the Group website</i>
	<ul style="list-style-type: none"> ▶ Limitation of external noise produced by plants 	<ul style="list-style-type: none"> ✔ Cross-Sector working group established ✔ 6 plants located in sensitive areas identified <p style="text-align: right;"><i>(see page 116)</i></p>	<ul style="list-style-type: none"> ▶ 2011: definition and dissemination of guidelines for the design and purchase of new equipment
	<ul style="list-style-type: none"> ▶ Formulation of guidelines for identification and safeguarding of protected species and biodiversity 	<ul style="list-style-type: none"> ✔ Guidelines on biodiversity formulated and applied under pilot project at the Fiat Powertrain plant in Verrone (Italy) and the Magneti Marelli plant in Venaria (Italy) ✔ <i>Fiat Group Biodiversity Value Index</i> developed <p style="text-align: right;"><i>(see page 115)</i></p>	<ul style="list-style-type: none"> ▶ 2011: extension of application of guidelines to main sites adjacent to or within protected areas (national, regional, sites of community importance, special protection zones, oases, etc.) or areas of high biodiversity value ▶ 2012: further extension of guideline application ▶ 2011: initiation of monitoring based on <i>Fiat Group Biodiversity Value Index</i> and setting of targets for the Fiat Powertrain plant in Verrone (Italy) and the Magneti Marelli plant in Venaria (Italy)
	<ul style="list-style-type: none"> ▶ Reduction in the use of Ozone Depleting Substances (ODSs) and other substances of significant impact (SSIs) for health and the environment at Group plants worldwide 	<ul style="list-style-type: none"> ✔ ODSs used in production processes identified <p style="text-align: right;"><i>(see page 111)</i></p>	<ul style="list-style-type: none"> ▶ 2014: elimination of equipment using ODSs at Group plants worldwide ▶ 2011: identification of a set of SSIs ▶ 2012: definition of specific actions to reduce use of SSIs
	<ul style="list-style-type: none"> ▶ Ensure alignment with international regulations on the use of potentially dangerous substances in production processes (e.g. REACH) 		<ul style="list-style-type: none"> ▶ 2011: maintenance of compliance with REACH
	<ul style="list-style-type: none"> ▶ Elimination of equipment containing Polychlorinated Biphenyls (PCBs) from Group plants worldwide 	<ul style="list-style-type: none"> ✔ Completed elimination of equipment containing PCBs at Fiat Group Automobiles, Maserati, CNH – Case New Holland, Fiat Powertrain, FPT Industrial, Teksid and Comau plants <p style="text-align: right;"><i>(see page 116)</i></p>	<ul style="list-style-type: none"> ▶ 2011: elimination of equipment containing PCBs at Iveco and Magneti Marelli plants

Key

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

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

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Implementation of an energy management system and certification of plants under European standard EN 16001 ▶ Definition of measures and technologies to reduce energy consumption and CO₂ emissions per unit values ▶ Promotion of generation and use of energy from renewable sources ▶ Proactive management of regulatory risks and opportunities, through continuous monitoring of current and future emissions trading regulations in countries where the Group operates (e.g., EU-ETS, CRC Energy Efficiency Scheme) 	<ul style="list-style-type: none">  39 Group plants adopted the energy management system developed by Fiat Group Automobiles (FGA) <i>(see page 116)</i>  11 Group plants achieved EN 16001 certification <i>(see page 108)</i>  -3.7% vs 2009, on comparable scope of activities, in energy consumed per car produced at FGA plants worldwide (from 5.35 to 5.15 GJ/vehicle) <i>(see page 118)</i>  -11.2% vs 2009, on comparable scope of activities, in CO₂ emissions at FGA plants worldwide (from 0.47 to 0.42 tons CO₂/vehicle) <i>(see page 119)</i>  Approx. -40% vs 2008 in CO₂ emissions levels at the Ferrari plant in Maranello through use of trigeneration system and purchases of renewable energy <i>(see page 117)</i>  <i>Green Factories</i> laboratory (reduction in energy consumption and CO₂ emissions) continued with a focus on: <ul style="list-style-type: none"> ▶ lighting systems with improved efficiency and ergonomics ▶ Kinetic Energy Recovery Systems (KERS) for industrial robots  15% of total (direct and indirect) energy consumed by the Group from renewable sources (11% in 2009) <i>(see page 119)</i>  3 Group plants in Europe participating in EU-ETS (accounting for total energy generation of about 188,000 GJ per annum)  Completed registration of all UK-based Group companies in the CRC Energy Efficiency Scheme  Commenced definition of specific energy saving measures (Evidence Pack) as part of the CRC Energy Efficiency Scheme in the UK <i>(see page 120)</i> 	<ul style="list-style-type: none"> ▶ 2013: roll out of FGA's energy management system to main Group plants (representing approx. 92% of total energy consumption) and EN 16001 certification of those plants ▶ 2014: up to -30% vs 2009 (with specific targets for each Sector) in energy consumed per unit values at Group plants worldwide <i>Note: details for each Sector are available in the Sustainability section of the Group website</i> ▶ 2014: up to -35% vs 2009 (with specific targets for each Sector) in CO₂ emissions per unit values at Group plants worldwide <i>Note: details for each Sector are available in the Sustainability section of the Group website</i> ▶ 2011: continuation of laboratory with studies focusing on: <ul style="list-style-type: none"> ▶ global analysis of energy consumption reductions ▶ development of customized high-efficiency lighting solutions ▶ energy recovery solutions for industrial applications ▶ 2011: 16.5% of total (direct and indirect) energy consumed by the Group from renewable sources, with specific targets for each Sector (e.g., 15% for Fiat Group Automobiles) <i>Note: details for each Sector are available in the Sustainability section of the Group website</i> ▶ 2011: ensure Group compliance with emissions trading regulations in countries of presence ▶ 2011: completion of Evidence Pack, under the UK CRC Energy Efficiency Scheme ▶ 2012: completion of new plants in China and Serbia that adopt innovative technologies and solutions to reduce energy consumption (approx. -20%) compared with levels at existing FGA plants worldwide
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Application of best available technologies to reduce energy consumption and environmental footprint of new and restructured plants 		





LOGISTICS









ENVIRONMENTAL IMPACT

COMMITMENT: Reduce environmental impact of logistics

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Formulation and dissemination of Green Logistics guidelines ▶ Definition of a standard set of environmental KPIs 	<ul style="list-style-type: none"> ✔ Green Logistics guidelines approved and disseminated ✔ Standard set of environmental KPIs defined and monitoring process initiated at Fiat Group Automobiles <i>(see pages 121-122)</i> 	<ul style="list-style-type: none"> ▶ 2011: extension and adaptation of KPIs for all Group Sectors ▶ 2011: completion of monitoring process for all Group Sectors in Europe ▶ 2012: target setting for all Group Sectors in Europe ▶ 2014: completion of monitoring process for all Group Sectors worldwide <i>Note: Magneti Marelli will complete KPI monitoring following roll-out of a specific transport management tool</i>
Fiat Group	<ul style="list-style-type: none"> ▶ Increase in low-emissions transport 	<p>INBOUND</p> <ul style="list-style-type: none"> ✔ Authorized access for Euro III-V vehicles only extended to all Group plants (for directly managed transport) <i>(see page 122)</i> 	<p>INBOUND</p> <ul style="list-style-type: none"> ▶ 2011: begin monitoring vehicle emissions standards for transport not managed directly by the Sectors in preparation for introduction of emission standards already applicable for directly managed transport ▶ 2011: for contracts with Group's transport suppliers, introduction of clauses permitting use of low emissions vehicles only (at least 50% of fleet compliant with Euro IV or stricter standards) ▶ 2012: continuation of phase-in of restricted access clauses in contracts with transport suppliers
CNH - Case New Holland			<p>OUTBOUND</p> <ul style="list-style-type: none"> ▶ 2011: for CNH – Case New Holland transport contracts, gradual phase-in of clause permitting use of low emissions vehicles only (at least 50% of fleet compliant with Euro IV or stricter standards)

Key

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

Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	INBOUND/OUTBOUND  -24,000 tons of CO ₂ vs 2008 through extension of rail transport to several European routes <i>(see page 123)</i>	INBOUND/OUTBOUND ▶ 2011: feasibility study for activation of bi-directional rail routes Northern Europe–Southern Italy and establishment of CO ₂ emissions reduction targets for 2012-2014
CNH - Case New Holland	INBOUND/OUTBOUND  -600 tons of CO ₂ vs 2009, due to implementation of new initiatives (e.g. activation of new international inbound rail route Turin to Basildon -UK- by CNH - Case New Holland). Activation of Parma–Lecce rail route in Italy postponed due to contraction in production volumes OUTBOUND  -4,500 tons of CO ₂ for the period 2006-2010 (compared to equivalent volumes transported under previous methods) through further extension of sea transport to Iberian peninsula <i>(see page 123)</i>	INBOUND/OUTBOUND ▶ 2011: activation of Parma-Lecce rail route in Italy once forecast production levels are reached, with net reduction of 500 tons in CO ₂ vs 2010 ▶ 2012: -1,350 tons of CO ₂ vs 2010 once Parma-Lecce rail route is fully operational
Fiat Group	▶ Optimization of transport capacity INBOUND  <i>Streamlined Delivery Project</i> (SDP) extended to Iveco (European plants), Fiat Powertrain and FPT Industrial (Italian plants)  <i>World Material Flow</i> (WMF) program rolled out at CNH – Case New Holland for transport from European suppliers to Latin American plants  -32,200 tons of CO ₂ over the three-year period 2008-2010 (compared to equivalent volumes transported under previous methods) following application of SDP and WMF at several Sectors in Europe <i>(see page 124)</i>	INBOUND ▶ 2011: reduction in CO ₂ emissions through an increase in the use of solutions to optimize use of transport capacity (e.g., SDP, etc.) <i>Note: details for each Sector are available in the Sustainability section of the Group website</i>
Fiat Group Automobiles (FGA)	INBOUND  -6.3% vs 2009 in disposable cardboard packaging for car components (from 6.4 to 6.0 kg cardboard/vehicle) representing a total reduction of approx. 525 tons <i>(see page 125)</i>	INBOUND ▶ 2011: -5% vs 2010 in disposable cardboard packaging for car components (from 6.0 to 5.7 kg/vehicle) at European plants ▶ 2011: -9% vs 2010 in disposable wood packaging (from 6.6 to 6.0 kg/m ³ average) for shipments from Italy to Serbia and Brazil managed under the <i>World Material Flow</i> (WMF) program
Iveco	INBOUND  -19% vs 2009 in disposable wood packaging (from 8.0 to 6.5 wood crates/container) for shipments to Brazil, based on forecast volumes. However, unexpected volume increases in 2010 (+62% vs budget) resulted in a deterioration in overall performance <i>(see page 125)</i>	INBOUND ▶ 2011: -10% vs 2010 in disposable wood packaging (from 14.3 to 12.9 kg/m ³) for shipments from Italy to Latin America managed under the WMF program
CNH - Case New Holland		INBOUND ▶ 2011: start of monitoring of performance indicators for use of cardboard and wood packaging for container shipments to North America and Latin America

NON-MANUFACTURING PROCESSES

ENVIRONMENTAL IMPACT

COMMITMENT: Reduce waste

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Extension of World Class Manufacturing principles to Fiat Services (which manages the Group's administrative activities globally) through the World Class Administration (WCA) program 	<ul style="list-style-type: none"> 🌱 100% of Fiat Services locations worldwide (10 sites) involved in WCA program 🌱 Reductions achieved through further digitalization of documentation: <ul style="list-style-type: none"> ▶ -6% vs 2009 (-30% vs 2008) in paper consumption ▶ -20% vs 2009 (-40% vs 2008) in toner consumption <p style="text-align: right;"><i>(see page 126)</i></p>	<ul style="list-style-type: none"> ▶ 2011: -50% vs 2008 in paper and toner consumption through digitalization of documents (-29% for paper and -17% for toner vs 2010) ▶ 2011: -36% vs 2010 in paper consumed per transaction through further digitalization of documentation (from 2.00 to 1.28 sheets/transaction) ▶ 2011: monitoring and target setting for toner consumption based on new normalized KPI

COMMITMENT: Reduce energy consumption in Information Communication Technology (ICT) area

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Introduction of new low environmental impact hardware ▶ Introduction of new, more efficient servers at IBM Data Centers managing Group data ▶ Consolidation and virtualization of servers 	<ul style="list-style-type: none"> 🌱 -164 MWh vs 2008 (approx. 85 tons of CO₂) through introduction of high-efficiency power supply units 🌱 16,700 video monitors replaced with eco-efficient devices (EnergyStar and EPEAT Silver/Gold) 🚫 Target redefined due to external causes 🌱 -4,170 MWh in energy consumed vs 2009 (approx. 2,100 tons of CO₂) through elimination of 200 physical servers and creation of 400 virtual servers <p style="text-align: right;"><i>(see pages 126-127)</i></p>	<ul style="list-style-type: none"> ▶ 2012: -400 MWh vs 2008 (approx. 210 tons of CO₂) through introduction of additional high-efficiency power supply units ▶ 2012: replacement of a further 18,300 video monitors with eco-efficient devices (EnergyStar and EPEAT Silver/Gold) ▶ 2011: -181 MWh in energy consumed vs 2009 (approx. 91 tons of CO₂) through replacement of approx. 100 servers ▶ 2014: completion of server replacement ▶ 2012: -1,600 MWh in energy consumed vs 2010 (approx. 850 tons of CO₂) through elimination of 100 physical servers and creation of 140 virtual servers




HUMAN RESOURCES

EQUAL OPPORTUNITIES




COMMITMENT: Promote internal professional development

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Development of Internal Job Posting program for white-collar and professional positions 	<ul style="list-style-type: none"> 🌱 CNH – Case New Holland pilot project in North America expanded to include positions in Latin America and Europe (1,035 positions managed and over 2,100 internal applications received) <p style="text-align: right;"><i>(see page 130)</i></p>	<ul style="list-style-type: none"> ▶ 2011-2012: extension and consolidation of the program at the global level <p><i>Note: achievement of target contingent on market recovery</i></p>



Key

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

COMMITMENT: Promote diversity and non-discriminatory practices

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Design course to promote a work environment that is based on the highest principles and guarantees fundamental rights in the workplace ▶ Monitor global implementation of the principles of equal opportunity in relation to: compensation levels, annual compensation review plan, performance and leadership appraisals and promotions ▶ Promotion of job opportunities for diversity 	<ul style="list-style-type: none">  Course on non-discrimination (including diversity practices) in the workplace (ILO Convention 111) designed and provided to all managers worldwide <i>(see pages 134, 151)</i>  Monitoring process applied to all managers and professionals worldwide <i>(see page 137)</i>  <i>é-quality</i> award received by Fiat Services from the Region of Piedmont for the significant representation of female employees and managers <i>(see pages 136-137)</i>  Number of disabled people employed within the Group monitored <i>(see pages 134-135)</i> 	<ul style="list-style-type: none"> ▶ 2012: revision of course and extension to professionals worldwide ▶ 2011: analysis of results of monitoring process and implementation of corrective actions, as necessary ▶ 2011: make external recruitment agencies aware of the company's role as Equal Opportunity Employer (EOE) ▶ 2011: improvement and monitoring of regional/country-based recruitment processes to ensure performance as EOE (e.g., at Fiat Group Automobiles, where feasible, the same percentage of male and female candidates is examined in each recruitment process) ▶ 2011: analysis of results of monitoring and implementation of any corrective measures necessary to promote opportunities and/or further increase number of disabled people employed

WORK-LIFE BALANCE**COMMITMENT: Promoting work-life balance**

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Promote initiatives that enhance work-life balance ▶ Support volunteer work during paid working hours 	<ul style="list-style-type: none">  Numerous initiatives implemented at Fiat Group Automobiles (FGA): <ul style="list-style-type: none"> ▶ dedicated working team established ▶ main employee needs identified and analyzed ▶ participation in external working groups  Over 7,000 employees involved in volunteer work during working hours <i>(see pages 176-179)</i> 	<ul style="list-style-type: none"> ▶ 2011: launch of pilot project in Turin at the FGA-Mirafiori plant and at an Iveco plant to design and implement work-life balance programs ▶ 2011: launch of pilot projects in Brazil allowing employees to do volunteer work for qualifying nonprofit organizations during working hours

HUMAN CAPITAL DEVELOPMENT

COMMITMENT: Skill enhancement within the Group

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Assessment of employees through performance and leadership mapping 	<ul style="list-style-type: none"> ✔ Approx. 37,000 employees evaluated (100% of managers and professionals and 24% of white-collar staff) <i>(see page 139)</i> 	<ul style="list-style-type: none"> ▶ 2011: continuation of evaluation of all managers and professionals and increasing percentage of white-collar staff <i>Note: gradual extension to all white-collar staff contingent on market recovery</i>

COMMITMENT: Manage succession plans and intragroup personnel transfers





	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Implementation of <i>Talent Review</i> program 	<ul style="list-style-type: none"> ✔ Following the evaluation of all managers and professionals, global <i>Talent Review</i> conducted of 25 professional families/Sectors/functions to identify those having the necessary characteristics to cover key positions ✔ <i>Emerging Talent Review</i> program, employees under 36 years of age, to support succession planning for the next 10 years launched ✔ <i>Talent Review Committee</i> web platform developed, providing top executives access to the profiles of emerging talents and senior managers identified to fill the leadership pipeline <i>(see pages 139-140)</i> 	<ul style="list-style-type: none"> ▶ 2011: continuation of <i>Talent Review</i> program

RAISE AWARENESS ON SUSTAINABILITY ISSUES





COMMITMENT: Maintain sustainability as a key corporate objective

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Incorporate environmental and social targets in system of variable compensation ▶ Formulation and dissemination of new guidelines addressing human capital management and respect of human rights 	<ul style="list-style-type: none"> ✔ Incorporation of environmental and social targets in variable compensation extended to individuals with responsibility for projects included in the Sustainability Plan and maintained for members of Group Executive Council and majority of second level reports to Sector CEOs ✔ New Guidelines approved and disseminated <i>(see page 29)</i> 	<ul style="list-style-type: none"> ▶ 2011: continuation of the process


Key

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

COMMITMENT: Improve commuting for employees

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Develop mobility plans for commute to and from select sites in Italy through increased use of public transport, car pooling, alternative mobility (cycling), improvements to entrances, loading and parking areas 	<ul style="list-style-type: none">  Continued implementation of specific initiatives to improve commute to and from the Mirafiori - Turin (Italy) site (impacting approx. 18,500 employees): <ul style="list-style-type: none"> ▶ new public transport routes established in collaboration with local authorities ▶ car pooling project launched ▶ improvements to entrances/drop-off areas completed  Questionnaire distributed and data collected from approx. 620 employees at Maserati site in Modena (Italy)  Mobility plan prepared for Maserati site and submitted to local authorities  Preliminary activities completed for mobility plans for Iveco sites in Italy: definition of scope and preparation of questionnaire (approx. 14,000 employees affected) 	<ul style="list-style-type: none"> ▶ 2011: continued improvements to the initiatives ▶ 2012: evaluation of the plan's effectiveness ▶ 2011: implementation of a mobility plan to improve employee commute to and from the Maserati site in Modena ▶ 2011: distribution of questionnaire to all employees in Italy and analysis of data collected, preparation and submission of plan to local authorities ▶ 2012: implementation of mobility plans to improve employee commute to and from all Iveco facilities in Italy in collaboration with local authorities

ATTRACTION, RETENTION AND INVOLVEMENT OF EMPLOYEES**COMMITMENT: Survey level of satisfaction, needs and requests of employees**

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Conduct a people satisfaction survey 	<ul style="list-style-type: none">  People satisfaction survey conducted on a representative sample of Group employees in collaboration with Great Place to Work Institute <i>(see page 140)</i> 	<ul style="list-style-type: none"> ▶ 2011: analysis of results and definition and implementation of action plan for Fiat Group Automobiles, CNH – Case New Holland, Iveco, FPT Industrial and Magneti Marelli

COMMITMENT: Promote process of continuous improvement through the direct participation and contribution of employees

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Encourage proposals for improvement from employees 	<ul style="list-style-type: none">  Average of 12 Improvement proposals per person received (level of feedback affected by production stoppages at some plants), with highs of approx. 18 proposals per person at best plants not affected by production stoppages <i>(see page 109)</i> 	<ul style="list-style-type: none"> ▶ 2011: continued collection of suggestions from employees

TRAINING AND KNOWLEDGE MANAGEMENT

COMMITMENT: Develop a Group-wide culture of continuous change

	Actions	2010 Results	Targets
Fiat Group	<p>▶ Redefine training model and management process to enable more effective and flexible response to strategic and tactical training needs according to changes in the economic environment</p>	<ul style="list-style-type: none"> 📈 Increased number of Key Performance Indicators (KPIs) used to evaluate and manage training available worldwide 📈 Platform developed for collection and utilization of aggregate data 📈 <i>Fiat Group Training Committee</i> established to promote synergies and ensure uniformity in training standards, methods and objectives tailored to the Group's specific business needs <p style="text-align: right;"><i>(see pages 150-151)</i></p>	<ul style="list-style-type: none"> ▶ 2011: extension of governance model for managerial training in Europe, focusing on: <ul style="list-style-type: none"> ▶ selection and certification of internal and external trainers ▶ monitoring of course results and effectiveness ▶ 2011: improvement in training offer and progressive implementation in Europe of programs aimed at development of managerial skills for employees assigned new responsibilities
Fiat Group Automobiles (FGA)		<ul style="list-style-type: none"> 📈 2 new streams, 1 international, of the <i>Effect</i> masters course in dealership management launched for employees who work closely with the distribution network to enable them to support dealers in managing difficult market conditions 	

COMMITMENT: Promote a culture of sustainability and increase awareness of the Group among employees

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Provide online training on Corporate Governance and Sustainability ▶ Offer courses on the ecological, safety and technological features of Group products 	<ul style="list-style-type: none"> 📈 Course attended by all Group managers (approx. 800 individuals) outside Italy 📈 161 online training modules offered via Group intranet (on unrestricted basis) <p style="text-align: right;"><i>(see page 151)</i></p>	<ul style="list-style-type: none"> ▶ 2012: revised course to be taken by all Group professionals worldwide and Supplier Quality Engineers (SQE) in Poland, Turkey, Brazil and China





OCCUPATIONAL HEALTH AND SAFETY⁽¹⁾


COMMITMENT: Continue process of internal and external certification of occupational health and safety management system

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Extension of OHSAS 18001 certification 	<ul style="list-style-type: none"> 📈 136 plants OHSAS 18001 certified, employing approx. 134,000 people (92% of scope for 2008) 📈 2 plants operated in joint venture OHSAS 18001 certified, employing approx. 12,000 people (100% of scope for 2008) <p style="text-align: right;"><i>(see page 141)</i></p>	<ul style="list-style-type: none"> ▶ 2012: OHSAS 18001 certification for all Group plants existing worldwide in 2010, including those operated in joint venture






⁽¹⁾ Results and targets stated in this section are for all plants included in the scope of reporting for the Sustainability Report, as described in the "Guide to the Report" (see page 10).

Key

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

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Audit of safety management procedures at plants 	 Approx. 600 internal audits and over 200 external audits conducted, covering a total of approx. 146,000 employees <i>(see page 141)</i>	<ul style="list-style-type: none"> ▶ 2011: +10% internal audits vs 2010

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




	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Upgrade system for monitoring accidents in the workplace at Group level ▶ Development and implementation of a management information system for the collection, analysis, classification and management of preventive or corrective measures for accidents, near misses and unsafe acts ▶ Development and implementation of Group-wide <i>Health & Safety First</i> training project ▶ Definition and progressive implementation of training standards and information tools for Health and Safety specialists within the Group ▶ Development and implementation of <i>Top Ten Safety</i> project: 10 key health and safety initiatives ▶ Provision of online course for white-collar employees on safety in the workplace (workstation ergonomics, emergency response, electric hazards, risks from over-exertion, correct use of video monitors) 	<ul style="list-style-type: none">  <i>Standard Aggregation Data (SAD)</i> application implemented worldwide for monitoring of occupational health and safety KPIs (including near misses, unsafe acts and occupational diseases) <i>(see page 141)</i>  <i>Health & Safety First</i> project completed at 7 plants in Italy (involving approx. 21,000 employees)  Training standards for Health and Safety specialists defined  <i>Top Ten Safety</i> project extended to all plants in Italy (involving approx. 64,000 employees)  Course extended to 100% of white-collars in Italy (covering approx. 24,000 employees) <i>(see page 144)</i> 	<ul style="list-style-type: none"> ▶ 2011: development and implementation of the management information system at select pilot plants ▶ 2012: extension of the management information system to all Group plants worldwide ▶ 2011: progressive extension of the <i>Health & Safety First</i> project to all Italian plants ▶ 2011: extension of training standards and information tools for internal Health and Safety specialists in Italy ▶ 2012: extension of training standards and information tools for internal Health and Safety specialists worldwide ▶ 2011: progressive extension of <i>Top Ten Safety</i> project to all Group plants existing in Europe in 2010 ▶ 2012: progressive extension of <i>Top Ten Safety</i> project to all Group plants existing worldwide in 2010 ▶ 2011: analysis of feed-back from course

EMPLOYEE HEALTH



COMMITMENT: Promote healthcare

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Monitoring of work-related stress levels and definition of prevention plan ▶ Distribution of information and offering of medical support to employees to prevent spread of infectious diseases and promote personal hygiene ▶ Distribution of information to employees on health in general, as well as smoking-related diseases and diabetes through targeted campaigns 	<ul style="list-style-type: none"> ✔ Stress monitoring activities extended and related action plan launched at Iveco's Trappes and Annonay sites (France) (approx. 1,400 employees involved) and negotiations initiated with unions in relation to all sites of CNH – Case New Holland and FPT Industrial in France ✔ Standard methodology for monitoring work-related stress defined in specific guidelines <i>(see page 145)</i> ✔ Information on prevention against the seasonal flu virus distributed to 100% of employees worldwide ✔ Information campaign on HIV/AIDS infection continued at CNH – Case New Holland, Comau, Fiat Group Automobiles, Fiat Powertrain, FPT Industrial, Iveco, Magneti Marelli and Teksid plants in Brazil (approx. 28,000 employees involved) <i>(see page 147)</i> ✔ <i>Good Control of Diabetes</i> campaign tested at the Magneti Marelli plant in Venaria (Italy), the Teksid plant in Carmagnola (Italy) and the Iveco plant in Turin (Italy) (total of approx. 900 employees involved) <i>(see pages 147-148)</i> 	<ul style="list-style-type: none"> ▶ 2011: extension of action plan for work-related stress to the 2 remaining Iveco sites in France, in partnership with the Comité d'Hygiène, de Sécurité, et des Conditions de Travail (CHSCT) ▶ 2011: assessment and launch of action plan at all CNH – Case New Holland (5) and FPT Industrial (3) sites in France in partnership with the CHSCT ▶ 2011: adaptation of standard methodology for monitoring work-related stress to specific local circumstances ▶ 2011: launch of monitoring and related action plan at Group sites where risk is assessed as most prevalent ▶ 2011: continued dissemination of information to employees on prevention of seasonal flu virus ▶ 2011: continuation of information campaign ▶ 2012: launch of the <i>Tips on Health</i> section on Group intranet site in Italy (2011) and extension to Group intranet sites in other languages around the world ▶ 2011: implementation of the <i>Smoking Cessation</i> and <i>Good Control of Diabetes</i> campaigns at pilot sites in Italy ▶ 2013: launch of the <i>Good Control of Diabetes</i> campaign at Group sites in Italy (2012) and extension worldwide to sites where the issue is most prevalent according to studies published by the World Health Organization (WHO) ▶ 2014: launch of the <i>Smoking Cessation</i> campaign at Group sites in Italy (2013) and extension worldwide to sites where the issue is most prevalent according to studies published by the WHO

Key

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

COMMITMENT: Promote the well-being of employees

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Promotion of the well-being of employees through programs aimed at: <ul style="list-style-type: none"> ▶ spreading a health-focused culture ▶ encouraging individuals to adopt a healthy lifestyle (including through economic incentives) ▶ reducing medium and high health risks to low levels ▶ encouraging a work environment that promotes healthy behavior and engagement of the workforce ▶ monitoring the cost of neglect to health 	<ul style="list-style-type: none">  <i>The Picture of Health</i> program continued for employees of CNH – Case New Holland in North America: <ul style="list-style-type: none"> ▶ health risks reduced (medium risks -9.5%; high risks -18.5%) ▶ average employee well-being score up 4.1% ▶ received Bronze Quill Award  <i>Vivere</i> program launched for employees of Fiat Automóveis S.A. in Brazil: <ul style="list-style-type: none"> ▶ preliminary check-ups conducted ▶ <i>Run and Walk</i>, <i>Nutrition</i> and <i>No Smoking</i> initiatives launched <p style="text-align: right;"><i>(see pages 146-147)</i></p>	<ul style="list-style-type: none"> ▶ 2011: improvement and monitoring of regional/national wellness initiatives at CNH – Case New Holland, Iveco, FPT Industrial to promote employee health and well-being. ▶ 2011: continuation of program

COMMITMENT: Facilitate access to the best healthcare services

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Establishment of a supplementary healthcare plan (FASIFIAT) for the Group's blue-collar and white-collar employees in Italy, as per agreements between Fiat and trade unions 	<ul style="list-style-type: none">  67,000 blue-collar and white-collar employees and their families in Italy have joined the plan <p style="text-align: right;"><i>(see page 149)</i></p>	<ul style="list-style-type: none"> ▶ 2011: continued promotion of FASIFIAT



DEALER AND SERVICE NETWORK**TRAINING****COMMITMENT: Improve knowledge-base of the sales force and promote customer awareness of the environmental and safety-related features of products**

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Design and offer targeted training courses that leverage best practice and explore all potential synergies within the Group 	<ul style="list-style-type: none">  313,500 hours of training (+51% vs 2009) given to the worldwide sales forces of Fiat Group Automobiles, CNH – Case New Holland and Iveco <p style="text-align: right;"><i>(see page 165)</i></p>	<ul style="list-style-type: none"> ▶ 2011: maintain number of training hours provided in 2010


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

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Design and offer targeted training courses that leverage best practice and explore all potential synergies within the Group 	<ul style="list-style-type: none">  395,200 hours of training (+76% vs 2009) given worldwide to technicians of Fiat Group Automobiles, CNH – Case New Holland and Iveco <p style="text-align: right;"><i>(see page 165)</i></p>	<ul style="list-style-type: none"> ▶ 2011: maintain number of training hours provided in 2010

COMMITMENT: Promote safe and eco-friendly driving

	Actions	2010 Results	Targets
Iveco		 <i>Iveco Driver Training</i> initiative launched and offered free of charge to fleet drivers and dealer demo drivers (see page 164)	▶ 2011: continuation of the <i>Iveco Driver Training</i> initiative in major European markets (Italy, Germany, Spain, France, the UK and Benelux)
CNH - Case New Holland	▶ Design and offer courses targeted at fleet drivers and demo drivers at commercial vehicle dealers and construction equipment operators	 22,900 hours of training given to operators of construction equipment	▶ 2011: maintain number of training hours for operators of construction equipment as provided in 2010




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

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	▶ Launch of <i>Effect</i> master's program in dealership management targeted at owners and managers of dealerships	 <i>Effect</i> master's program launched <ul style="list-style-type: none"> ▶ 3 streams for Italian dealers ▶ 2 streams for international dealers (see page 163)	▶ 2011: continuation of the <i>Effect</i> master's program with 3 additional streams




COMMITMENT: Promote responsible selling practices

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	▶ Design and provide training courses to support salesmen in enhancing their professional approach and transparency through the entire selling process		▶ 2011: provide 400 training days to 60 FGA dealers in Italy

ENVIRONMENTAL IMPACT
COMMITMENT: Promote environmental responsibility throughout the dealer and authorized service network

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	▶ Formulate and disseminate Environmental Guidelines relating to materials, equipment and management processes to promote a reduction in environmental impacts of the dealer network	 Environmental Guidelines formulated for the design of new facilities  Environmental Guidelines applied in renovation of Mirafiori Motor Village, the corporate-owned dealership in Turin (Italy) (see page 166)	
Iveco	▶ Use of materials that enable energy savings and reduce maintenance requirements	 <i>New Dealers Identity</i> initiative for the use of more eco-compatible materials continued at 15 additional premises (see page 166)	▶ 2011: partial renovation of a further 25 premises (total of 70 from 2009 to 2011)




Key

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

CUSTOMERS

CUSTOMER EXPERIENCE

COMMITMENT: Enhance customer relationship and satisfaction

Actions	2010 Results	Targets
Fiat Group Automobiles (FGA) <ul style="list-style-type: none"> ▶ Implementation of stakeholder engagement activities by increasing customer feedback and replying, as appropriate 	<ul style="list-style-type: none">  +10% vs 2009 in feedback and expectations collected from customers  Initiated stakeholder engagement activity at Alfa Romeo dealerships in Italy (for both sales and after-sales phases): customers given feedback on improvements made in areas identified  Initiated study on <i>Mobile Customer Service</i> project to expand opportunities for interaction between company and customers through the iPhone <i>(see pages 167-169)</i> 	<ul style="list-style-type: none"> ▶ 2011: extension of stakeholder engagement activities to FGA customers in major European markets (Italy, France, Germany and Spain) ▶ 2011: implementation of <i>Mobile Customer Service</i> project on target population of approx. 110,000 customers in Italy and other major European markets (UK, France, Germany and Spain)
Iveco	<ul style="list-style-type: none">  <i>Innovation Club</i> project developed to collect feedback from key European clients and leverage in product innovation process <i>(see page 168)</i> 	<ul style="list-style-type: none"> ▶ 2011: continued promotion of <i>Innovation Club</i> project in all European markets, doubling the number of key clients participating (120 in total)
Fiat Group Automobiles (FGA) <ul style="list-style-type: none"> ▶ Develop skill base of call center operators to achieve excellence in customer service 	<ul style="list-style-type: none">  Mapped technical competence and performance of operators as basis for planning of targeted training courses 	<ul style="list-style-type: none"> ▶ 2011: 40,000 training hours provided (+10% vs. 2010) to operators and team leaders at Group call centers worldwide

COMMITMENT: Ensure responsible selling and communications practices

Actions	2010 Results	Targets
Fiat Group Automobiles (FGA) <ul style="list-style-type: none"> ▶ Formulate and disseminate guidelines on responsible selling of financial services offered by FGA Capital S.p.A. (FGAC) ▶ Formulate new charter for ethical advertising to promote responsible communication worldwide 		<ul style="list-style-type: none"> ▶ 2011: formulation and dissemination of guidelines on responsible selling to the sales forces of FGA and FGAC and to FGAC credit managers throughout Europe ▶ 2011: formulation and approval of charter for ethical advertising

SUPPLIERS





SUSTAINABILITY IN THE SUPPLY CHAIN

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

	Actions	2010 Results	Targets
Fiat Group Purchasing	<ul style="list-style-type: none"> ▶ Provision of online training on Corporate Governance and Sustainability ▶ Incorporate environmental and social targets in system of variable compensation 	<ul style="list-style-type: none"> 🌱 Course provided to a further 100 Fiat Group Purchasing employees for a total of 600 people (managers, Supplier Quality Engineers -SQEs- and Buyers) trained since 2009 🌱 Environmental and social targets (sustainability audits and management of further self-assessment questionnaires for select suppliers) included in the assessment process for SQE Managers and their collaborators <p style="text-align: right;"><i>(see page 174)</i></p>	<ul style="list-style-type: none"> ▶ 2012: provision of course to all SQEs and Buyers in Poland, Turkey, Brazil, China ▶ 2011: continued application of environmental and social targets to assessment process

COMMITMENT: Promote social and environmental responsibility among suppliers








	Actions	2010 Results	Targets
Fiat Group Purchasing	<ul style="list-style-type: none"> ▶ Formulation and dissemination of Sustainability Guidelines for suppliers ▶ Introduction of environmental and social performance indicators in supplier assessments ▶ Distribution of self-assessment questionnaire on environmental and social performance to select suppliers ▶ Preparation of a risk map of supply chain to identify suppliers for audit ▶ Conduct environmental and social audits at suppliers worldwide 	<ul style="list-style-type: none"> 🌱 Contractual clauses on adherence to Sustainability Guidelines introduced for new purchase agreements <i>(see page 172)</i> 🌱 New supplier rating system initiated and results included in supplier database 🌱 Self-assessment questionnaire distributed to a further 200 suppliers, representing approx. 10% of purchases managed by Fiat Group Purchasing in 2010 (in addition to the 162 distributed in 2009, representing 54%) 🌱 95% of questionnaires returned with average score of 75/100 🌱 Analysis of questionnaire results completed 🌱 Study initiated to identify main risk factors 🌱 An additional 10 audits of suppliers in China and India conducted by internal Supplier Quality Engineers (SQEs) 🌱 An additional 55 audits of most significant suppliers in Europe conducted by internal SQEs (40 audits) and third party (15 audits) <p style="text-align: right;"><i>(see pages 173-174)</i></p>	<ul style="list-style-type: none"> ▶ 2011: continued introduction of contractual clauses on adherence to Sustainability Guidelines in new purchase agreements ▶ 2011: inclusion of additional sustainability elements in evaluation of potential suppliers ▶ 2011: continued distribution and analysis of questionnaires ▶ 2011: definition of criteria and preparation of risk map for supply chain ▶ 2011: conduct of 10 further audits in China and India by internal SQEs ▶ 2011: conduct of further audits of most significant suppliers by internal SQEs (at least 40 audits) and third party (approx. 20 audits)
Fiat Group	<ul style="list-style-type: none"> ▶ Promote supplier involvement in World Class Manufacturing (WCM) program 	<ul style="list-style-type: none"> 🌱 Total of 200 supplier plants involved in WCM program during the period 2009-2010 <p style="text-align: right;"><i>(see page 175)</i></p>	<ul style="list-style-type: none"> ▶ 2011: involvement of a total of 230 supplier plants in the WCM program

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

COMMUNITY

LOCAL COMMUNITY

COMMITMENT: Promote social and economic development of local communities

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Continuation of Fiat Automóveis S.A.'s <i>Árvore da Vida</i> project aimed at improving the quality of life in the community of Jardim Teresópolis (Brazil) through: <ul style="list-style-type: none"> ▶ social and educational activities ▶ training courses ▶ the Cooperárvore cooperative ▶ support and counseling center for community families 	<ul style="list-style-type: none">  Approx. 12,500 people benefited from the project during the period 2004-2010  Approx. €1.3 million invested in 2010  The <i>Árvore da Vida</i> project won: <ul style="list-style-type: none"> ▶ the Aberje 2010 award from the Region of Minas Gerais (Brazil) for the use of communication as tool for social change ▶ the award as best company for the management of social and environmental responsibility from the magazine Istoé Dinheiro <p style="text-align: right;"><i>(see pages 178-179)</i></p>	<ul style="list-style-type: none"> ▶ 2011: continuation of support for the project
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Support for <i>Habitat for Humanity</i> initiative for families in need ▶ Support for <i>United Way</i> initiative for the improvement of healthcare, education and literacy in disadvantaged communities 	<ul style="list-style-type: none">  Approx. €0.2 million donated and over 150 employees offered their time for the construction of houses (during the period 2007-2010) as part of a project involving Case Construction dealers and CNH – Case New Holland employees  Approx. €1.1 million donated by the company and its employees in 2010 <p style="text-align: right;"><i>(see page 178)</i></p>	<ul style="list-style-type: none"> ▶ 2011: continuation of support for the initiative ▶ 2011: continuation of support for the initiative
Iveco	<ul style="list-style-type: none"> ▶ Support for <i>Transaid</i> initiative to help African commercial cooperatives with logistic management 	<ul style="list-style-type: none">  Driving courses for women of cooperatives and support for the development of a transport management system provided  Fund raising for new driving courses organized 	<ul style="list-style-type: none"> ▶ 2011: provision of driving courses to approx. 50 African drivers ▶ 2011: donation of a heavy commercial vehicle (Stralis) to the driving school

COMMITMENT: Aid populations affected by natural disasters

	Actions	2010 Results	Targets
Fiat Group	<ul style="list-style-type: none"> ▶ Provide technical, financial and humanitarian support to populations affected by natural disasters 	<ul style="list-style-type: none">  Project formulated and area identified for the nursery school for approx. 100 children affected by the earthquake in Abruzzo (Italy)  Approx. €0.8 million in cash and in-kind donations to victims of the earthquake in Haiti and to the Francesca Rava Foundation - N.P.H. Italia (Nuestros Pequeños Hermanos) to build a rehabilitation center for disabled children <p style="text-align: right;"><i>(see pages 180-181)</i></p>	<ul style="list-style-type: none"> ▶ 2011: complete construction of the nursery school ▶ 2011: complete construction of the rehabilitation center for disabled children
CNH - Case New Holland		<ul style="list-style-type: none">  Approx. €0.1 million donated by the company and its employees to victims of the Pakistan flood <p style="text-align: right;"><i>(see page 181)</i></p>	

TRAINING FOR YOUNG PEOPLE

COMMITMENT: Support the professional development of young people

	Actions	2010 Results	Targets
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Continuation of <i>TechPro²</i> technical training project, developed in cooperation with Salesian Technical Institutes 	<ul style="list-style-type: none"> ✔ Knowledge transferred from FGA technicians to instructors: <ul style="list-style-type: none"> ▶ specific <i>Train the Trainers</i> courses ▶ standardization of the training program ✔ Results and opportunities provided by the project measured and assessed: <ul style="list-style-type: none"> ▶ 80 Salesian instructors trained ▶ 1,530 students trained ▶ 960,000 hours of training provided ▶ 4,400 square meters of laboratories dedicated to the program ✔ Project extended to new underprivileged areas with a strong demand for manpower (2 locations in Argentina, 6 in Italy and 2 in Brazil), in addition to the locations already operational (10 in Italy, 19 in Spain, 1 in Poland, 1 in Brazil) ✔ Project extended to include new training initiatives through activation of a program focused on body-welding at 1 location in Italy <p style="text-align: right;"><i>(see pages 179-180)</i></p>	<ul style="list-style-type: none"> ▶ 2011: elaboration and dissemination of specific Guidelines to standardize the approach and training services offered by <i>TechPro²</i> all over the world. ▶ 2011: extension of project to new underprivileged areas with a strong demand for manpower: 3 new locations in Latin America and 3 in Asia ▶ 2011: completion of the project in Italy with 2 new locations
Iveco	<ul style="list-style-type: none"> ▶ Support for Don Bosco Technical Schools in Cairo (Egypt) for development of mechanical and technical skills in the automotive sector 	<ul style="list-style-type: none"> ✔ Local instructors trained, technical equipment and educational material provided, 65 students involved <p style="text-align: right;"><i>(see page 180)</i></p>	<ul style="list-style-type: none"> ▶ 2011: continuation of support for the initiative

See glossary on page 196



Q&A



AN INTEGRATED APPROACH TO SUSTAINABLE DEVELOPMENT

- 73 Safe and ecological mobility
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- 129 Our people
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- 171 Suppliers as partners
- 176 Developing in harmony with local communities



SAFE AND ECOLOGICAL MOBILITY

Satisfying the growing demand for mobility, while reducing the environmental and social impact of vehicles throughout their life cycle, is a strategic necessity for Fiat Group. To meet this objective, its research activities are focused on development of innovative solutions to reduce polluting and noise emissions, traffic congestion, accidents and increase product recyclability.

360° SUSTAINABLE MOBILITY

There is no one-size-fits-all solution for sustainable mobility. Rather a combination of conventional and alternative technologies is required to respond to the economic, geographic and fuel requirements in each market. Therefore, Fiat is working to:

- optimize the ecological performance of conventional engines
- increase use of alternative fuels
- develop non-conventional propulsion systems
- design systems to cut emissions
- engage with and raise awareness of customers

These strategic choices have resulted in Fiat being

confirmed, for the fourth consecutive year, as **having the lowest average CO₂ emissions** among the **best-selling auto brands** in Europe at **123.1 g/km** (source: JATO Dynamics, the world's leading provider of automotive intelligence). In addition to this major achievement, Fiat Group (Automobiles sector) has also maintained its leading position in the ranking by group (125.9 g/km). Fiat is one of the automotive groups most strongly committed to reducing the environmental impacts of transportation. In fact, between 2000 and 2010, **average CO₂ emissions** for vehicles sold by Fiat Group Automobiles (FGA) in Europe **fell 20%**.

OUR CONTRIBUTION TO COMBATING CLIMATE CHANGE

Mobility has traditionally been synonymous with freedom and progress and it is closely tied to the economic progress of every country and continent.

Over the past 50 years, there has been constant growth in the movement of people and goods.

Climate change and the energy crisis mean, however, that the concept of mobility needs to be rethought. Today, the automotive industry is being called upon to make its contribution toward stabilizing the level of greenhouse gases in the atmosphere and to take an active role in the research and development of solutions for a more sustainable mobility.

Fiat Group believes that effective, long-lasting results can only be achieved through an integrated approach, that also involves energy producers, consumers and government. As such, in its product development activities, the Group is committed to further reducing CO₂ emissions and fuel consumption, as well as promoting use of energy from alternative and renewable sources.

AVERAGE CO₂ EMISSIONS FOR NEW REGISTRATIONS

Fiat Group: Automobiles sector - Europe (g/km)



Source: Jato Dynamics

NEW REGISTRATIONS BY CO₂ EMISSIONS LEVEL

Fiat Group Automobiles Europe



In 2010, approximately 58% of newly-registered FGA vehicles in Europe had CO₂ emissions at or below 120 g/km and 68% at or below 130 g/km. The best-selling model was the Fiat 500 1.2 69 hp Start&Stop, with CO₂ emissions of 113 g/km, which accounted for approximately 9% of Fiat brand sales. The Group's most efficient model was the Fiat 500 TwinAir Turbo 85 hp with Automated Manual Transmission (AMT) and CO₂ emissions of 92 g/km.

The Group achieved these significant milestones by offering **solutions** that are **concrete, affordable** and **deployable now**. At the same time, Fiat is also working for the future as demonstrated by its product offering, R&D programs, initiatives for sustainable mobility developed in partnership with public authorities, and investment in new product development.

CONVENTIONAL ENGINES

Fiat Powertrain and FPT Industrial produce engines that apply innovative technological solutions to cut consumption and emissions for cars, trucks and commercial vehicles, as well as agricultural and construction equipment.

For **gasoline** engines, in 2010 Fiat Powertrain presented the two-cylinder **TwinAir**, which represents the latest frontier in engine downsizing, maintaining driving pleasure and performance, while significantly reducing consumption and emissions.

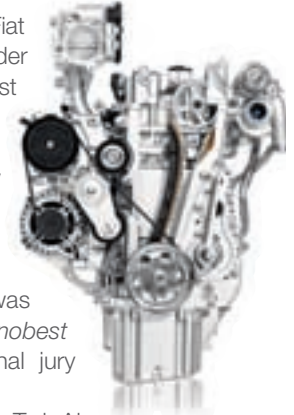
The innovative technology incorporated within the TwinAir was recognized with Autobest's *Technobest 2010*, awarded by an international jury made of specialist journalists.

Adopted on the Fiat 500, the TwinAir Turbo 85 hp **has the best CO₂ emission levels of any gasoline engine in Europe** (92 g/km with AMT).

During the year, **MultiAir** technology has also been introduced on other Fiat Group Automobiles (FGA) gasoline models, including the 1.4 Turbo MultiAir, which won an *Engine of the Year* award in the Best New Engine category. This innovative four-cylinder engine, which combines the MultiAir's electro-hydraulic intake valve management system with a turbocharger, has set a new standard in efficiency:

- 10% reduction in fuel consumption and CO₂ emissions
- 10% increase in maximum power
- 15% improvement in low-end torque
- reduction in HC/CO and NOx emissions

In 2010, application of the **1.3 MultiJet II diesel** was extended to all FGA models. This second-generation MultiJet technology provides a high level of fuel economy, eco-efficiency and performance through the use of advanced combustion technologies, such as Injection Rate Shaping (IRS). With IRS, the main injection typical of the MultiJet is replaced by two consecutive injections without a hydraulic interval, generating significant improvements in terms of fuel consumption (up to 3% lower) and **harmful emissions** (potential **20% reduction** in NOx).



At **123.1 g/km**, Fiat brand is **leader** for fourth consecutive year with lowest CO₂ emissions



FIAT GROUP AUTOMOBILES

ALREADY AVAILABLE	IN THE PIPELINE	INNOVATION
Diesel		
MULTIJET II	I-EFFICIENCY	MULTIAIR
TWIN STAGE TURBO		START&STOP II
ECO-TURBO		
START&STOP		
Gasoline		
MULTIAIR	MULTIAIR II	START&STOP II
TWINAIR	I-EFFICIENCY	
T-JET		
DIRECT INJECTION		
START&STOP		
Alternative Fuels and Propulsion Systems		
NATURAL GAS/NATURAL GAS TURBO	NATURAL GAS TWINAIR	ELECTRIC
FLEXFUEL/TETRAFUEL (Latin America)		HYBRID
GPL		HYDROGEN/NATURAL GAS BLENDS (experimental fleets)

IVECO

ALREADY AVAILABLE	IN THE PIPELINE	INNOVATION
Diesel		
MULTIJET (light/medium commercial vehicles)	MULTIJET (heavy commercial vehicles)	ADVANCED TURBO
TURBO BRAKE	SUPER ENGINE BRAKE	MULTIAIR
SELECTIVE CATALYTIC REDUCTION (SCR) (medium/ heavy commercial vehicles)	SELECTIVE CATALYTIC REDUCTION (SCR) (light commercial vehicles)	
DIESEL PARTICULATE FILTER (DPF) (light commercial vehicles)	DIESEL PARTICULATE FILTER (DPF) (medium/heavy commercial vehicles)	
VARIABLE GEOMETRY TURBINE	START & STOP	
TWIN TURBO	MULTIJET II (light commercial vehicles)	
	HIGH-PRESSURE COMMON RAIL	
Alternative Fuels and Propulsion Systems		
NATURAL GAS	BIOMETHANE (Europe)	NATURAL GAS MULTIAIR
ELECTRIC	100% BIOETHANOL (Latin America)	LITHIUM-ION ELECTRIC
DIESEL/LITHIUM-ION ELECTRIC HYBRID		HYDROGEN/NATURAL GAS BLENDS (experimental fleets)
		2 nd GENERATION BIOFUELS

80% market
share for Fiat
natural gas
vehicles

ALTERNATIVE FUELS

Fiat Group is also committed to the expanding the use of alternative fuels and increasingly focusing its research activities on a range of eco-friendly fuels appropriate to the socio-economic and energy situation of each market.

Natural Gas

Fiat has been **Europe's leading producer of OEM (Original Equipment Manufacturer) natural gas vehicles** for over a decade. Natural gas is the most effective near-term solution to reducing pollution in towns and cities and cutting CO₂ emissions. Natural gas (or compressed natural gas – CNG) is the **only real current alternative to gasoline and diesel** and the **cleanest fuel available today**. In fact, natural gas:

- produces the lowest levels of toxic emissions, from particulate matter (cut to practically zero) through to aromatic compounds such as benzene
- also minimizes emissions that are most harmful to air quality (such as nitrogen oxides)
- produces 23% lower CO₂ emissions than gasoline combustion
- has the potential to become a renewable fuel source in the form of biogas.

NEWLY REGISTERED NATURAL GAS VEHICLES BY CO₂ EMISSIONS LEVEL

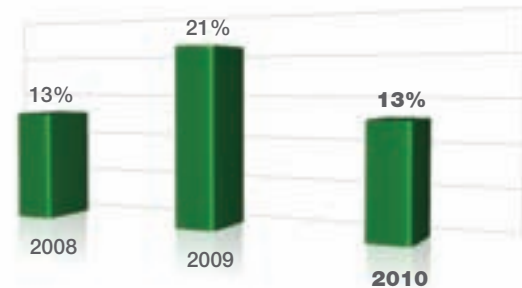
Fiat Europe (g/km)



With a total of 10 models in its **Natural Power** line, the Fiat brand **offers the broadest range of bifuel models**, meeting a wide variety of mobility needs, including professional. Fiat Group Automobiles and Fiat Powertrain have focused on bifuel vehicles that combine the environmental benefits of natural gas with the widespread availability of gasoline, without restricting the driver. The natural gas tanks are fully integrated into the vehicle structure at the design phase, which means there is no need to compromise on comfort and safety.

NATURAL GAS VEHICLES AS PERCENTAGE OF TOTAL SALES

Fiat Italy



In 2010, a total of 75,000 natural gas vehicles were sold in Europe, representing an approximate 40% decline over 2009. This decrease was attributable to a sharp drop in demand resulting from government incentives for eco-friendly vehicle purchases being phased out. Despite the significant market contraction, the Fiat brand nevertheless maintained its leadership position in Europe with an 80% share. In addition, Fiat also launched the Doblò Natural Power (including Cargo version), the first model in the range with a turbo natural gas engine that offers high performance coupled with low emissions and consumption.

Since 1995, Iveco has also focused heavily on natural gas propulsion, and is now European leader in the research and sale of natural gas vehicles, with 11,000 units now in use by private companies and public authorities. In addition, Iveco has the most complete range of natural gas trucks, vans and buses in the market. All of these vehicles are **monofuel** and employ a stoichiometric combustion process. As a result, they provide consistent, high performance, while bringing polluting emissions well below Euro V limits almost to Euro VI limits, which become effective from December 2012. The **entire range** of natural gas engines is also **compliant with the EEV** (Enhanced Environmentally-Friendly Vehicles) **standard** – the strictest in Europe – and can run on biomethane generated from waste treatment.

Biofuels

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

In 2010, a total of **750,000 Flexfuel and TetraFuel® vehicles were sold in Brazil**, accounting for 99% of all sales. This result was largely achievable because of the extensive bioethanol distribution network in Brazil, made possible by long-standing government policies and ready availability of the raw material.

In addition, all Fiat Powertrain engines sold in Europe are compatible with use of blends of up to 5%

bioethanol with gasoline (E5) and up to 7% biodiesel with diesel (B7).

The majority of vehicles produced by Fiat Group Automobiles since 2000 have been equipped with gasoline engines that are already compatible with blends of up to 10% bioethanol (E10), in advance of European regulation (Fuel Quality EC 2009/30). For specific applications, such as agricultural, certain engines have been modified to run on even higher percentage biofuel mixes. In fact, New Holland Agriculture encourages the use of biofuels in the agricultural industry by offering a wide range of products (around **90%**) **that can run on up to 100% biodiesel**. Also, Iveco vehicles are already compatible with the use of biofuels, such as biogas (produced from organic waste and vegetable matter), while diesel-powered units can run on blends of up to 5% biodiesel without modification. Iveco is also focusing its research on the use of **second-generation biofuels**, which, although availability is currently quite limited, are extremely promising and represent the future of biofuels. These include Hydrotreated Vegetable Oil (HVO) made from non-edible sources, and Biomass-to-Liquid (BTL), a fuel obtained from the chemical conversion of gasified biomass. Not only are these second-generation renewable fuels derived from a wider range of raw materials (algae, jatropha and waste, etc.), they also offer better performance than fossil diesel and can reduce greenhouse gas emissions by as much as 95%.



Iveco produces
first hybrid
medium commercial
vehicle in Europe

NON-CONVENTIONAL PROPULSION

The key focus for Fiat Group's design engineers is to reduce CO₂ emissions by developing systems that minimize gasoline and diesel consumption, which also means developing **alternative propulsion solutions, particularly for vehicles used in a predominantly urban setting.**

Through its subsidiary Altra (a center of excellence in the development of vehicles with alternative propulsion), Iveco has extensive experience in the production of electric and hybrid propulsion systems for commercial vehicles and city buses.

Electric

Iveco is a pioneer in electric technology, having designed and built the first electric Daily in 1986, and has now expanded its range to include vans and city buses.

In 2010, sales began in Europe of the ECODAILY Electric, a light commercial vehicle equipped with a three-phase asynchronous motor controlled by an inverter that powers the vehicle directly and also recovers braking energy. The Daily's batteries do not produce gas emissions or require maintenance and are fully recyclable. In addition, they are extremely light and so do not impact payload capacity. The vehicle has a range of 130 km, making it **perfect for a wide**

range of urban uses, including door-to-door delivery and passenger transport. These characteristics were instrumental in Deutsche Post DHL, global leader in logistics and postal services, choosing Iveco as its electric vehicle supplier. In fact, the first of ten ECODAILY Electrics was delivered in 2010 and the remainder will be delivered to DHL centers in Germany during 2011.

Finally, **a total of 74 electric city buses have been sold in Europe to date.**

Hybrid

Iveco has been a leader in the hybrid sector since 1994, when it produced the first hybrid Turbocity. Today, there are **150 hybrid Iveco vehicles on the road in Europe.** During the year, sales began of the **hybrid Eurocargo, the first OEM diesel/electric medium commercial vehicle sold in Europe.** With a parallel diesel/electric powerplant, the Eurocargo provides the best balance between transport requirements (payload capacity and maneuverability) and environmental impacts. Optimized efficiency is achieved through a regenerative braking system, Start&Stop function and downsized diesel engine.

During acceleration, power from the diesel engine can be boosted by energy from the batteries. When the vehicle is travelling at a steady speed, the batteries are not used because power from the generator is sufficient to maintain velocity. During braking, the electric motor recovers kinetic energy to recharge the batteries. When the vehicle stops, the diesel engine switches off and exhaust emissions are suspended, providing further fuel savings and significantly cutting atmospheric and noise pollution. For restart, as soon as the driver engages the accelerator, the batteries feed the generator that switches the diesel engine on, and the vehicle sets off.

Depending on driving conditions, the hybrid propulsion can **cut fuel consumption and CO₂ emissions by up to 30% and NOx emissions by up to 50%.**

THE ELECTRIC FIAT 500EV

The Fiat 500EV made its world premiere at the 2010 Detroit Motor Show. This innovative prototype, developed by Chrysler on the versatile Fiat 500 platform, will be launched in the United States in 2012.

The distinctive feature of this zero-emissions electric vehicle is the powerplant which consists of three main systems: a high-output electric module, advanced lithium-ion battery (produced by SB LiMotive, a JV between Samsung and Bosch) and an EV control unit to manage power flow. The powerplant and vehicle will be developed at the Chrysler Group headquarters in Auburn Hills, Michigan. Chrysler has in fact been designated as the vehicle electrification center for Fiat as well.



In 2010, road testing of the hybrid Daily in collaboration with FedEx was also completed. The results were very positive: the fleet traveled an average of 34,000 km per vehicle, achieving an approximate 27% reduction in fuel consumption and CO₂ emissions.

Lastly, Iveco's range of serial and parallel hybrid buses, already operating in numerous European cities, was expanded with a new model: the hybrid Citelis. This

city bus, with hybrid serial diesel/electric propulsion, has set a new standard in public transport, with reductions in CO₂ emissions of up to 40%, together with improved on-board comfort and reduced noise level, attributable also to use of the Start&Stop system.

START&STOP SYSTEM

A further environmental benefit comes from the Start&Stop system developed by Fiat Group Automobiles (FGA) Engineering & Design in collaboration with Fiat Powertrain and Magneti Marelli. This system shuts off the engine whenever the vehicle is stopped and the engine is idle and restarts it when the driver engages the clutch. The principal benefit is the significant **reduction in fuel consumption and CO₂ emissions when driving in congested conditions with frequent stops at traffic lights.** The system offers a reduction of around 10% in fuel consumption and emissions in congested conditions, or 3.5% based on the New European Driving Cycle (NEDC).

FGA is already working on second-generation Start&Stop systems with more advanced engine

HELE SYSTEM

At the 2010 Paris Motor Show, Ferrari presented its HELE system (High Emotion Low Emissions), designed to boost the performance of its vehicles while reducing their environmental impact.

The first application of this system was on the Ferrari California, which resulted in a 14.5% reduction in CO₂ emissions. The HELE system, combined with Start&Stop technology, consists of a new intelligent engine fan and fuel pump control, electronic displacement control for the climate control compressor, and gear-shift that adapts to individual driving style. This package of solutions contributes to reduced emissions and increased performance. For the transmission, for example, the gearbox CPU automatically identifies the driving style being used and adapts the gear shifts to match. If it recognizes a driving style that requires limited torque and low rpm (typical of city driving), it optimizes gear shifts to cut fuel consumption. If, on the other hand, the driver adopts a sportier driving style, the vehicle responds with higher performance shifting.

The California is also the first Ferrari to be fitted with the Start&Stop technology, which restarts the car in just 230 milliseconds, providing maximum restart speed without compromising driving performance. The goal of Ferrari engineers was to improve both fuel efficiency and sporting performance. This was achieved through a specific design that gives the driver the option of restarting the engine by either releasing the brake pedal, engaging the accelerator pedal (ideal for people who brake with their left foot) or using the UP paddle on the steering wheel.

shut-down strategies that can double the reduction in carbon dioxide emissions during urban use, cutting emission levels by around 20%. This new version of the Start&Stop will be available on new models within the next few years.

TRANSMISSIONS

Transmissions are also an important component in the reduction of fuel consumption and CO₂ emissions. The Automated Manual Transmission (AMT), developed and produced by Magneti Marelli, is based on electro-hydraulic automation of manual transmissions and combines ease of use with a reduction in fuel consumption and emissions. AMT replaces gear selection and clutch activation with electro-hydraulic components, using an electronic control unit to select the right gear for all driving conditions. Adopted by Fiat Group Automobiles (FGA) on small cars and light commercial vehicles, the **automated manual transmission can cut CO₂ emissions by up to 10%** in urban driving conditions.



In 2010, Alfa Romeo launched the first ever application of the **Dual Dry Clutch Transmission (DDCT)** on the MiTo under the name TCT. This new transmission, developed and manufactured by Fiat Powertrain, offers significant reductions in fuel consumption and CO₂ emissions, as well as improved driving comfort. DDCT is such an innovation in transmission technology that it incorporates 23 patented technologies. Over the next few years, FGA plans to apply this technology as extensively as possible across its range of medium-segment models.

FGA has also introduced the Gear Shift Indicator (GSI) on all new models with manual transmission to signal when to change gear for a more eco-friendly driving style. The GSI acts as a “co-pilot” that discretely suggests the ideal gear to the driver for more efficient engine use in terms of fuel consumption and CO₂ emissions.

Other notable results in the research area include CNH – Case New Holland’s development of solutions that, through improved transmission systems, reduce fuel consumption and CO₂ emissions for agricultural equipment.

The advanced **EasyDrive™ continuously variable transmission**, winner of silver medals at the *SIMA Innovation Awards 2009* and *FIMA 2010*, provides even the smallest tractors with new levels of uninterrupted operation and optimized engine output. This development yielded a **3% increase in efficiency for tractors** fitted with the EasyDrive™ continuously variable transmission.

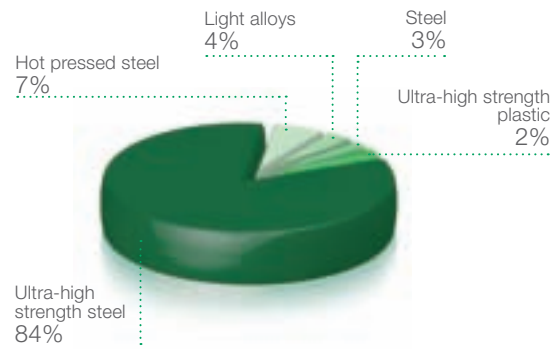
VEHICLE ARCHITECTURES

To continuously improve vehicle safety and comfort while also reducing emissions, the **Body Team**, the Fiat Group Automobiles (FGA) unit that designs vehicle bodies and studies vehicle architectures that are increasingly stronger and at the same time lighter. This research has enabled Fiat to cut the body weight for new models by 2% to 10%, compared to the models being replaced, without compromising safety or performance.

The new Alfa Giulietta, for example, was created on a new compact platform, designed to meet the latest safety rating requirements, provide more interior space and cut fuel consumption. The new modular platform adapts to innovative suspension solutions and can be equipped with the latest generation propulsion systems. To achieve this, the **most suitable materials for each specific function** were selected for the vehicle design, which makes substantial use of **ultra-high strength steels (UHSSs)** that have strong mechanical properties. These were utilized throughout the structure where the thickness of the sheet metal could be reduced while maintaining, or even increasing, the vehicle's strength and capacity to absorb energy from collisions. Also, to ensure optimized front impact deformation, some parts were constructed in aluminum, making them light, but also stable when collapsing under pressure.

COMPOSITION OF COMPACT PLATFORM

Alfa Giulietta



CUSTOMER INVOLVEMENT

Meeting the mobility requirements of tomorrow means finding ways today to reduce fuel consumption and pollutant emissions, while at the same time offering people freedom of movement that is sustainable. Accordingly, Fiat looks beyond the life cycle of its products, adopting an integrated approach that also



focuses on driver behavior and vehicle maintenance, because it recognizes their important contribution to reducing CO₂ emissions.

As a result, Fiat has created the first ever database of driver behavior, and how it changes over time, based on data collected through the **eco:Drive** system. This free application (which can be downloaded at www.fiat.com/ecoDrive) allows users to monitor their driving style and improve it by following helpful tips from the system. With 140,000 downloads and 50,000 regular users throughout Europe, data on over 10,000,000 trips has been uploaded to Fiat's server using this software. The result is a totally objective snapshot based on data recorded by engine control units.

The data collected has enabled an analysis of driver behavior in different countries and under a wide range of road conditions. An **eco:Drive White Paper** has been produced, which is based on a representative sample of over 400,000 trips taken by over 5,000 eco:Drivers in Italy, France, Spain, Germany and the UK.

An analysis of the results of the best eco:Drivers revealed that eco:Drive can enable a reduction of **up to 16% in fuel consumption and associated CO₂ emissions**.

The eco:Drive device is available on most vehicles in the Fiat range (500, Grande Punto, Punto Evo, Bravo, Qubo, Croma and new Doblò) and on commercial versions from Fiat Professional. In 2010, this system was extended to the natural gas range and the **eco:Drive Fleet** version was also launched for use by corporate fleets. This intuitive software monitors fuel consumption, emissions, and savings achieved by an individual vehicle or group of vehicles, projecting efficiencies for the entire fleet. It also provides an updated calculation of operating cost and – through the original application – offers drivers tips on how to improve their driving based on data collected on their existing driving behavior.

Another initiative to minimize emissions for corporate fleets is Iveco's **Blue&Me Fleet**, a telematic fleet management solution and customer assistance package developed on the FGA Blue&Me™ and Qualcomm FleetVisor platforms. The device provides Iveco customers optimized vehicle usage and route planning capabilities, which play an increasingly important role in shrinking the environmental footprint and improving operating costs. The on-board computer communicates with the vehicle's electronic control unit to get information on fuel consumption, trip distance, speed, total mileage and other technical data to provide precise information on individual driving style.

Not only does the Group produce devices and technologies to reduce CO₂ emissions, it **also actively promotes initiatives to encourage young people to drive more responsibly**. One example is the **Ecopatente** project, which counts Fiat and Magneti Marelli amongst its partners for the second year, and is promoted by the Italian environmental association Legambiente with the support of the Ministries of the Environment and of Youth Affairs. The aim of the project is to teach young people enrolled in Italian driving schools how to drive in an environmentally-responsible manner. In 2010, the project involved around 700 Italian driving schools and over 11,000 learner drivers. In view of the project's success Fiat has decided to continue the project in Italy in 2011 and also extend it to Spain.

In 2010, with the support of the Ministry of Youth Affairs, Fiat and ACIF (the association of Fiat dealers in Italy) launched the campaign **BimbiAmbiente** to raise awareness among new generations on the issues of sustainable mobility and environmental conservation.

The campaign lasted over a month and involved around 600 Fiat dealers in Italy. An illustrated booklet was used to raise consumer awareness mainly on the responsible use of vehicles.

BimbiAmbiente is part of a wider Fiat project to promote child safety in cars through the BimbiSicuramente campaign, now in its third year.



Finally, the Group **also seeks to focus customer attention on** another aspect that often takes a back seat: **maintenance**. Proper maintenance of a vehicle at regular intervals (in particular, tire pressure, air filter, exhaust emissions and battery) not only ensures that the vehicle runs properly and that all devices work, but also undoubtedly has a positive impact on fuel consumption and reduces emissions.

Convinced of the importance of this issue, in 2010 Fiat continued its **greenCHECK-UP** campaign, an educational/informational project on correct maintenance promoted by the After Sales division of Fiat Group Automobiles in various countries in Europe (Italy, Spain, Poland, France, Germany, Greece, the Czech Republic and Slovakia).



REDUCING POLLUTING EMISSIONS

As part of an environmental policy aimed at progressively reducing pollution, Fiat Group puts the maximum effort into developing devices that reduce emissions. For example, at year-end 2010 all vehicles produced by Fiat Group Automobiles were available with Euro 5-compliant engines.

In addition, during the year CNH – Case New Holland completed work that will enable its brands to offer products that comply with the new Tier 4 standards, which, beginning in 2011, require reductions in nitrogen oxide (NOx) and particulate matter (PM) emissions. Solutions have been developed in collaboration with FPT Industrial, to provide CNH customers with enhancements in environmental performance and productivity. The solutions identified, which vary based on engine class, power output and specific mission, were: Selective Catalytic Reduction (SCR), an exhaust gas after-treatment system; and Cooled Exhaust Gas Recirculation (CEGR).

The CNH brands offer a wide range of products compliant with Tier 4A (the first stage of application of the new standard) and in particular New Holland Agriculture is launching the largest range of Tier 4 compliant products in its sector, with a total of 20 tractor and 6 combine models.

Iveco also has dedicated significant attention to the development of low-emission vehicles, particularly in the area of public transport in urban areas, where air quality is of prime importance. For years, Iveco has been a leading producer of natural gas buses that comply with Enhanced Environmentally-Friendly Vehicles (EEV) emission limits, the strictest emissions standards in Europe.

More recently, with its expertise in the area of SCR technology and advances in particulate filters, Iveco has also been able to bring its diesel-powered vehicles in line with these standards. By year-end 2010, a third of Iveco's medium and heavy vehicles, representing around 20% of total sales in Europe, were EEV compliant.

RECOVERY RECYCLING REUSE

Fiat Group considers the potential environmental impacts of a vehicle and recyclability of materials right from beginning in the material selection phase.

Preference is given to eco-compatible materials and substances (lower environmental impact materials, biopolymers and recycled materials) and design solutions are studied to facilitate vehicle recovery.

EC Directive 2005/64 (Reuse, Recycle, Recover) sets minimum levels for the recoverability (95%) and recyclability (85%) of new type-approved models and, from July 2010, it was extended to include all newly-registered vehicles. At year-end 2010, **type-approved vehicles in the Fiat Group Automobiles (FGA) range** were on average **95.4% recoverable** by weight and **85.3% recyclable** by weight. The level achieved on FGA's newest model, the Alfa Giulietta, is even higher, with 95.5% recoverable and 85.6% recyclable.

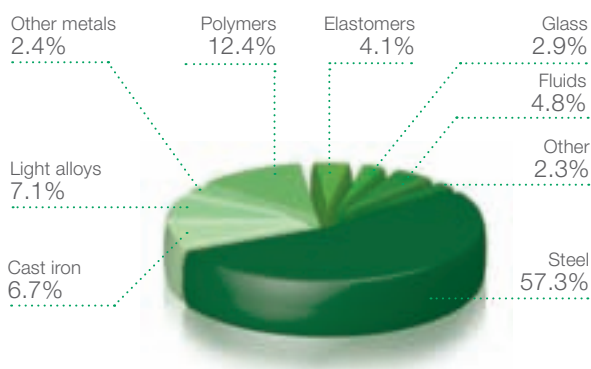
Levels of recoverability and recyclability are analyzed using a special IT system, the **3R project**, which processes data from the International Material Data System (IMDS), an online database that can be used by the entire supply chain to enter basic information on the composition of their products (see also page 173).

The 3R project is an extremely versatile system that also enables simulations to evaluate the impact on vehicle recoverability of a change in materials or design solution, continuously monitoring Fiat's compliance with EC Directive 2005/64.

In 2010, over 40% of the weight of FGA cars, type-approved during the year, was made up of recycled raw materials. The Group also continued to explore new applications to raise the **percentage of recycled materials in polymers**, which increased 5% over 2009. For example, the fibrous component of matrix polymer insulation was replaced by recycled cotton fibers. This solution was applied across FGA's entire product range,

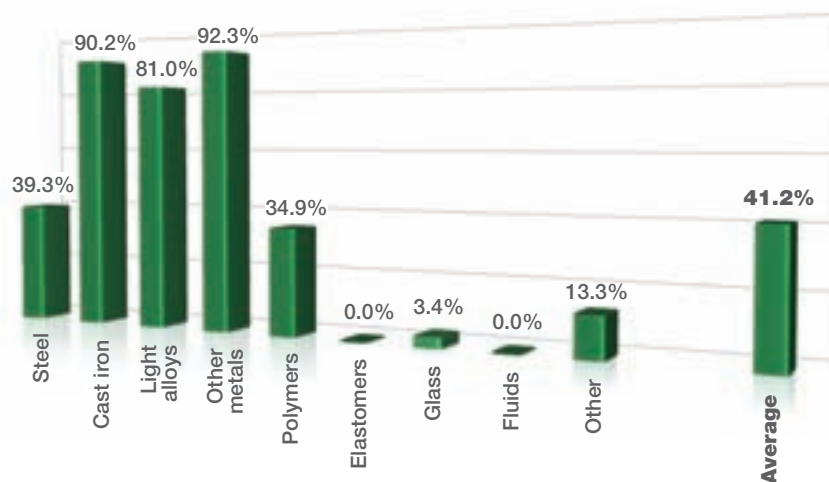
COMPOSITION OF VEHICLES BY MATERIAL⁽¹⁾

Fiat Group Automobiles (% total vehicle weight)



PERCENTAGE OF RECYCLED MATERIALS⁽¹⁾

Fiat Group Automobiles (% of total raw material used)



⁽¹⁾ Average for Fiat Group Automobiles existing range of type-approved vehicles in 2010, based on EC Directive 2005/64.



resulting in more than 700 tons of cotton fiber being recycled during the year.

In addition, to ensure adequate management of problems associated with the use of critical or hazardous substances within the Group, in 2008 Fiat set up a **cross-sector working group** to coordinate all activities related to this aspect and also monitor the evolution of environmental legislation and potential implications for the automotive industry. In 2010, a number of different actions were taken to improve monitoring (**over 30,000 datasheets processed** in the FELIS – Fiat End of Life Integration System platform) and subsequent elimination of Substances of Very High Concern (SVHCs) from production processes and products. This also enabled the development of a communication campaign in accordance with REACH (Registration, Evaluation, Authorisation of Chemicals),

the regulation governing the manufacture, import, sale and use of chemicals within the European Union. During the year, a system was also developed for real-time monitoring of data entered into the IMDS by suppliers, which generates a warning if SVHCs are present in products supplied, thereby encouraging suppliers to replace those elements.

FGA has also long played a **leading role** for all industry players **involved in the recycling and recovery of materials** from a vehicle at the end of its life (End-of-Life Vehicle or ELV). This includes, for example, the experience gained since 1992 through the F.A.RE (Fiat Auto REcycling) project and the Group's commitment to the ELV Framework Program Agreement (signed in 2008 with the Italian Ministries for the Environment and for Economic Development and all the major players from Italian industry).

To maximize the recoverability of its components, FGA has developed a **network of 271 approved demolition agents in Italy**, who are trained to recycle metals and separate polymers into their different categories so they can be reused.

Fiat is **also active in this area at the international level**. In Europe, contracts have been signed with local demolition agents and service providers for recovery of end-of-life vehicles. Only a few countries outside the European Union currently have laws on the handling of end-of-life vehicles, while others are studying the feasibility of adopting specific regulations. In the countries with specific laws in place, FGA has set up local networks, such as in Turkey, or has met the legal recovery and recycling obligations financially, as in Japan for example. In the countries where no specific regulations are in place, Fiat has raised awareness of the importance of end-of-life vehicle processing through information booklets, which have been distributed to its plants and local importers. In recent years, attention has also focused on **energy recovery** from residual material left over after a vehicle has been shredded and is no longer recyclable

LIFE CYCLE ASSESSMENT

For many years, a key tool in Fiat Group Automobiles' design choices has been Life Cycle Assessment methodology (LCA), which is used to evaluate the total environmental impact of products and production processes. LCA is carried out in accordance with ISO 14040 and ISO 14044 and factors in energy and other resources consumed in production, use and recycling, and waste generation.

In 2010, research continued into new refrigerant fluids for vehicle air conditioning systems and new pre-painting processes. Due to its Global Warming Potential (GWP), which exceeds 150, use of the current refrigerant fluid (R134a) will be prohibited from 2011. FGA has initiated a detailed LCA analysis to formulate a global view of the environmental impacts and alternatives available based on climate conditions where vehicles are used. Reducing overall environmental impacts was also the objective behind the development of low impact phosphatization processes. For a number of years, FGA has been studying alternative materials and treatments to traditional car body pre-painting processes, with the ambitious goal of reducing overall consumption, while making it technically feasible to use low environmental impact substances in the process. For the time being, however, a solution has not been found.



mechanically (fluff). FGA has started up a major project in this area, which was presented as part of the Italian Industria 2015 innovation program, known as **Target Fluff**. Sponsored by Centro Ricerche Fiat on behalf of Fiat's End-of-Life Vehicle division, which is dedicated to managing this aspect, the project involves three industrial groups that have a long history in the dismantling business. The project calls for the setting up of three different innovative facilities for recycling and energy recovery from car fluff using highly-efficient processes.

In 2010, the project's partners built plants designed to separate material for recycling and prepare the residue as a secondary solid fuel. They also completed testing of highly energy-efficient pyrolysis and gasification technologies.

These facilities – whose innovation content was funded by the Ministry for Economic Development – will help boost the recycling and recovery of car fluff transforming a significant source of waste into recycled material and energy.

SAFE, INSIDE AND OUT

For Fiat Group, sustainable mobility also means safe mobility. This commitment translates into the design and development of vehicles capable of activating all the systems that can help a driver avoid accidents and, where a collision is unavoidable, ensure maximum protection for the vehicle's occupants while also guaranteeing the safety of other road users. Precisely because attention to product safety is so essential, **in 1976 Fiat established a Safety Center** to bring all activities relating to structural calculation, design and testing of passive safety and vehicle aerodynamics under one roof.

Although it is dedicated to Fiat Group Automobiles, the Center also serves as a point of reference for Iveco trucks and commercial vehicles. The Center performs the

calculations, through a team of 40 specialist engineers, conducts tests (crash tests and simulations on a HyGe crash sled) and designs passenger restraint systems (airbags, seat belts, child seats) together with other vehicle safety equipment. The Safety Center also participates in projects for scientific and regulatory development in specific areas such as low and high speed impact, biomechanics, algorithms for impact identification, fire prevention and the functionality of all vehicle subsystems. **Future challenges**, that the Center is already working on, include **compatibility between vehicles** of different categories in the event of collision, **protection of the most vulnerable road users** and **integration between active and passive safety systems**.



INTEGRATED APPROACH TO SAFETY

For Fiat Group, designing products that protect the driver and passengers, whilst also guaranteeing the safety of all road users, represents a daily challenge and a responsibility to the community. Accordingly, research and development on safety systems is focused on three key areas:

- **driving support**, with a focus on devices that assist the driver in normal conditions and when a warning is triggered
- **collision avoidance**, with a focus on systems that are activated during the emergency phase and assist the driver in maneuvering to avoid collision
- **damage mitigation**, with a focus on devices that are activated when impact is inevitable in order to minimize the consequences.

This approach has enabled the Group to achieve significant results. For example, for the last five years, every new model released by Fiat Group Automobiles has been awarded the **Euro NCAP 5-star rating for safety**. And, in 2010, the newly launched **Alfa Giulietta** received a 5-star rating and an overall **score of 87/100**, making it the safest compact ever. This score is even more significant as it considers the new rating system introduced by Euro NCAP in 2009, which, in addition to assessing protection for adults, children and pedestrians, also evaluates devices for accident prevention and injury avoidance. To achieve these results, the Giulietta went through over 15,000 hours of virtual simulation, over 80 crash tests, 150 HyGe crash sled tests, and more than 100 trials of components and sub-systems.



The Alfa Giulietta is the Group's state-of-the-art in safety for mass produced cars and it incorporates the latest in architecture solutions and devices to be applied on new models. In terms of **active safety**, the latest electronic dynamic control systems (from braking to traction) have been adopted, including: Vehicle Dynamic Control, which manages key functions such as the Hill Holder; traction control; assisted panic braking; MSR system, which prevents wheel locking when the throttle is released; Dynamic Steering Torque (DST) system; Electronic Q2, which electronically simulates the presence of a self-locking differential; and the brand-new Prefill system, which alerts the braking system that the accelerator pedal

Euro NCAP
5-star rating for
8 FGA models

EURO NCAP RATING⁽¹⁾

Fiat Group Automobiles Europe

	Rating	Adult Occupant Score	Child Occupant Score	Pedestrian Protection Score	Safety Assist Score ⁽²⁾
Alfa Giulietta ⁽³⁾	5 star	97% (35)	85% (42)	63% (23)	86% (6)
Alfa MiTo	5 star	36	29	18	-
Lancia Delta	5 star	34	33	15	-
Fiat 500	5 star	35	28	14	-
Fiat Bravo	5 star	33	36	16	-
Alfa 159	5 star	34	40	9	-
Fiat Grande Punto	5 star	33	35	19	-
Fiat Croma	5 star	34	39	6	-

⁽¹⁾ Rating for vehicles in the Fiat Group Automobiles range launched from 2005 onwards.

⁽²⁾ Category introduced for new Euro NCAP rating.

⁽³⁾ Scores for Alfa Giulietta based on new Euro NCAP rating system.

DEVELOPMENT OF SAFETY SYSTEMS

FIAT GROUP AUTOMOBILES

ALREADY AVAILABLE	IN THE PIPELINE	INNOVATION
Driving support		
AUTOMATIC PARKING	AUTOMATIC LIGHTING CONTROL	AUTOMATIC PARKING IN TIGHT SPACES
TIRE PRESSURE MONITORING	REAR VIEW REVERSING CAMERA	VEHICLE-TO-INFRASTRUCTURE COMMUNICATION
Collision avoidance		
ADVANCED ELECTRONIC STABILITY CONTROL	AUTOMATIC BRAKING (for urban routes)	
LANE DEPARTURE WARNING	BLIND SPOT DISPLAY	
	LOW-SPEED COLLISION MITIGATION	
	ADAPTIVE CRUISE CONTROL	
	ELECTRIC HANDBRAKE	
Damage Mitigation		
	EMERGENCY CALL	ACTIVE SAFETY BELTS

IVECO

ALREADY AVAILABLE	IN THE PIPELINE	INNOVATION
Driving support		
REAR VISION	ADAPTIVE AND DIRECTIONAL HEADLIGHTS	INTELLIGENT HEADLIGHTS
TIRE PRESSURE MONITORING	VEHICLE-TO-VEHICLE COMMUNICATION	VEHICLE-TO-INFRASTRUCTURE COMMUNICATION
	ASSISTED REVERSING	INTEGRATED DRIVER ASSIST
	DRIVER ATTENTION SUPPORT	
Collision avoidance		
ADAPTIVE CRUISE CONTROL	FRONT COLLISION WARNING	ADAPTIVE STOP & GO CRUISE CONTROL
LANE DEPARTURE WARNING	BLIND SPOT DISPLAY	LANE KEEPING
ACTIVE LANE ASSISTANT	TURNING ASSISTANT	LANE CHANGE ASSISTANT
ELECTRONIC BRAKING SYSTEM		START INHIBIT
ELECTRONIC STABILITY CONTROL		PREDICTIVE STABILITY CONTROL
Damage Mitigation		
	AUTOMATIC EMERGENCY BRAKING	REVERSIBLE PASSIVE SAFETY SYSTEMS
		PASSIVE PROTECTION SYSTEMS FOR VULNERABLE ROAD USERS
		AUTOMATIC COLLISION PREPARATION SYSTEMS
		EMERGENCY CALL

has been released to decrease intervention time and braking distance. In terms of **passive safety**, the Giulietta has six airbags as standard (two of which Multistage); three-point seatbelts with double pretensioners and load limiters; and Self-Aligning Head Restraint (SAHR), a new second-generation system built into the backrests of the front seats that moves the head restraint closer to the occupants' heads in the event of an impact to reduce whiplash injuries.

Also, the entire structure of the platform has been designed to provide better passive safety. A third load path has been introduced that is connected to the front frame by robust vertical and horizontal struts to produce a front end structure that guarantees uniform response in the event of frontal impact with any obstacle or vehicle type. As a result, the vehicle is less aggressive when crashing into the front or side of another vehicle and the uniform deformation makes the retaining systems more effective regardless of the type of crash.

Advanced Driver-assist Systems

Fiat Group is particularly active in seeking solutions for accident prevention and developing systems to support the driver during critical maneuvers and situations.

To this end, the Centro Ricerche Fiat (CRF) continues to develop and test new driver-assist systems for the Group's cars, light commercial vehicles and trucks.

The **Collision Mitigation** and **Pre-Crash** systems assist the driver in situations where a collision is unavoidable due to the sudden appearance of an obstacle or a slow or stationary vehicle, by detecting position and relative speed and acting on the braking system to avoid collision or reduce the speed of impact. The Collision Mitigation system is capable of intervening independently to stop the vehicle as well as assisting and compensating the braking action of the driver, if it is inadequate for the potential collision detected. This is particularly effective in urban situations: analysis of accidents has shown that 70-80% of collisions between vehicles traveling in the same direction (bumping) take place at speeds of less than 30 km/h.

In the event of an unavoidable collision, information



obtained on the position and speed of the obstacle enables the Pre-Crash function to pre-activate restraint systems (such as the electric seat belt pretensioners) to hold the vehicle's occupants in the best and most protected position for impact, and pre-alert protection systems (such as the airbags) to optimize timing and deployment.

Customer training and involvement

Fiat Group has long been committed to developing and designing sophisticated preventive, active and passive safety devices. However, safety on-board a car is still dependent on the driver's ability to react and act responsibly. To address this issue and consequently reduce the probability of accidents, Fiat has created and developed safety driving courses over the years designed to **teach drivers how to react effectively in all traffic situations and weather conditions**.

For years, Alfa Romeo has been a leader in promoting safety, accident prevention and driver education through training programs and communication campaigns. The courses are organized in partnership with the Dorado International Safety Driving Center, headed by former Formula 1 champion Andrea de Adamich, and are primarily focused on improving driving quality and vehicle control in all conceivable day-to-day situations, including

the most critical. In addition to the Advanced Safe Driving and Safe Sports Driving courses, attended by hundreds of participants, in 2010 the “Stage di Guida”, a major training initiative targeted at **newly-licensed young drivers**, was launched. This practical half-day training course consists of two parts: “negative driving”, to improve vehicle control in emergency situations, and “positive driving”, to learn how to anticipate critical situations.

Several years ago Abarth also set up the **Abarth Driving School**, for safe sports driving, to give drivers the chance to learn techniques that combine safety with driving pleasure, with the aid of the skills and know-how of professional drivers and technicians.

In addition, over the last two years Abarth has been working with MTV, the television station primarily aimed at young people, to promote the concepts of safe and responsible driving.

The Fiorano racetrack is where Ferrari offers driving courses to its customers. The Pilota Ferrari driving course was designed to teach the **techniques of safe sports driving**. Spread over two days, it has a unique teaching method, which focuses on acquiring a more effective driving position, managing the car’s controls, taking the right line when cornering, and handling power oversteer. Maserati also organized safe sports driving courses in 2010, which took place at the wheel of its cars under the constant supervision of professional drivers (ex F1,



Rally, etc.) who make ideal instructors. Open to both aspiring and existing Maserati owners, these courses have been developed and refined over the past six years and are the perfect blend of theory and practice. They have been organized to ensure participants can enjoy an intensive driving experience in a variety of models in complete safety. This is achieved by providing just the right balance between time on the track and sessions spent on emergency situations, where the cars are driven on different simulated surfaces to recreate emergency conditions (oversteer, braking at grip limit and rapid direction changes). In addition to promoting safety by offering specific driving courses, Fiat Group also **supports public awareness raising campaigns on child safety in cars and proper vehicle maintenance**. In 2010, the **BimbiSicuramente** project reached its

third year. This awareness campaign on child safety in cars explains all the practices that parents should adopt to ensure their children are safely transported by car. In addition, since passenger safety is linked to responsible driver behavior, BimbiSicuramente also aims to increase knowledge of aspects of safety in general. The initiative was so successful that it immediately became the biggest awareness raising campaign on this subject in Italy. The project is promoted by Fiat Group Automobiles and ACIF (the association of Fiat dealers in Italy), in partnership with Bosch and BébéConfort, and with the backing of the Ministry for Youth Affairs. In addition, in 2010 Fiat Group Automobiles (FGA) launched a major campaign entitled “La sicurezza fa strada” (safety goes a long way), to raise awareness among drivers of the importance of road safety and





to offer free check-ups before departure for summer holidays through the **Safety Control** and **Summer Check-Up** programs.

From mid-June to mid-July, FGA's After Sales area ran the **Safety Road Show**, which visited a number of European countries (Italy, France, Spain, Portugal, the

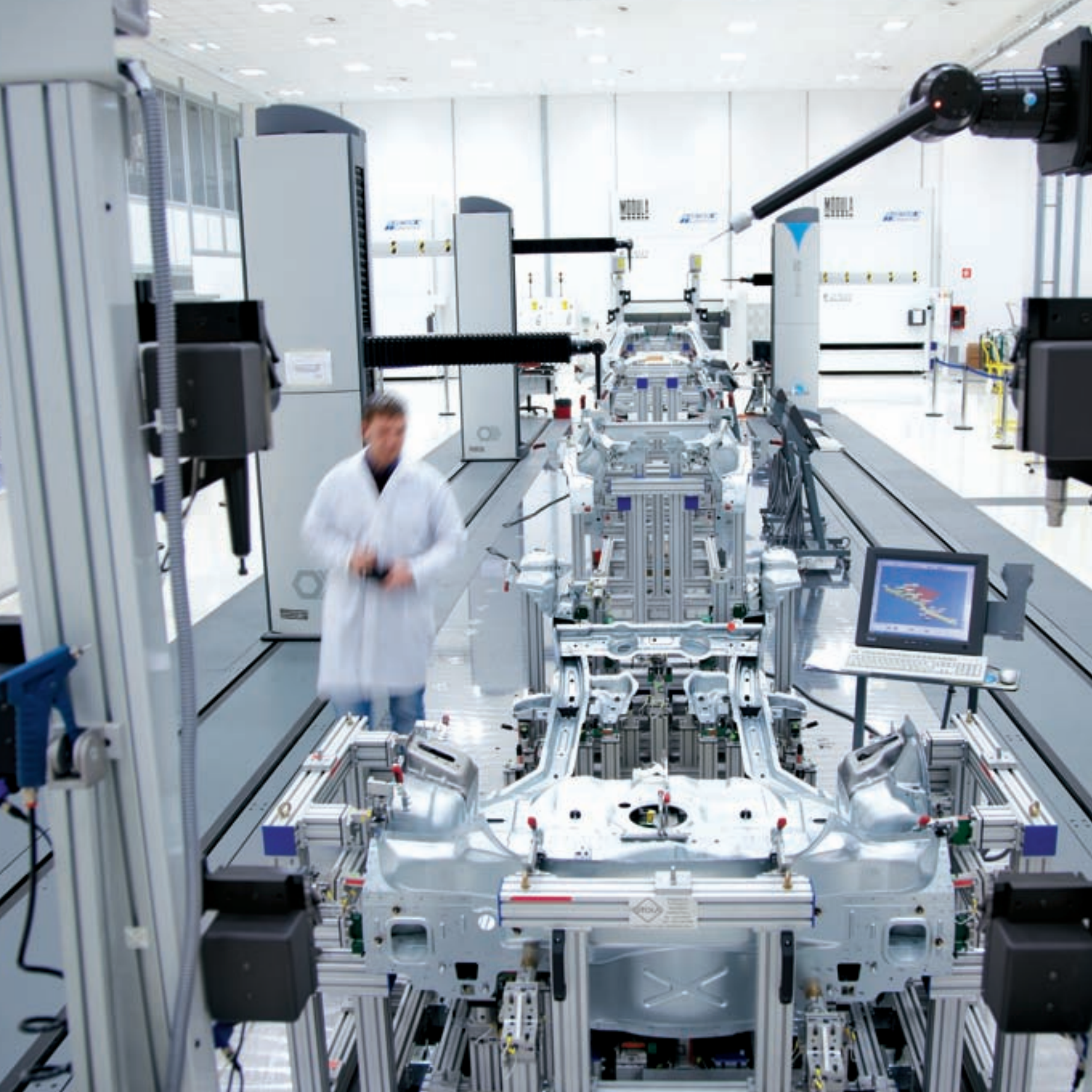
Czech Republic and Slovakia). This involved pit-stop areas dedicated to safety outside major shopping malls where visitors were invited to discover the benefits of the Safety Control and Summer Check-Up and copies of the road safety handbook produced by Fiat Group Automobiles were distributed.

DRIVING CAMPUS

In 2010, Fiat was a partner in the Driving Campus project, the first Italian online training platform designed to provide university students innovative and practical guidance on road safety and sustainable mobility in general.

Through a virtual tour of scientific studies, case histories and product videos, students at Bocconi University in Milan and Luiss University in Rome were able to learn the basic principles of safe driving.

Over 1,000 students took part in the project and the top 200 from each university were given the opportunity to put what they had learned online into practice on the track under the supervision of professional instructors.



SUSTAINABLE INNOVATION

Fiat understands how important the transport of people and goods is to a country's development and, from the very beginning, has built its business around the central objective of making mobility more accessible.

The key tool used by the Group in pursuit of that goal is innovation: continuous and sustainable innovation centered around people, society and the environment.

At 31 December 2010, Fiat Group had 14,200 people at 113 Research and Development centers dedicated to anticipating and satisfying the needs of customers and to transforming creative ideas into innovative products and services that contribute to the achievement of increasingly sustainable mobility.

To facilitate achievement of this objective, **each Group Sector is equipped with a dedicated innovation and**

engineering unit. In 2010, the Group's central research unit, Centro Ricerche Fiat, had the role of developing and sharing innovative content that can be applied cross-sector.

In addition, in 2007, the role of **Chief Technology Officer (CTO)** was created to coordinate product development activities and leverage opportunities for synergies and technology transfer within the Group. The CTO is a

CENTRO RICERCHE FIAT

Centro Ricerche Fiat (CRF) was established in 1978 as the Group's center of expertise for innovation and development. Recognized internationally as a center of excellence, CRF's mission is to provide a strategic lever to the Group's businesses through the development of innovative content that ensures its products are both distinctive and competitive. Headquartered in Orbassano (Italy), with 949 employees at 31 December 2010, CRF draws on a broad array of technical skills and a series of state-of-the-art laboratories for testing powertrain systems and electromagnetic compatibility, conducting NVH analyses and driving simulations, developing innovative materials and production processes, and for opto-electronics and micro-technologies.

CRF has achieved significant results over the years, with 3,200 registered patents and 35 patent applications filed during 2010. In addition, CRF has had 114 projects approved under the EU's Seventh Framework Program (2007-2013), confirming its status as a major international research center.

CRF has also developed a global network of more than 160 universities and research centers and over 1,500 industrial partners. This network further strengthens the Center's innovation strategies, facilitating local implementation of projects and enabling development of specialized know-how.

Particularly active in the field of sustainable mobility, CRF studies innovative solutions through a 360 degree approach to mobility that includes vehicles, components, energy, safety, telematics, innovative materials and related technologies, mechatronics and optics, as well as innovative concepts in engine technology, alternative propulsion systems and transmissions.

€1.9 billion
spent on
Research and
Development

OPEN INNOVATION

member of the Group Executive Council and also chairs quarterly meetings of the inter-sector committee which is composed of the heads of innovation and engineering from each Sector.

In 2010, **Fiat Group spent approximately €1.9 billion on Research and Development.** Despite the continuing global economic crisis, investment increased 14% over 2009 and a number of major innovation projects were completed and presented during the year. The Group's research is concentrated in the following principal areas:

- **vehicles**, with a focus on safety systems, energy

efficiency, emissions reduction, perceived quality and solutions and services based on wireless communication

- **production processes**, with a focus on workplace safety and ergonomics, logistics, integration of new materials and technologies, quality and energy efficiency
- **working methodologies**, with a focus on virtual analysis and solutions to improve quality and reduce product development times.

All of these activities are oriented toward the creation of better, safer, more eco-friendly and comfortable vehicles.

PUBLIC FUNDING FOR RESEARCH AND DEVELOPMENT

Fiat Group worldwide (€ million)	2010	2009	2008
R&D spending ⁽¹⁾	1,936	1,692	1,986
Grants	29	29	38
Loans	22	236	19
of which subsidized loans	22	20	19
of which EIB loans ⁽²⁾	-	216	-

Fiat Group's innovation process is based on the **generation and exchange of ideas** which are **stimulated continuously** through a range of initiatives and tools. Creativity is encouraged at every level and in every area of the organization, even those not specifically dedicated to innovation. One example is the collection of suggestions from employees for improvements in manufacturing processes: an element of the World Class Manufacturing program. In 2010, over 1 million suggestions were received (see also page 109).

The Group does not rely solely on its own R&D capabilities, but also benefits from the contribution of customers, suppliers, public and private institutions, research centers and universities. Those contributions are facilitated by events such as the **Technology Days**, which provide a forum for exchanging technical and specialist knowledge with suppliers, and **Innovation Days**, where research results are presented (see also

page 175). Another example of this **philosophy of sharing know-how** is the **Open Innovation** initiative promoted by Iveco, whose aim is to create a global network of international partners from a variety of professional spheres to improve the effectiveness and efficiency of the idea generation process. The concept of open innovation is based on the recognition that knowledge is much more widely distributed and accessible today than in the past. As such, companies can no longer be competitive or successful by relying on their internal know-how or traditional channels alone. Rather, they need to open up and seek new ideas and know-how wherever they may exist, without limiting themselves to any one geography or sector. This represents a new way of doing business, where previously unavailable resources are shared and mass collaboration is leveraged. When faced with a particularly complex internal problem, Iveco taps into its global Open Innovation network, consisting of over

⁽¹⁾ Includes capitalized R&D and R&D charged directly to the income statement.

⁽²⁾ European Investment Bank.

five million potential solution providers from a wide range of sectors that are located in 135 countries worldwide. The result is a dramatically increased capacity for problem solving that opens the way for innovative and distinctive solutions.

In September 2010, Iveco also launched **Brainwave**, a **system for generating and managing ideas** (based on the Web 2.0 platform) that stimulates creativity and

promotes a culture of innovation. This collaborative workshop enables Iveco to post queries on specific research topics and get feedback from the community of users, which proposes ideas, discusses and votes on them, and promotes their development. The best ideas are then submitted to a formal evaluation based on the established innovation process, and valid ideas are transformed into live projects. Initially opened to

GLIDER: A LABORATORY FOR THE FUTURE

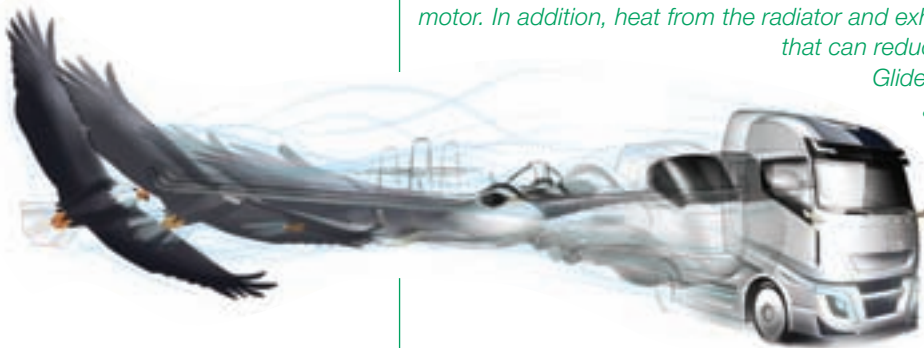
The Glider embodies the Iveco philosophy of open innovation: designed to respond to the needs of customers in collaboration with over 20 partners. The prototype vehicle – presented at the Hanover Motor Show in September 2010 – is the result of research focused on achieving maximum productivity in a heavy on-road vehicle, centered around two key elements: energy efficiency and on-board comfort and functionality.

The target for optimum energy efficiency is a 40% reduction in fuel consumption and related CO2 emissions. To generate renewable energy, the Glider has 2 kWh solar panels on the roof of the cab. To reduce waste, it is also equipped with a Kinetic Energy Recovery System (KERS) which recovers braking energy that would otherwise be dissipated as heat and uses it to power most of the auxiliary systems served by the electric motor. In addition, heat from the radiator and exhaust is partially recovered through a thermodynamic system that can reduce fuel consumption on the highway by up to 11%. The Iveco

Glider also uses highly efficient auxiliary electric systems (such as air conditioning with energy-saving microclimate control), a new-generation heating system, and full internal and external LED lighting. The aerodynamics have been meticulously designed to reduce air resistance to a minimum. In addition, low rolling resistance tires and an Automatic Tire Inflation System, which keeps tires constantly at the ideal pressure, improve grip and reduce fuel consumption by around 5%.

Lastly, the on-board comfort and functionality of the Glider have been designed around the needs of the driver. The cab is configured to ensure maximum comfort and optimize its three principal functions on long-haul missions: Drive (ergonomics and safety); Office (technology and maximum productivity); and Home (comfort and wellbeing).

Every activity has a dedicated area. The instrument panel, for example, is customizable and anchored to the steering wheel to provide maximum visibility in Drive mode. For the Office, the Smart Control Unit is configured as a multi-functional computer built into a mobile desk with worktop, drawers and drinks tray. For the Home function, a multi-functional Hotpoint-Ariston unit has been developed, which takes up minimal space but with all the functionality of a normal kitchen: from food storage to preparation, to dish washing.





all Iveco white-collar employees in Italy, in just over three months 3,000 employees participated actively in Brainwave, generating 250 ideas.

Open innovation has also been applied to the development of prototypes: one of the most challenging areas of research and innovation that is typically subject to extreme confidentiality. However, at the latest edition of the Motor Show in São Paulo (Brazil), Fiat Automóveis presented the **Fiat Mio, a prototype entirely developed around input received from the public via the internet**. Between August 2009 and October 2010, over 2 million people in 160 countries submitted more than 10,000 ideas to the Fiat Mio website (www.fiatmio.cc). The prototype design was managed by a team of 10 professionals at the Style Center in Brazil that interfaced with site

users (via chat rooms) to gain an understanding of their insights, desires, needs and criticisms. The vast amount of information collected enabled the team to build a prototype – piece by piece – that went beyond traditional processes and practices. The result is a compact, modular urban vehicle, with telematic/infomobility technology, that is easy to park and has zero emissions.

The Fiat Mio is equipped with four electric engines (one per wheel) and a solar panel on the roof to recharge its batteries. The design is clean and functional and offers the driver intelligent and ergonomically accessible instrumentation (drive-by-wire; dashboard computer for centralized control of air conditioning, radio, cellphone and internet; and heads-up instrument display).

PROJECTS AND COLLABORATION IN EUROPE AND ITALY

Fiat Group **has a long tradition of involvement in national and international working groups** and for a number of years has played an active role in the European Commission's Framework Programs, which set priorities for research and funding.

Individual Sectors and Centro Ricerche Fiat (CRF), which represents Fiat at Group level, are actively involved in the most important research projects and round table discussions.

Beginning in 1980, CRF has been involved as a coordinator or partner in pre-competitive research projects carried out with other entities from the worlds of industry, research, academics and government.

Historically, the majority of CRF's projects have been in the following areas:

- Transport, with a focus on vehicle safety, fuel efficiency, reduced environmental impact, improved mobility and goods logistics
- Information and Communication Technologies, with a focus on telematics, sensors and mobility services, and on vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication systems
- Materials and New Production Technologies, with a focus on research into innovative materials and processes

During 2010, **CRF had 41 international projects approved, bringing the total since the beginning of the Seventh Framework Program (2007-2013) to 114.**

CRF's commitments in Europe also consist of active, structured participation in European Technology Platforms (ETPs) and Public Private Partnerships (PPPs). ETPs bring together organizations key to innovation (such as ERTRAC for road transport and MANUFUTURE for production processes) to determine future strategic scenarios and the associated research requirements. PPPs, recently set up by the European Commission, focus public and private sector industrial research on issues of Community interest with an industrial application, such as the Green Car Initiative and the Factories of the Future program.

By participating in international working groups, CRF has the opportunity to engage with all stakeholders

in the mobility sector on policy and technological standards, facilitating identification of the most reliable and rapidly deployable solutions. This is why CRF is also a member of several cross-sector European organizations that are focused on priority issues, including EUCAR (a European association for research in priority areas for the automotive industry, such as propulsion systems, safety, mobility, etc.) and ERTICO (an association of some 100 partners across Europe, dedicated to achieving sustainable mobility through the widespread development of intelligent transport systems). In the area of sustainable mobility and intelligent safety systems, Magneti Marelli has joined eSafetyAware, an association supported by the European Commission, whose members include other major automotive components manufacturers. The association aims to promote technologies that assist drivers in emergency situations by providing key information for control of a vehicle or intervening directly, where necessary, to avoid or reduce the severity of an impact. Magneti Marelli is also involved in Heero, a pilot project, coordinated at the European level by ERTICO and at the national level by the Office of the Prime Minister, to define the standards for the eCall service and develop the necessary infrastructure. Iveco also has a long history of participation in European projects, for example CityLog and CityMove (established under the Seventh Framework Program), collaborative projects – for both urban and intercity



transport – aimed at the integration of solutions to enhance and improve safety, productivity, energy efficiency and environmental impacts and, through the Hybrid Commercial Vehicle (HCV) project, to promote the development and introduction of concrete solutions for light commercial vehicles and urban buses equipped with second-generation hybrid diesel/electric propulsion systems.

At the national level, Fiat Group promotes a range of initiatives, including those presented as part of the Industria 2015 program, through which the Italian Ministry for Economic Development has established strategic policies for the development and competitiveness of the manufacturing system of the

future. Fiat put forward several projects, most notably in the strategic area of sustainable mobility, and six of those proposals were selected as eligible for co-financing. Iveco coordinates three of those projects: LIVE (eco-compatible light commercial vehicles), VECTOR (optimized multi-role medium commercial vehicles), and AUTOBUS (innovative buses for urban mobility). Magneti Marelli is coordinator for the Easy Rider project focused on the use of telematic services for mobility and safety. Finally, in the area of energy efficiency, the Group was awarded financing for the Target Fluff project, which centers on recovering energy from residual materials generated by the end-of-life vehicle recycling process.

INNOVATION AND YOUTH

As part of its efforts to develop and support innovation and recognize young talent, Fiat Group supports the ATA (the Italian association for automobile technology), which from inception has been committed to the spread of technical culture and training for young engineers. In 2010, students from polytechnic institutes and engineering programs at major universities around the world worked on the design and construction of single-seater racing cars with traditional and alternative (electric and hybrid) propulsion systems. The aim of the initiative was to give undergraduates in engineering hands-on project experience, while also developing innovative solutions from research on alternative propulsion systems.

Magneti Marelli also collaborates actively with the academic world, including through the Joint Research Area University Marelli (J-RAUM) program. This program supports projects that are managed directly by the University, trains new technicians and promotes the sharing of scientific knowledge between universities and industry. The idea is based on the concept of a shared space (in fact, in German "raum" means space) dedicated to the promotion and management of innovation projects. Magneti Marelli has made various spaces available at its sites in Bologna and Venaria Reale (Italy) to students from several Italian universities, including Politecnico di Torino.

For the second consecutive year, Steyr organized Agri-Future 2020: a competition in which young experts in agronomy from across Europe have the opportunity to put forward concrete ideas for more efficient agriculture practices of the future.

Finally, Ferrari believes that continuous collaboration between industry and universities is fundamental to growth in both spheres and the company inaugurated the MilleChili Laboratory at the Engineering department of the Università di Modena. The laboratory is equipped with hardware, software and chassis for research projects conducted by undergraduate students, with support from their lecturers and several Ferrari engineers, targeted at solutions to reduce vehicle weight. This enables the University to go beyond theory to applied science and also gives Ferrari an opportunity to see new ideas generated by the research and development projects.



CLEAN TECHNOLOGY

Through the innovation and engineering units in each Sector – Fiat Powertrain and FPT Industrial in particular – Fiat Group's research activities are constantly oriented toward innovative solutions to improve engine performance, while also reducing emissions. Research into new technologies focuses primarily on optimizing the eco-compatibility of conventional engines and developing alternative propulsion systems. The development plan includes identification of solutions that can be deployed in the near term and experimental work on technologies for the future (see also page 75).

With the aim of further reducing emissions from **conventional engines**, short-term development plans for Fiat Powertrain and Fiat Group Automobiles (FGA) include the introduction of **I-Efficiency** on both gasoline and diesel engines. This system consists of a series of actions designed to reduce engine friction, improve the warm-up phase and electronically manage engine power. Another area of development is the two-cylinder TwinAir engine. Following the commercial success and critical acclaim of the gasoline version, Fiat Powertrain has started work on a **natural gas/gasoline** version of the **two-cylinder turbo**. This solution provides optimum “fun-to-drive” performance and, at the same time, even lower CO₂ emissions.

The extensive experience of Centro Ricerche Fiat, Fiat Powertrain and FPT Industrial in the area of natural gas has led to the launch of two major research projects on the potential use of a natural gas/hydrogen blend for internal combustion engines: one project is focused on application for a city car (**natural gas/hydrogen Panda**) and the other for light commercial vehicles (**natural gas/hydrogen ECODAILY**). The Group believes that natural gas offers the best interim solution for the application of hydrogen-based technologies. Both fuels are gaseous and technologies developed for the distribution of natural gas (for both vehicles and infrastructure) could provide the ideal platform for the gradual introduction of hydrogen in the transportation sector. During 2010, the Group completed delivery of an experimental fleet of Pandas that run on a blend of natural gas (70%)



and hydrogen (30%) to the Region of Lombardy and in February 2010 the first natural gas/hydrogen refueling station was inaugurated in Assago (Italy). These first 10 Pandas are now in operation and data is sent via GPRS to the processing center at CRF. The aim of this experimental fleet is to provide the data needed to verify the benefits in terms of environmental effects and energy consumption.

During the year, testing also continued on the natural gas/hydrogen ECODAILY, part of a project promoted by Autostrada del Brennero (operator of the A22 in Italy), which achieved significant results. The vehicle obtained approval for registration and is expected to enter operation in 2011. An info-telematic system was also developed for monitoring the vehicle, which uses the Blue&Me™ system to track it via GPS and collect data from the engine control unit, including remaining fuel range and the level of CO₂ reduction compared to the diesel version.

Work of a more experimental nature, conducted by the Powertrain Research & Technology unit on future technological innovation, is focused on evaluating the potential **application of MultiAir technology to diesel engines** (see also page 74). In addition to further reducing fuel consumption, this type of solution will contribute to achievement of future Euro 6 emissions standards.

FGA is also working on **second-generation Start&Stop systems** with more advanced engine shut-down strategies that will double the reduction

in carbon dioxide emissions for city driving, cutting emission levels by around 20% in congested traffic conditions. This new version of Start&Stop will be offered on new models, both gasoline and diesel.

Also in the experimental area, Fiat Powertrain is working on a prototype hybrid propulsion system for application on a city car. The prototype **Fiat 500 Hybrid-Tech**, still in development, combines the two-cylinder TwinAir engine with a Dual Dry Clutch Transmission, which features an integrated electric motor on one of its two main drive-shafts. This architecture enables creation of a “torque-split” hybrid propulsion system, where torque from the internal combustion engine is combined with torque from the electric motor, providing the functionality typical of a hybrid drive, yet in an extremely compact

configuration. The benefit of this innovation is a reduction in CO₂ emissions of up to 24% (compared to a Fiat 500 with TwinAir engine and manual transmission).

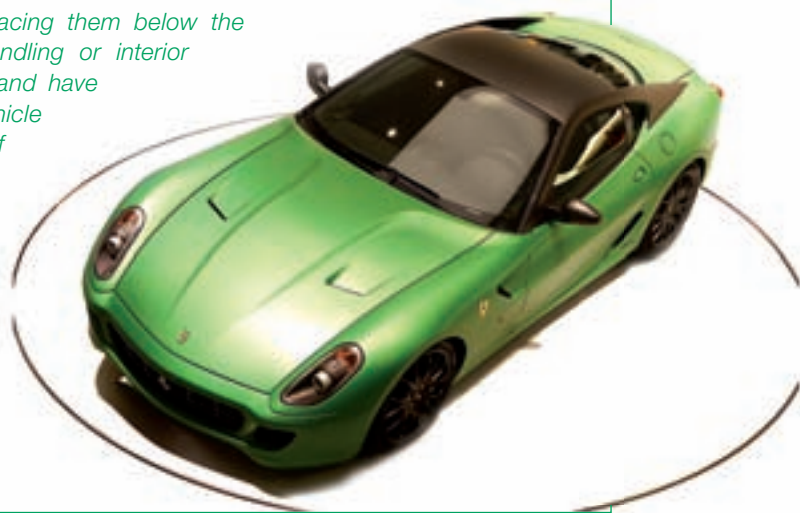
However, the Group’s R&D activities are not limited to automobiles and the know-how acquired is also employed in other areas. Proven passenger-car technologies (such as the latest-generation Common Rail injection, MultiJet II and MultiAir) are gradually being transferred to light, medium and heavy duty engines for trucks and commercial vehicles. FPT Industrial is also studying further development of the Selective Catalytic Reduction (SCR) system, which will enable trucks and commercial vehicles to achieve Euro VI emissions standards without using Exhaust Gas Re-circulation (EGR) and, therefore, achieving highly efficient NOx conversion.

HY-KERS EXPERIMENTAL VEHICLE

The HY-KERS experimental vehicle is an example of how Ferrari has also focused on studying hybrid technology, without losing sight of the performance and driving pleasure that are the hallmarks of its models.

This research is also aimed at ensuring that Ferrari vehicles meet future CO₂ emissions limits. Leveraging the experience gained on the race track, Ferrari technicians have created a lightweight hybrid drivetrain for the 599 GTB Fiorano, which proved capable of reducing CO₂ emissions up to 35% while maintaining the excellent performance of this V12 vehicle. This was achieved through integration of all system components, placing them below the vehicle’s center of gravity, without impacting handling or interior space. Similarly, the lithium-ion batteries are flat and have been positioned between the floorpan and the vehicle underbody. The result is an even lower center of gravity than the car’s standard configuration.

Ferrari has also applied F1 technology to the concept, design and construction of a new kind of electric motor that makes optimal use of the longitudinal and lateral dynamics of the car, such as torque management, traction control and braking balance, enhancing performance and driving pleasure. The motor also features a unique cooling and lubrication system for maximum efficiency under all operating temperatures and loads.





COOPERATIVE SAFETY

For Fiat Group, developing products that protect the driver and passengers, while at the same time also ensuring the safety of all road users, represents a daily challenge and a responsibility. Over the last few years, the Group has increased its research focus in the areas of **on-board sensors** and **information exchange with the infrastructure and other vehicles**. The objective is to improve recognition of dangerous situations, reduce distraction and assist the driver in critical situations. One of the current challenges for mobility is to extend the use of wireless communication technologies to information exchange: both Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I).

The European Commission, which considers road safety and traffic efficiency extremely important issues, has given significant support to a number of major research projects (e.g., SAFESPOT, CVIS, PRE-DRIVE C2X) for the development of the telematic technologies and architectures necessary to create a system of information exchange. Centro Ricerche Fiat was coordinator for SAFESPOT: a program co-financed by the European Commission with 52

partners, including Magneti Marelli. The project has developed a series of technological solutions for the creation of an interoperable communication network – capable of reliable data exchange between vehicles and infrastructure – which in future will be able to **provide drivers with essential information for preventive safety in time to avoid the necessity for emergency maneuvers**. In March 2010, systems developed through this project were presented in a practical demonstration at the Cooperative Mobility Showcase in Amsterdam that involved a large number of vehicles, including two Fiat Bravos and a Fiat Croma. Now that the development phase has been completed, large-scale testing is being conducted simultaneously in several countries to verify the interoperability of the solutions. Three base technologies were developed: interoperable communication, high-precision localization, and high quality, highly detailed dynamic digital mapping. CRF is also a partner in the Cooperative Vehicle-Infrastructure Systems (CVIS) project, coordinated at the European level by ERTICO, which concluded

in 2010 with the completion of an open and flexible telematic communication platform that integrates over 25 applications for managing road safety and improving traffic efficiency. CRF developed the access control application, testing it in the urban area of Turin (Italy).

Finally, as part of the PRE-DRIVE C2X project, in 2010 Centro Ricerche Fiat, in two demonstration vehicles, proposed a series of applications based on vehicle-to-vehicle communication in real traffic conditions. The results of this project form the basis of the integrated

DRIVE C2X project, whose main aim is to assess and validate the impact of the applications – based on systems for communication between vehicles and infrastructure – through road testing to be conducted in several European cities (in Italy, Germany, the Netherlands, France, Sweden and Finland). CRF, in partnership with Autostrada del Brennero (operator of the A22 in Italy), will monitor testing carried out with its prototypes in Italian cities, evaluating improvements in traffic flow and functioning of the accident warning system.

ENERGY INDEPENDENCE

As part of the Industria 2015 Italian program, New Holland Agriculture was awarded financing under the “Nuove tecnologie per il Made in Italy” (new technologies for Italian products) for the Energy Independent Farm project and its NH²™ Tractor. The project, already recipient of the Gold Medal at the 2009 *SIMA Innovation Awards*, involves 13 partners including Centro Ricerche Fiat and centers around the **ability of farms to produce electricity from natural,**

environmentally-friendly sources, store the energy in the form of hydrogen and reuse it in a convenient and practical way.

The practical testing phase will begin at the La Bellotta farm in Venaria (Italy). The first of the **second-generation New Holland NH²™ hydrogen tractors** will begin operating at the farm toward the end of 2011. The NH²™ tractor uses fuel cell technology to generate electricity that powers its electric drive



motor, on-board auxiliary apparatus and electrical tilling implements. Based on the New Holland T6000 tractor, the model in operation at La Bellotta will have three fuel cells with a total power output of 100 kW. The project will evaluate various methods of producing the hydrogen that fuels the NH²™ tractor, including electricity produced from renewable sources to the most innovative 'reduced' scale natural gas steam reforming process. The first of these will involve electrolysis using electricity produced by the farm's existing photovoltaic plant. The second method, if proven technically and economically feasible, will use natural gas supplied by digesters at the 1 MW biogas plant that recently began operation at La Bellotta. In

addition to producing hydrogen and covering the total energy needs of the farm, the plant will be able to feed enough electricity into the national grid to meet the daily power requirements of around 10,000 people. The idea behind the project is that tractors and combine harvesters, unlike cars and trucks, usually operate a relatively short distance from the base, and can therefore be refueled without difficulty. Farmers are in a unique position to benefit from hydrogen technology: they have the space to install alternative electricity generation systems, such as solar, wind or biomass and then store the power as hydrogen. Apart from the environmental benefits, a system of this type would allow farms to become energy independent.

ECOMOVE: INCREASING ENERGY EFFICIENCY

The eCoMove project, co-financed by the European Union under the Seventh Framework Program, is aimed at creating an integrated solution for road transport energy efficiency.

Launched in April 2010 for a period of 3 years, the objective of the project is to demonstrate the potential to reduce fuel consumption up to 20%, by using a combination of cooperative communication systems to exchange information between vehicles and between infrastructure and vehicles.

The project is coordinated by ERTICO and involves more than 30 partners consisting of European businesses and research centers. Fiat Group is represented on the project by Centro Ricerche Fiat and Magneti Marelli which will design and develop applications for the ecoSmartDriving function.

One of these applications, known as ecoTripPlanning, will allow users to plan the most energy efficient route on their satellite navigation systems. This route will be able to be automatically changed and adapted during the journey according to information on driving conditions received in real time. At the end of the route, drivers will be able to view the data on the journey and verify the actual benefits achieved in terms of energy saving.

Another important application is ecoMonitoring, which will allow the user to monitor and receive recommendations on the correct driving behavior to reduce fuel consumption. This application will have a new generation human-machine interface, based on reconfigurable instrument panels and advanced displays. Centro Ricerche Fiat and Magneti Marelli will also be responsible for designing and developing the vehicle systems, and building two demo vehicles for testing and validation of the applications. The particularly innovative element, which will support development of the eco-driving applications, is a wireless interconnection network based on the IEEE 802.11p standard, specially developed for connecting vehicles and infrastructure (e.g., information providers or traffic authorities). This interconnection network will give both vehicles and traffic management centers access to continuously updated information on the traffic situation and performance data for each vehicle.



FACTORIES AND NON-MANUFACTURING PROCESSES

For Fiat Group, protection of the environment is a key element in the management of its business. Minimizing the impact of production processes, through prevention and reduction, is a commitment that encompasses every phase: from design, to production, distribution and end-of-life. The goal of continuous improvement in environmental performance is a fully-integrated part of the Group's industrial strategy.

ENVIRONMENTAL MANAGEMENT SYSTEM

For Fiat Group, environmental management means developing and implementing methods and practices around the world to achieve a steady and continuous reduction in the impact of production processes.

People involvement, development of know-how, availability of tools for analysis and commitment of financial resources have enabled the Group to achieve significant results over the years.

In 2010, **expenses** and **investment** by the Group to improve **environmental performance** through intervention on machinery and processes totaled more than **€83 million** (+54% over 2009).

ORGANIZATION FOR ENVIRONMENTAL PROTECTION

In 2010, the **Environment Working Group**, made up of the environmental officers for each Sector, worked in close collaboration with the energy managers and the Sustainability Unit and coordinated around fifteen working teams dedicated to environmental issues. The work carried out by these teams enabled Fiat to meet the targets set in previous years and define the **2010-2014 Environmental Plan**, which sets near-to-medium term targets for each Sector relative to the principal areas of environmental focus (atmospheric emissions, water, biodiversity, waste).

These teams also continued work on the development and updating of standardized tools to facilitate the

sharing of best practice across Sectors and improve environmental management at Group plants. To ensure uniform application throughout the Group, these tools have been made available to the individual responsible within each Sector through a dedicated IT platform with approximately 1,400 registered users worldwide.

The **IT platform** contains training material and documents (general and operational procedures, guidelines, reporting manuals, etc.) on individual environmental areas, together with the Standard Aggregation Data (SAD) application, which is used for

ENVIRONMENTAL GUIDELINES

The Environmental Guidelines, approved and disseminated in 2010, are based on an awareness of the fundamental role that large industrial groups play in ensuring the sustainable development of society and, in particular, in protecting the rights of future generations. As such, they contain specific commitments on the correct approach to environmental issues that is to be adopted by every individual and provide clear instructions on setting and updating environmental objectives, developing new products and the conduct of daily activities around the globe.

€83 million
in expenses and
investment for
protection of
the environment

148 plants
ISO 14001
certified

reporting environmental performance data for individual plants and enables comparison with other plants in the same Sector.

Cross-sector performance comparisons and periodic verification of conformity with the Group's environmental commitments are conducted at monthly meetings of the Environment Working Group. These activities are carried out in support of top management of the Manufacturing area of each Sector as part of the Green Manufacturing Project (GMP), which monitors environmental performance and promotes processes for continuous improvement. During these monthly meetings, benchmark comparisons with principal competitors in key areas are also presented.

PROCESS CERTIFICATION

Fiat Group believes that organizational harmonization and the standardization of processes and of the environmental management system are also essential to the effective achievement of its environmental objectives. Existence of that uniformity throughout the Group has been validated by the **international standards** certifications attained from independent organizations.

Fiat initiated certification of its production processes to **ISO 14001** when the standard was first issued in 1996. In line with the target set in 2008, at year-end 2010, **148 Group plants** (104 in Europe and 44 in the rest of the world) – accounting for 92% of industrial revenues⁽¹⁾ – were **ISO 14001 certified**. By the end of 2012, all Group plants in existence worldwide in 2010 will be ISO 14001 certified.

In advance of the targets announced last year, the Group also attained **EN 16001 certification** for the energy management system at **11 Comau plants** (accounting for around 90% of the Sector's energy consumption and located in 8 countries). By 2013, all of the Group's main plants (accounting for more than 90% of total energy consumption) will be EN 16001 certified.

TRAINING

Effective implementation of these processes requires competent, informed and motivated personnel. Accordingly, the Group is actively committed to providing training for personnel involved directly in environmental management and in the prevention and mitigation of the impacts of production activities.

A total of approximately **221,000 hours of training on environmental issues** were provided and, via the training section of the IT platform, around 800 employees worldwide took an information and training course on utilization of the tools developed, including the new environmental KPI management system.

In 2010, work also continued on the definition of standards, including through training kits – developed for specialized personnel working with the environmental management system at Group plants – that address prevention procedures and management of environmental issues, ISO 14001, EN 16001, etc.

These new training kits will be available to all employees at the Group's Italian plants beginning 2011, and will subsequently be made available at all facilities worldwide.



⁽¹⁾ Revenues attributable to activity of plants directly controlled by the Group.



WORLD CLASS MANUFACTURING

World Class Manufacturing (WCM) is a **structured and integrated system of manufacturing** that encompasses all plant processes, from safety to the environment and from maintenance to logistics and quality. The objective of this system is to continuously improve production performance and progressively **eliminate waste**, ensuring product quality and maximum flexibility in responding to the needs of customers by involving and motivating people working at the plants.

The WCM system consists of ten technical and ten

managerial pillars, each with incremental levels of improvement, and results that are clearly identified and measurable. An increased focus on energy saving and efficiency has also been incorporated into WCM, with development of an **Energy** sub-pillar forming part of the Environment pillar, to improve the ability to identify and implement measures to reduce waste and achieve more efficient energy use.

In 2010, more than 1,300 **environmental projects** were established that reduced consumption and generated **cost savings of over €120 million**. These included the Kinetic Energy Recovery System (KERS) project developed at the Fiat Group Automobiles plant in Cassino (Italy), in collaboration with Comau and Centro Ricerche Fiat, specifically targeted at eliminating energy waste associated with the movement of body welding robots. At the end of 2010, 130 sites were involved in the program, accounting for over 95% of the Group's manufacturing cost base. Of those sites, 18 achieved bronze level and 9 silver level. Achievement of each performance level (bronze, silver, gold or world class) is certified through external audits conducted by teams overseen by representatives of the WCM Association.

This audit system enables continuous internal benchmarking between Group entities and facilitates a constructive exchange of experience and applied solutions between members of the WCM Association.

People involvement is one of the cornerstones of WCM: in 2010, **50% of blue and white-collar workers** at Group plants **in Italy** participated in the program (+6% over 2009) and over **1 million employee suggestions** were received **worldwide**. Application of WCM methodologies and guidelines has also been extended beyond the manufacturing area. Similar initiatives have, in fact, also been developed for logistics and administrative processes with the aim of achieving an integrated approach across the various areas of activity. Fiat also continued to promote the adoption of WCM by suppliers (*see also page 175*).

ENVIRONMENTAL PERFORMANCE & MONITORING SYSTEMS

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

With the Standard Aggregation Data (SAD) monitoring system coming fully on line in 2010, it was possible to expand the existing benchmarking analysis and **develop new environmental KPI reporting areas**, to meet the requirements of primary reporting standards, investors and sustainability rating agencies.

New normalized KPIs were established, and their monitoring initiated, contributing to definition of the **2010-2014 Environmental Plan** that sets out medium-term targets for reduction of the impact of production processes (atmospheric emissions, water management, waste management and biodiversity conservation) **for all Group Sectors**. Formulation of targets that are based on normalized indicators was considered more effective and transparent than setting absolute quantitative targets, which can also be influenced by total production volumes. That process made necessary the development of normalized indicators specific to each Sector and, therefore, not comparable with each other.

As a consequence, in this Report, at Group-level absolute figures only are provided, while for some Sectors normalized data is provided. For a full description of targets and performance for each Sector, please see the Sustainability section of the Group website.

ATMOSPHERIC EMISSIONS

The Group constantly monitors the principal atmospheric emissions that can result from production processes, burning of fossil fuels or use of certain types of equipment.

Volatiles Organic Compounds (VOCs)

In recent years, Fiat has continued to reduce emissions into the atmosphere of VOCs from painting equipment at its plants. The Group has reduced emissions from an average of approximately 79 g/m² in 2004 to around 46 g/m² in 2010 (-42%). Fiat Group Automobiles, in

particular, has significantly reduced VOC emissions in Europe to achieve an average 26.6 g/m² (-47% over 2007). Contributing to this result were continued enhancements in environmental management practices and the introduction of equipment upgrades to reduce the volume of paint products used.

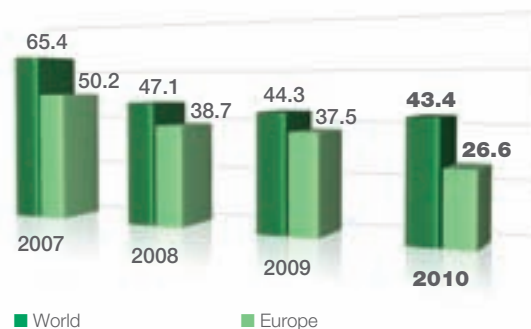
EMISSIONS OF VOLATILE ORGANIC COMPOUNDS

Fiat Group

World (g/m ²)	2010	2009 ⁽¹⁾	2008
Average VOC emissions	46.1	47.4	49.8

Fiat Group Automobiles

World and Europe (g/m²)



Nitrogen and sulfur oxides (NOx and SOx) and dust

Overall NOx, SOx and dust emissions for sites with proprietary power generation systems⁽²⁾ increased slightly in 2010 as a direct result of the increase in energy generated internally.

DIRECT EMISSIONS OF NOx, SOx AND DUST

Fiat Group worldwide (tons)	2010	2009 ⁽¹⁾	2008
NOx	1,162	1,043	1,194
SOx	198	147	138
Dust	26	18	18

⁽¹⁾ The figure for 2009 has been restated and, therefore, differs from that published in the 2009 Sustainability Report.

⁽²⁾ Estimated emissions based on direct energy consumption.



Equipment containing Ozone Depleting Substances (ODSs)

Some equipment used for cooling, air conditioning and climate control contains substances that are potentially harmful to the ozone (Ozone Depleting Substances or ODSs).

Fiat Group monitors this equipment continuously to prevent leakage, including accidental, of the ODSs they contain. **No leaks of these substances were reported** during 2010. In addition, following an inventory of plant and equipment containing ODSs, an action plan was drawn up in 2010 setting out measures to replace these substances by 2014, at all plants worldwide, with more environmentally-

compatible gases and/or alternative technologies.

WATER MANAGEMENT

Conservation of water resources has become an increasingly important element in mitigating the environmental impact of production processes. In this area, Fiat Group is working to **reduce overall water consumption** and ensure a **high level of discharged water quality**.

In 2010, a team was dedicated to carrying out a complete mapping of the availability of water resources around the world (correlating quantity of water available and quantity consumed for each region) to overlap with areas where the Group is present.

-8% in water
consumption
per vehicle produced
at FGA plants
worldwide

WATER WITHDRAWAL AND DISCHARGE

Fiat Group worldwide (millions of m ³)	2010	2009	2008
Withdrawal			
Groundwater	14.2	15.5	16.5
Municipal water supply	16.6	17.7	17.6
Surface water	1.2	1.0	1.5
Other	0.1	0.3	1.4
Total water withdrawal	32.1	34.5	37.0
Discharge			
Surface water	6.9	7.9	9.7
Public sewer systems	11.0	13.2	19.4
Other destinations	4.3	3.9	2.1
Total water discharge	22.2	25.0	31.2

This analysis identified 26 plants located in areas where water can be considered a limited resource and steps have been taken to improve recycling and reuse.

Priorities for action were set, which will enable achievement of the water management targets set for 2014. To provide uniform guidance to plants and Sectors on water management, the Group will formalize its commitment in a set of specific guidelines to be drafted, approved and disseminated in 2011.

As a result of improvements in water cycle management and measures for the reuse of water in industrial processes, **in 2010 the Group reduced overall water consumption by 7%** (from 34.5 to 32.1 million m³) and the percentage of water reuse in production cycles at Group plants worldwide was estimated at approximately 91%.

Continuing the efficiency measures initiated in 2006, Fiat

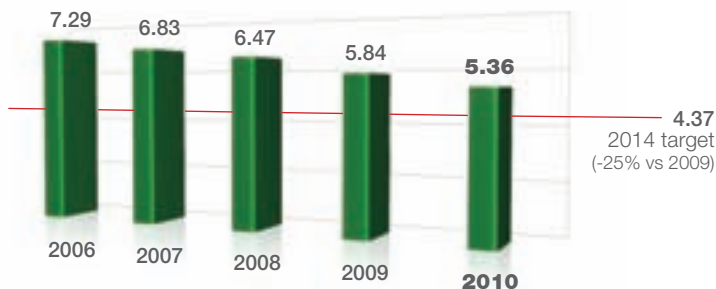
Group Automobiles (FGA) **reduced water consumption per vehicle produced by a further 8% over 2009** (a 26% reduction over 2006, exceeding the stated target for 2010). For 2014, FGA has also committed to an overall reduction of 25% over 2009 levels (equal to -40% over 2006).

The Sector has also improved its water recycling index⁽¹⁾ from 94.6% in 2009 to 95.7%.

The quality of water discharged from Group plants worldwide was maintained well within regulatory limits. Analyses conducted on the water discharge from FGA plants worldwide revealed levels of Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) at least 50% below regulatory requirements, while levels of Biochemical Oxygen Demand (BOD) were at least 16% below required limits. BOD, COD and TSS

WATER WITHDRAWAL

Fiat Group Automobiles worldwide (m³ per vehicle produced)



⁽¹⁾ Total water recycled in production processes as a percentage of the total water requirement.



WATER SOURCES SIGNIFICANTLY AFFECTED⁽¹⁾ BY WATER WITHDRAWAL AND/OR DISCHARGE AT PLANTS

Fiat Group worldwide

Sector and Plant	Water source	Use	Protected water body	High biodiversity value water body	Water Withdrawals accounting for more than 5% of annual average volume	Water Discharges accounting for more than 5% of annual average volume
FGA Tychy (Poland)	Korzenica river	Withdrawal for manufacturing process	-	-	yes	yes
Fiat Powertrain Pratola Serra (Italy)	Sabato river	Process water effluent and stormwater runoff	-	-	-	yes
FPT Industrial Bourbon-Lancy (France)	Loire river	Withdrawal and discharge of process effluent and stormwater runoff	yes	yes	-	-
Teksid Carmagnola (Italy)	Gora del Naviglio river	Process water effluent	-	-	-	yes

targets for 2014 have also been set for the principal Group Sectors (see Sustainability section of the Group website). No significant spills were reported for the Group in 2010.

WASTE MANAGEMENT

The Group strives to continuously improve waste management, by **reducing the quantity of waste generated** and **increasing the percentage of waste recovery/reuse**. And lastly, for waste requiring

disposal, the Group's priority is to utilize the method having the least environmental impact (waste-to-energy conversion, treatment and – as a last resort – sending to landfill).

In 2010, the increase in activity volumes for some Sectors resulted in a corresponding increase in waste generation.

In particular, the increase in activity at Teksid plants associated with the production of iron castings for trucks (which require more sand in the molding

WASTE

Fiat Group worldwide (thousands of tons)

	2010	2009	2008
Waste generated			
Non-hazardous waste	1,438	1,171	1,579
Hazardous waste	88	81	88
Total waste generated	1,526	1,252	1,667
of which packaging	139	118	148
Waste disposed			
Waste-to-energy conversion	29	24	40
Treatment	71	77	81
Sent to landfill	509	347	518
Total waste disposed	609	448	639
Waste recovered			
Total waste recovered	916	804	1,081
waste recovered	60%	64%	65%
waste sent to landfill	33%	28%	31%

⁽¹⁾ Water sources are regarded as significantly affected by water withdrawals and/or discharges if they are designated protected areas or have high biodiversity value, or if the withdrawals and/or discharges of water account for more than 5% of the average annual volume of the water body concerned. Only surface water has been taken into account.

process) had a significant impact on the overall quantity of waste generated and percentage recovered. Despite the increase recorded by the Group over 2009 (when activity volumes were lower), the overall trend remains positive, with a **reduction of approximately 8% over 2008**.

WASTE GENERATED

Fiat Group Automobiles worldwide (kg per vehicle produced)



⁽¹⁾ Waste generated by plant renovations

At the Sector level, Fiat Group Automobiles (FGA) recorded an approximate 8% increase in waste generated (from 470 to 507 thousand tons), mainly due to the renovation of its plant in Betim (Brazil), which generated significant additional quantities of non-recoverable waste. Taking this non-recurrent impact out of the equation results in an approximately 1% fall in the quantity of waste generated by FGA per vehicle produced, down from 199 to 197 kg/vehicle. In this area, the 2010-2014 Environmental Plan has set ambitious targets for the per unit reduction of waste generated at plants. Specific targets have been set for each Sector, ranging up to a maximum of -20% for Maserati. Also for the plan period, additional targets relating to percentage waste recovery have been set for each Sector (ranging from 80% to 95% for the principal manufacturing Sectors). On the basis of the work already carried out, FGA confirmed its target of 95% waste recovery by 2012 (two years ahead of the target dates for the other Sectors).



BIODIVERSITY CONSERVATION

During 2010 – declared International Year of Biodiversity by the United Nations General Assembly – the Group (working together with the Department of Animal and Human Biology of the University of Turin and a professional consultancy firm) developed the **Fiat Group Biodiversity Value Index**, together with guidelines for its application by Fiat Group.

The index measures the level of biodiversity and influencing factors (environmental pressures) for areas surrounding Fiat plants and identifies existing problems, so that any projects to protect and/or restore the local environment can be appropriately targeted.

The analytical methodology used enables generation of an output value that reflects the level of biodiversity found in the surrounding area and the level of environmental pressure. The first is measured through the analysis and assessment of specific indicators characteristic of aquatic and terrestrial ecosystems, which also take into account protected species included in the relevant national and/or international lists (e.g., the **IUCN red list** and **EC Directive 2009/147/EC** concerning conservation of wild birds). Calculation of the level of environmental pressure is, on the other hand, based on human activity in the area (agriculture, industry, urban build-up, etc.).

During 2010, this methodology was tested at two pilot locations: the Fiat Powertrain plant in Verrone (Italy) and the Magneti Marelli plant in Venaria (Italy). Application will be extended to other plants, with priority given to those located in zones near or inside protected or high biodiversity areas.



PLANTS NEAR, BORDERING OR WITHIN PROTECTED⁽¹⁾ OR HIGH BIODIVERSITY AREAS

Fiat Group worldwide

Sector and Plant	Type of activity	Total surface area of plant (m ²)
CNH - Case New Holland Curitiba (Brazil)	Production of combines, tractors and components	792,824
FPT Industrial Bourbon-Lancy (France)	Production of medium and heavy engines	211,678
Fiat Powertrain Verrone (Italy)	Production of transmissions and parts	1,809,540
Magneti Marelli Venaria (Italy)	Production of lighting and exhaust systems	246,390
Teksid Funfrap (Portugal)	Production of engine blocks, exhaust manifolds, differentials and carter turbines	103,960

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

OTHER INDICATORS

The Group also monitors other aspects of its environmental performance, such as the presence of harmful substances and external noise pollution.

Equipment containing PCBs and PCTs

Certain electrical equipment (e.g. transformers) uses cooling liquids containing Polychlorinated Biphenyls (PCBs) and Polychlorinated Terphenyls (PCTs). These substances have been classified as hazardous and are subject to restrictions relating to use, production and sale, although with variation from country to country. For a number of years, in advance of regulatory deadlines, the Group has had a program in place

for the progressive elimination of these substances. The majority of Sectors have completed the process, with the exception of Iveco and Magneti Marelli where it will be concluded in 2011.

External noise

With regard to the commitment to limit the external noise produced by plants, the Group has completed the mapping of the areas where it is present and six plants have been identified as being located in sensitive areas. Fiat has also begun preliminary activities for the establishment of guidelines relating to design/purchase of new machinery and equipment and construction of buildings with reduced noise levels.

**ENERGY
MANAGEMENT
AND COMBATING
CLIMATE CHANGE**

Fiat Group fully understands the role of large industrial enterprises in contributing to global energy demand and has confirmed its commitment to **reducing** use of **fossil fuels** and **limiting greenhouse gas emissions** by optimizing its **energy performance** and promoting the use of renewable energy.

ORGANIZATION FOR ENERGY MANAGEMENT

As a result of the creation of a single energy management center in 2010 to serve all Sectors, the Group has achieved significant synergies, through greater sharing of best practice, increased engagement and awareness among plant employees, and the launch of over one thousand improvement projects.

Standardization of procedures and detailed monitoring of consumption was further aided by the extension of the Energy Monitoring & Targeting (EMT) system to all Sectors (active at 39 Group plants worldwide at year-end 2010). Classroom training and an online course were also provided on the EMT system and energy consumption management.

During the year, the Group also continued activities set out in the Group **Energy Action Plan**, which includes the following targets for 2014:





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- up to **30% reduction** (with specific percentages for the individual Sectors) in **energy consumption** per unit over 2009
- up to **35% reduction** (with specific percentages for the individual Sectors) in **CO₂ emissions** per unit over 2009

The principal technological and process solutions adopted to reduce energy consumption include:

- high-efficiency lighting systems (LED or traditional technology) for production facilities, offices and external areas, combined with light intensity regulators and remote controls (FGA, Comau and Iveco)
- flue gas heat recovery systems (FGA and Iveco)
- high-efficiency engines, electric motor inverters and variable speed air compressors (Magneti Marelli,

- Iveco, Fiat Powertrain and CNH – Case New Holland)
- heating systems with heat exchangers, air de-stratifiers and automatic management systems (FGA, Magneti Marelli and Teksid)
- use of nanotechnologies in certain painting processes at CNH – Case New Holland
- hardware and software innovations at FPT Industrial for machinery used in metal component processing.

To achieve the objectives set in the 2009-2014 Energy Action Plan and spread the use of best available technologies, during 2010 the Group accelerated the process of **incorporating energy-saving requirements in the technical specifications for production plant and equipment**, which will also enable a more effective evaluation of operating costs.

EFFICIENT ENERGY GENERATION

In 2010, a trigeneration plant was installed at the Magneti Marelli plant in Melfi (Italy), capable of providing all of its heating and electricity needs. At the Fiat Group Automobiles (FGA) plant in Atessa (Italy) – managed by Sevel, a joint venture of FGA – testing was completed for a new trigeneration plant, which will be capable of providing approximately 90% of electricity and over 50% of heating needs. The power generation plants coming on line, together with the existing power generation plants at the Mirafiori and Cassino facilities in Italy, will enable FGA to meet around 40% of its electricity needs in Italy internally.

In addition, now that the trigeneration plant is operational at the Ferrari facility in Maranello (Italy) and the use of renewable energy has been increased, the company has reduced its CO₂ emissions by approximately 40% over 2008. Finally, solar water heating panels have been installed at the Comau plant in Grugliasco (Italy) and the FGA plant in Cassino (Italy).



ENERGY CONSUMPTION AND CO₂ EMISSIONS

In 2010, the Group continued the reporting by source of direct and indirect energy consumption and CO₂ emissions initiated in 2009 (see also pages 189-191), following the standards and guidance set out in the GHG Protocol and, for the calculation of indirect emissions, using the emissions factors published by the International Energy Agency in November 2010.

DIRECT AND INDIRECT ENERGY CONSUMPTION

Fiat Group worldwide (TJ)	2010	2009 ⁽¹⁾	2008
Electricity	14,686	13,523	15,774
Natural gas	9,394	8,561	9,629
Other fuels	1,421	1,048	1,150
Other energy sources	8,047	7,986	9,164
Total energy consumption	33,548	31,118	35,717

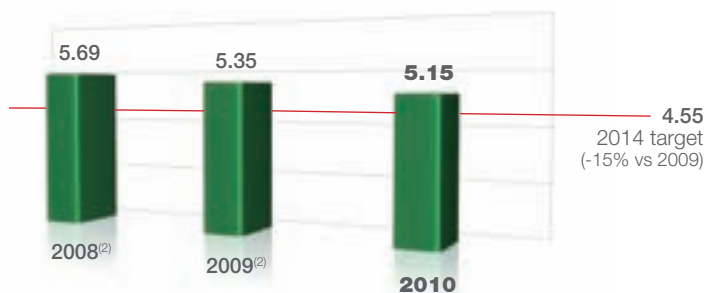
Energy consumption

Total energy consumption for the year was approximately 33,500 terajoules. The increase in absolute values over the prior year (approx. 8%) was mainly driven by increased production volumes for some Sectors and an expansion in the scope of activities reported.

In terms of energy consumption per unit produced, in 2010 **Fiat Group Automobiles** (FGA) achieved an average value of 5.15 GJ/vehicle produced, a **3.7% reduction** over 2009 (5.35 GJ/vehicle produced).

ENERGY CONSUMPTION

Fiat Group Automobiles worldwide (GJ per vehicle produced)



Performance for 2009 is based on the same scope of activities as for 2010 and takes into consideration other significant changes occurring during the year (insourcing of processing activities previously carried out by external suppliers, measures implemented to increase production capacity at the plants in Cassino - Italy, Betim - Brazil and Tychy - Poland, with a consequent increase in fixed energy consumption).

The improvement in performance, achieved despite considerable under-utilization of plant capacity and the absence of protracted stoppages as experienced in 2009 (which enabled a significant reduction in consumption), was approximately 60% attributable to the introduction of innovative technological solutions and the remaining 40% to the implementation of organizational measures.

For other Group Sectors, relevant reductions in energy consumption per unit produced compared to 2009 were achieved by Comau (approx. -16%), Magneti Marelli (approx. -11%) and Teksid (approx. -5%), through implementation of organizational measures and the increase in production volumes, which resulted in higher capacity utilization.

⁽¹⁾ The figure for 2009 has been restated and, therefore, differs from that published in the 2009 Sustainability Report.

⁽²⁾ The figures for 2008 and 2009, initially 5.50 and 5.15, have been adjusted to take account of changes in the scope of activities in 2010.

-11% in CO₂ emissions per vehicle produced at FGA plants worldwide

DIRECT AND INDIRECT CO₂ EMISSIONS

Fiat Group worldwide (thousands of tons of CO ₂)	2010	2009 ⁽¹⁾	2008
Direct emissions	638	560	631
Indirect emissions	2,026	2,069	n.a.
Total CO₂ emissions	2,664	2,629	n.a.

CO₂ emissions

In 2010, the Group's CO₂ emissions⁽²⁾ totaled approximately 2.7 million tons, substantially in line with 2009, with the increased use of energy from renewable sources compensating for higher consumption attributable to the increase in volumes and the expansion of the scope of activities reported.

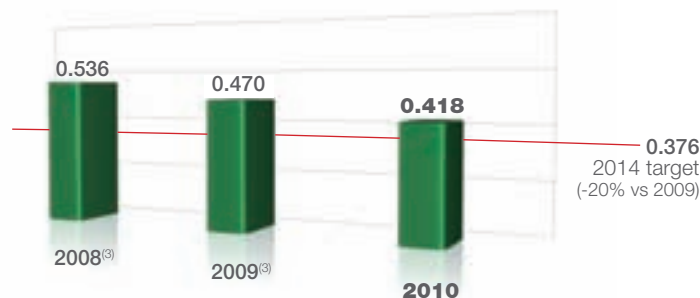
With regard to CO₂ emissions per unit produced, in 2010 **Fiat Group Automobiles (FGA)** recorded an average 0.418 tons of CO₂ per vehicle produced, representing an approximate **11% reduction** over 2009 (0.470 tons of CO₂/vehicle produced). Performance for 2009 is based on the same scope of activities as for 2010 and takes into consideration other significant changes occurring during the year.

The improvement was primarily attributable to the increased use of renewable energy (accounting for approx. 65%) and improvements in energy efficiency (approx. 35%). In view of new initiatives established and the significant results achieved in 2010, several Group Sectors (FGA, Iveco, Fiat Powertrain, FPT Industrial, Teksid and Comau) have revised their existing CO₂ emissions reduction targets for 2014, making them even more demanding.

The Group also increased the use of **energy from renewable sources** from 11% in 2009 to 15% in 2010. Fiat aims to bring this level to around 16.5% in 2011, with specific targets for each Sector (see *Sustainability section of the Group website*).

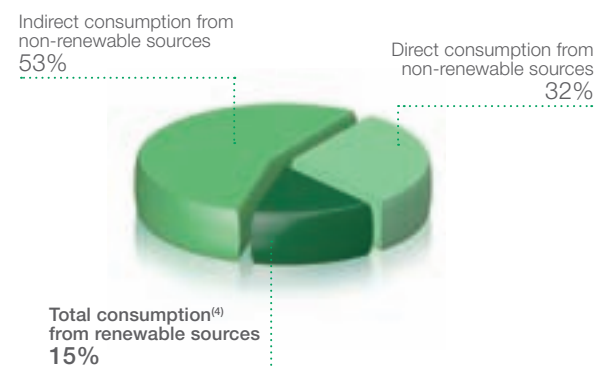
CO₂ EMISSIONS

Fiat Group Automobiles worldwide (tons of CO₂ per vehicle produced)



ENERGY CONSUMPTION BY SOURCE

Fiat Group worldwide



⁽¹⁾ The figure for 2009 has been restated and, therefore, differs from that published in the 2009 Sustainability Report.

⁽²⁾ Emissions of greenhouse gases (GHGs) other than CO₂ have a negligible impact and therefore are not included (CO₂ accounts for over 99% of the Group's total GHG emissions).

⁽³⁾ The figures for 2008 and 2009, initially 0.523 and 0.457, have been adjusted to take account of changes in the scope of activities in 2010.

⁽⁴⁾ Direct consumption from renewable sources is negligible (approx. 0.5%).

Participation in emissions trading programs

Much of the energy used at Group plants comes from third-party power generation plants or directly from the national electricity grid.

At year-end 2010, the Group only had 3 directly-owned power generation plants that qualified for the European emissions trading system (**EU-ETS**), which were located at the manufacturing sites of Fiat Powertrain in Pratola Serra (Italy), Iveco in Vysoke Myto (Czech Republic) and Magneti Marelli in Modugno (Italy). Energy generated at all 3 sites in 2010 totaled approximately 188,000 GJ.

CO₂ emissions allocated to these generation plants for the period 2008-2012 (EU-ETS 2nd phase) has to-date resulted in an overall credit (approx. 58,000 tons of CO₂ verified against around 66,000 tons allocated), with only 3,000 certificates purchased in 2010 for the Iveco plant.

Additionally, in 2010, all Group companies located in the UK completed registration under the **CRC Energy Efficiency Scheme** (the UK emissions trading system applied to energy consumers) and began definition of initiatives for reductions in energy consumption and CO₂ emissions.

TECHNOLOGICAL AND PROCESS SOLUTIONS FOR LOW ENVIRONMENTAL IMPACT AND REDUCED ENERGY CONSUMPTION PLANTS

Based on the experience gained from continuous research on the optimal balance between reduction in environmental impacts, production efficiency and cost effectiveness, the Group has identified a set of technological and process solutions for introduction at new plants and facilities to significantly reduce energy consumption. These solutions, which are specific to each area, have already been adopted at several Group sites and will be used extensively at the Fiat Group Automobiles (FGA) plant in Serbia (currently being refitted) and at the future plant in China. As a result, energy consumption levels at these sites will be around 20% lower than the current average for FGA plants worldwide.

Press: optimization of blanking and stamping processes, through revised layout and other improvements.

Body welding: medium-frequency spot welders, Class A (energy saving) induction motors for transport and lifting equipment, Kinetic Energy Recovery Systems (KERS) and intelligent control of robot servomechanisms, high efficiency lighting and automatic fume extraction systems.

Painting: high-efficiency inverter-driven electric motors (ventilators, extractors, pumps). Use of a modular system to charge anodes in cathodic electropainting. Reduction of air volume in automated areas of spray booths (wall-mounted robots, booth size reduction, reduction of downward air speed, and process air recirculation), high-efficiency natural gas burners with variable control (on AHUs and ovens). PT/ED systems with cascade rinsing to reduce water use and NOx emissions.

Assembly: high-efficiency electric motors for transport systems (rollers, conveyors, etc.) with braking energy recovery systems for elevators and lowerators with inverters. LED or high-efficiency lighting. Water filtration and recirculation system.

Buildings: insulation and separation of areas requiring heating or cooling, high-efficiency gas heaters. Equipment for recovery and use of rain and process water.

LOGISTICS

For Fiat, which operates plants and distributes its products around the world, the efficiency and environmental sustainability of logistics processes are key factors in creating value.

The Group's primary targets in this area relate to **cutting CO₂ emissions associated with the movement** of components and finished products and **minimizing the use of non-reusable packaging**.

WORLD CLASS LOGISTICS

The focus of the World Class Logistics standards, which are based on the World Class Manufacturing program,

is the definition of integrated logistics processes at plants and in planning for the supplier network, to meet the requirements of safety, ergonomics, eco-compatibility and transport flow optimization. In 2010, the Logistics Engineering unit was named as the centralized engineering function with Group-wide responsibility for setting guidelines and standards, as well as promoting their dissemination and coordinated development across Sectors.

THE GROUP'S LOGISTIC FLOWS

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

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

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

GREEN LOGISTICS PRINCIPLES

In 2010, the Group published its Green Logistics Principles with the aim of harmonizing the approaches and measures adopted by individual Sectors, in addition to methods of interaction with logistics partners. These principles provide guidance on reducing environmental impacts, focusing on four main areas:

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

Consistent with the Environmental Guidelines on which they are based, these principles were disseminated during organizational meetings held with the top managers of Group Sectors and with the plant logistic managers, to ensure their uniform adoption and implementation. The Green Logistics Principles are also available on the Group intranet and the Sustainability section of the Group website.



MONITORING ENVIRONMENTAL PERFORMANCE OF LOGISTICS PROCESSES

In 2010, Fiat Group Automobiles (FGA) completed the definition, and began monitoring, of environmental KPIs (based on the GRI-G3 Guidelines) for CO₂ emissions and the use of non-reusable packaging in logistics processes.

Beginning in 2011, these KPIs will be adopted by every Sector and adjusted to their specific circumstances, so that monitoring can be initiated and specific targets set. This will increase the level of coverage and specific information on processes, enabling the establishment of targeted improvement measures.

In total, **CO₂ emissions** recorded in 2010 relating to logistics processes managed directly by FGA in Europe **fell around 6%** compared to the previous year.

CO₂ EMISSIONS IN LOGISTICS PROCESSES⁽¹⁾

Fiat Group Automobiles Europe (thousands of tons of CO ₂)	2010	2009
Inbound	68.3	76.0
Outbound	114.4	118.8
Spare parts	9.3	8.9
Total	192.0	203.7

INCREASE IN LOW-EMISSION TRANSPORT

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

For inbound transport in Europe managed by Fiat Group, **access to plants is already prohibited for vehicles with emissions below Euro III standard.** Beginning in 2011, contractual clauses are also being progressively introduced by all Group Sectors requiring that fleets of external transport providers consist of at least 50% of vehicles that are Euro IV compliant or higher.

A similar clause will be also be introduced by CNH – Case New Holland, beginning in 2011, for contracts with outbound transport providers in Europe. In North America, CNH – Case New Holland is engaging

its logistics partners in the **SmartWay Transport** program, promoted by the Environmental Protection Agency (EPA). From 2011, participation in the program will be a factor considered in the evaluation of potential suppliers. The company aims to have 80% of transport providers participating in the initiative by the end of 2011 (compared to approx. 70% in 2010). For outbound FGA transport, the fleet of i-Fast (which manages around 23% of vehicle transport in Europe) already consists 20% of Euro III vehicles and 80% Euro V, and it has committed to purchasing Euro V vehicles for any fleet renewals and expansions. Overall, 81% of the fleet used for FGA's outbound transport in Europe is Euro III compliant or higher.



⁽¹⁾ The calculation of CO₂ emissions was based on the criteria in "The Greenhouse Gas Protocol - revised edition" for road transport, and the "IFEU Heidelberg" environmental method for sea and rail transport. The figure relates to 100% of outbound transport and 82% of the volume of inbound transport in Europe. The figure for emissions from the transportation of spare parts relates to 47% of inbound traffic by weight; outbound transport for spare parts is not monitored as it is not currently managed directly by the Group. The figure for 2009 was recalculated on a scope of operations comparable to 2010.

USE OF INTERMODAL SOLUTIONS

Inbound and outbound transport of materials can require a significant percentage of road transport, depending on geography, infrastructure and production volumes. Even where such constraints exist, Fiat Group has always been committed to promoting the use of alternative modes of transport, in order to reduce traffic congestion levels and consequently contribute to reducing the emission of CO₂ into the atmosphere.

In 2010, Fiat Group Automobiles (FGA) continued to establish **rail routes in Italy and Europe** (particularly for outbound flows from the Italian distribution center in Val di Sangro and the Polish manufacturing plant in Tychy), **reducing CO₂ emissions by approximately 19,800 tons** compared to transporting the same number of vehicles by road. In addition, full implementation of similar initiatives for inbound flows, such as the Villanova (Italy) – Kragujevac (Serbia) route, has enabled a **further reduction of 4,200 tons in CO₂ emissions** compared with transporting by road.

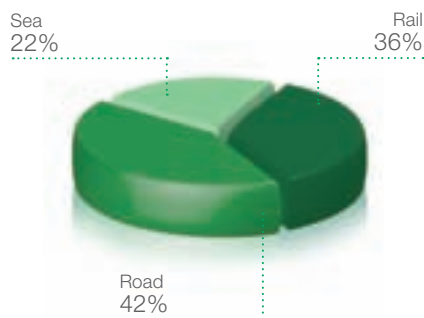
In 2011, FGA will begin analysis for the activation of inbound rail routes from Northern Europe to plants in Southern Italy. Despite these initiatives, the contraction in production volumes at some FGA

plants in Europe, combined with the need to maintain adequate delivery times to the network, resulted in a slight increase (approx. +1%) in the percentage of outbound transport by road over 2009.

In 2010, CNH – Case New Holland completed its five-year plan for the extension of **outbound sea transport** to the Iberian peninsula, with the inclusion of long-haul routes from the Italian plants in Lecce and San Mauro, achieving an overall **reduction of approximately 4,500 tons in CO₂ emissions** between 2006 and 2010, compared with previous transport modes used. As a result of the contraction in volumes experienced during the year, however, it was necessary to postpone the project for an integrated inbound-outbound Parma – Lecce rail route until the second half of 2011. **Other initiatives**, such as, in the UK, activation of inbound rail transport to the manufacturing plant in Basildon and the combined transportation of cabs and tractors now being fully operational, enabled a **reduction of approximately 600 tons of CO₂ emissions** compared with the transportation modes used in 2009. Additional measures to **optimize road transport** (e.g., redefinition of routes and elimination of direct-drive transport), implemented primarily by Iveco and Magneti Marelli, enabled **further reductions of about 800 tons of CO₂ emissions**.

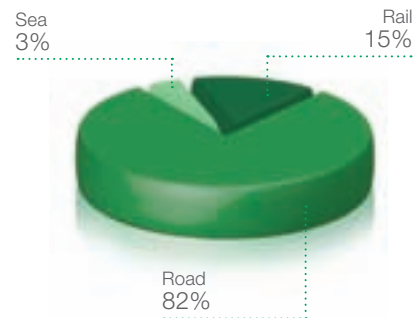
OUTBOUND TRANSPORT BY MODE

Fiat Group Automobiles Europe⁽¹⁾



INBOUND TRANSPORT BY MODE

Fiat Group Automobiles Europe⁽²⁾



⁽¹⁾ Percentages are based on the principal mode of transport used for each vehicle (i.e., accounting for over 80% of the total distance traveled) for shipments from plants to dealers or from plants to lots in EU15 countries plus Poland, Switzerland, Norway, the Czech Republic, Slovak Republic and Hungary.

⁽²⁾ Includes shipments on FCA terms from suppliers in EU25 countries plus Switzerland and shipments from Polo Italia to delivery points in Italy, Serbia and India.

OPTIMIZATION OF TRANSPORT CAPACITY

Through the *Streamlined Delivery Project* (SDP), launched in 2001 by Fiat Group Automobiles (FGA), inbound flows have been contracted to a coordinated pool of logistics providers who organize the collection of material from a number of suppliers in **order to maximize utilization of transport capacity** and **increase efficiency**, compared with transportation by individual suppliers.

The project has since been implemented by several Group Sectors in Europe: at FGA, it already covers around 82% of volumes transported and these levels are expected to be maintained, even after introduction of new operating methods. At Iveco and CNH – Case New Holland, 60% of the cost of shipping and 75% of the value of material transported is now managed through the SDP and there are plans to extend the project further during 2011 to cover up to 80% and 82%, respectively.

In Italy, for Fiat Powertrain and FPT Industrial, which have large numbers of widely dispersed suppliers, approximately 22% of cost of shipping is now covered by the project and there are plans to extend coverage to around 27%.

In 2011, Magneti Marelli also plans to continue extension of measures identified to improve transport efficiency through increased capacity utilization.

A similar initiative was also launched by CNH – Case New Holland in 2010 in the form of the *World Material Flow* (WMF) program and the creation of the WMF unit within the Supply Chain Management department, to optimize the collection and transport of materials to consolidation centers in Europe for shipment to plants in Latin America. As a result of this program, in 2010, the number of shipments fell 20% over the prior year, equating to a reduction of around 500 tons in CO₂ emissions. In 2011, the WMF program will be extended to include materials flows to CNH – Case New Holland plants in North America. In addition, in order to capitalize on potential synergies and increase utilization of transport capacity, a project for the centralized management of inbound flows was initiated, with extension of the transport management application currently used by CNH – Case New Holland to all Group Sectors.

The progressive expansion of these projects throughout the Group resulted in **approximately 32,200 tons of CO₂ emissions being avoided for the period 2008-2010**.



REDUCED USE OF PACKAGING AND PROTECTIVE MATERIALS

The Group has also reduced the environmental impact of its logistics activities by minimizing the use of packaging and protective materials, while maintaining standards and satisfying quality requirements.

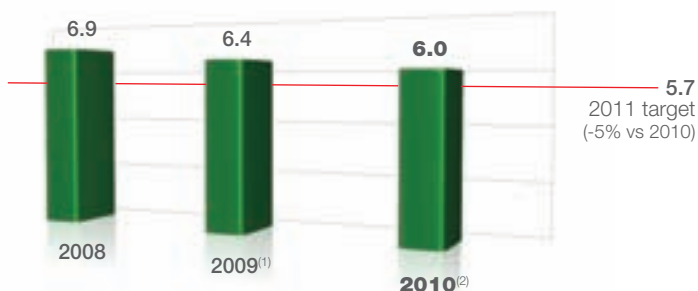
In 2010, through the Group company i-FAST Container Logistics S.p.A., which is also responsible for efficient management of standard shipment containers, Fiat continued to work with its suppliers to **gradually replace disposable cardboard packaging with reusable containers**.

For shipments within Europe, Fiat Group Automobiles (FGA) achieved more than a 6% reduction in these materials over the previous year (from 6.4 to 6.0 kg/vehicle). The slight divergence from target (5.9 kg/vehicle) was mainly due to variations in production volumes associated with new model launches at some plants and a reduction in production levels at other plants.

Going forward, Fiat will maintain the commitment to reducing disposable cardboard packaging by eliminating it for materials supplies for new models, where possible, and by negotiating the best terms with suppliers for changes in packaging for existing models.

PACKAGING MATERIALS: CARDBOARD

Fiat Group Automobiles Europe (kg per vehicle produced)



⁽¹⁾ The figure for 2009 replaces the figure published last year.

⁽²⁾ Beginning 2010, the scope of activities reported includes the plant in Tychy (Poland).

On that basis, the Group is targeting a further 5% reduction in materials used (to 5.7 kg/vehicle) in 2011. With regard to specific containers for international shipments of materials from Italy managed by the World Material Flow (WMF) unit, the Group is committed to **progressively reducing wood packaging**, even though replacement with metal crates or specially-equipped containers requires considerable investment and is conditioned by fluctuations in activity volumes. For example, in the first half of 2010, Iveco recorded a 62% net increase in volumes shipped to Latin America that resulted in a lack of availability of reusable containers. Nevertheless, as a result of initiatives already underway and experience gained in managing logistics flows, the company was able to limit the increase (+13%) in the use of wood packaging. With respect to volumes forecast for 2010, Iveco achieved the target for shipments to Brazil of 6.5 wood crates per container.

In order to meet the 2011 target (from 14.3 kg to 12.9 kg of wood per m³ of material in international shipments to Latin America), Iveco has already started sourcing new reusable packaging.

In 2010, FGA also continued its activities in this area, completing the replacement of wood packaging with reusable metal packaging for inbound flows to the plant in Kragujevac (Serbia), resulting in a reduction of over 70% in the use of wood (from 15.3 to 4.5 kg/m³). With the initiative now fully implemented, the Sector expects to achieve an annual average of 1.5 kg/m³ in 2011. This solution will be progressively extended in 2011 to inbound flows to Brazil, with a targeted 5% reduction in the use of wood packaging (from 15.6 to 14.8 kg/m³).

The Group is continuously seeking solutions to minimize the quantity of disposable packaging and, where this is not possible, **it ensures that standard recovery processes are applied**.

NON-MANUFACTURING PROCESSES

The Group's commitment to reducing the environmental impact of its activities and improving energy efficiency is not limited to the manufacturing area, but also extends to the activities at offices and dealerships.

WORLD CLASS ADMINISTRATION

In 2010, application of World Class Administration (WCA) continued at Fiat Services S.p.A., the Group company that provides administration services for human resources, accounts receivable and payable, payments, taxation and customs worldwide. During the year, the program was extended to Germany, Belgium and the United Kingdom and now covers all countries where Fiat Services is present. The objectives of WCA, which adapts the principles and methods of World Class Manufacturing to the administrative area, are to **reduce losses and waste of materials**, enabling a significant positive impact also on the environment.

The company continued activities initiated last year to **contain paper and toner consumption** (digitalization of documents, introduction of printing bays, etc.), resulting in reductions of 30% and 40% respectively against total volumes for 2008. To monitor the effectiveness of initiatives implemented

more accurately, a new KPI was defined and applied in 2010 that measures paper consumption against the volume of activity carried out. For this KPI, the company has set the aggressive target of a 36% reduction in 2011 over 2010.

GREEN IT

In 2010, the Group continued its Green IT activities aimed at reducing energy consumption and associated CO₂ emissions.

For office systems, the program to replace hardware with equipment that has **more efficient power supply systems** continued (approx. 10,000 personal computers and 3,300 technical workstations), resulting in a reduction of around 85 tons of CO₂ against 2008. Completion of the program is scheduled for 2012. In addition, approximately 16,700 monitors were replaced in 2010 with new EnergyStar and EPEAT Silver/Gold rated units. Lastly, as part of the project to optimize printing systems over the period 2009-2011, another 540 new, **more energy-efficient, multi-functional printers** were installed. Once the initiative is completed in 2011, a total of 2,300 units will have been replaced worldwide, with a reduction in annual consumption of more than



2,000 MWh (equivalent to approx. 1,000 tons of CO₂). In the Data Center area, which includes the computer systems that host applications and IT services for Group Sectors, activities to **reduce, consolidate and virtualize servers** continued. In particular, through the consolidation of two Server Rooms at Pomigliano and Turin in Italy, around 200 physical servers were eliminated and 400 virtual servers created, generating a reduction in annual consumption of 4,200 MWh over 2009 (equivalent to approx. 2,100 tons of CO₂). More initiatives are planned in this area for 2011, that will result in the consolidation of six Server Rooms in Turin into a single structure providing enhanced energy efficiency and delivering an expected reduction in consumption of approximately 1,600 MWh in 2012 (equivalent to approx. 850 tons of CO₂) against 2010 levels.

In the **teleworking** area, to reduce business travel and associated environmental impacts, significant efforts have been made to extend the use of audio/video conferencing and instant messaging systems, with the number of users increasing from 12,000 to about 48,000 during 2010. In 2011, Fiat Group Automobiles also plans to set up 14 rooms equipped with high quality TelePresence videoconferencing systems. This initiative is expected to deliver a reduction of approximately 12% in business travel.

VIRTUAL REALITY

Over the years, the Group has strengthened its capabilities in the efficient use of virtual reality, as demonstrated by the **reduction in development times and waste** achieved in the design and development of the latest models, as well as the continual increase in quality standards.

The virtualization tools and methodologies initially utilized in the Automobiles business have been shared and successfully applied by the other principal Sectors (trucks and commercial vehicles, agricultural and construction equipment, and components). With more than 15 virtual rooms in Italy and another 6 worldwide,



Group designers and technicians, as well as partners and suppliers, are able to collaborate in real time despite being located at considerable distances from each other, which contributes to **cutting environmental emissions from business travel**.

In addition to product design, the Group has also created virtual reality rooms and tools for research and design of production, logistics and technical assistance processes and infrastructure, which has improved efficiency and working methods for employees, as well as workstation ergonomics.

The entire product life cycle is now evaluated and optimized through the use of virtual tools. This ranges from the optimization of plant layout and full simulation of all production processes (press, body welding, assembly, painting) through to electronic, paperless distribution of user manuals.



OUR PEOPLE

Fiat Group regards its people as its most valuable asset. Respect and care for every employee, in addition to valuing their contribution, is a daily commitment realized through opportunities for advancement without discrimination, training programs to promote professional development, and a safe, challenging working environment.

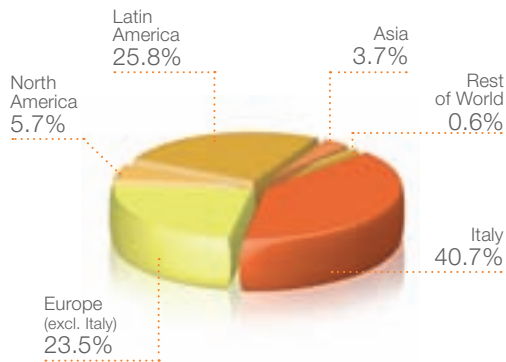
EMPLOYEES IN NUMBERS

In 2010, Fiat Group pre demerger carried out industrial and financial services activities in the automotive sector through companies located in approximately 50 countries and had commercial relationships with customers in approximately 190 countries. At 31 December 2010, the Group had 199,924 employees, a 5% increase over year-end 2009.

Just over 64% of employees were located in Europe, with the largest representations in Italy (41%) and Poland (7%). In Latin America, the largest number of employees was in Brazil at 21%. The Sector with the largest number of employees was Fiat Group Automobiles, which accounts for approximately 29% of the Group's total workforce.

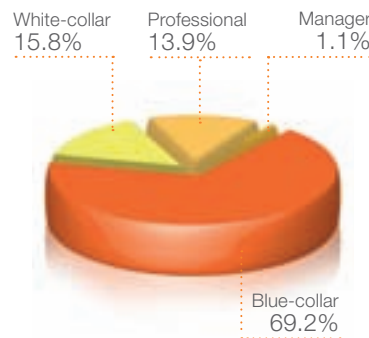
EMPLOYEES BY REGION

Fiat Group worldwide



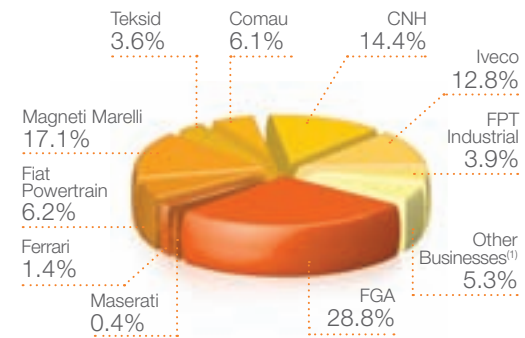
EMPLOYEES BY CATEGORY

Fiat Group worldwide



EMPLOYEES BY SECTOR

Fiat Group worldwide



EMPLOYEES BY REGION AND CATEGORY⁽²⁾

Fiat Group worldwide

2010	Total	2009			
		Blue-collar	White-collar	Professional	Manager
Italy	81,353	53,485	10,741	14,736	1,472
Europe (excl. Italy)	47,080	30,265	9,432	5,789	340
North America	11,423	6,135	1,839	2,946	237
Latin America	51,584	36,800	5,747	2,499	176
Asia	7,374	3,966	1,996	359	21
Rest of World	1,110	466	320	237	10
World	199,924	131,117	30,075	26,566	2,256

⁽¹⁾ Other Businesses includes: Centro Ricerche Fiat; Elasis; companies operating in publishing, communications, and services; holding and other companies.

⁽²⁾ Employees are divided into four main categories: blue-collar; white-collar; professional (individuals performing specialist and managerial roles, known as quadri and capi in Italy, which include professionals and professional experts under Fiat's classification system); and manager (individuals with middle and senior management roles, including professional masters, professional seniors and executives under Fiat's classification system).

EMPLOYEES BY SECTOR

	2010	2009
Fiat Group worldwide		
Fiat Group Automobiles	57,611	54,038
Maserati	696	723
Ferrari	2,721	2,835
Fiat Powertrain ⁽¹⁾	12,453	11,408
Magneti Marelli	34,269	31,628
Teksid	7,275	6,194
Comau	12,216	11,708
CNH – Case New Holland	28,831	28,466
Iveco	25,583	24,917
FPT Industrial ⁽¹⁾	7,707	7,858
Other Businesses ⁽¹⁾⁽²⁾	10,562	10,239
Total	199,924	190,014

TURNOVER

In 2010, there were **approximately 23,400 new hires, 1,329 of whom were new graduates** (295 in Italy), while approximately 18,400 individuals left the Group. Changes in the scope of operations resulted in a net increase of around 4,900 employees and related primarily to: insourcing of materials handling activities in Italy, full consolidation of Fiat-GM Powertrain Polska Sp. z o.o. (following acquisition of the JV partner's remaining 50% interest) and start-up of operations for Fiat Automobiles Serbia Doo Kragujevac, which were partially offset by the disposal, in France, of the Angoulême plant of Automotive Lighting Rear Lamps France S.A.S. and the termination, in Italy, of the lease of operations at the Colonnella plant by ITCA Produzione S.p.A., in addition to disposal

and insourcing transactions completed by Comau's Services business line in Brazil.

Of the new hires, 36% were employed under fixed-term contracts (47% in 2009). Approximately 9% of departures recorded in 2010 were the result of collective redundancies related to the reorganization or rationalization of operations, including some initiatives launched the previous year. Wherever possible, these situations were managed through the use of social welfare mechanisms provided for by law and with the establishment, in collaboration with trade unions, of social plans aimed at minimizing impacts on employees. It is important to note that Fiat Group's size also provides opportunities for transfers between Sectors and countries. In 2010, approximately 1,900 people were transferred between countries, Sectors, or companies in the same Sector. The **Internal Job Posting** program, initially launched as a pilot project at CNH - Case New Holland in North America, was extended to cover positions in Latin America and Europe, with a total of **1,035 positions managed** and over **2,100 internal applications received**.

EMPLOYEE TURNOVER

Fiat Group worldwide	
Employees at 31/12/2009	190,014
New Hires	23,414
Departures	(18,419)
Δ scope of operations	4,915
Employees at 31/12/2010	199,924



⁽¹⁾ Figures relating to FPT Powertrain Technologies for 2009 have been reclassified under Fiat Powertrain, FPT Industrial and Other Businesses, consistent with the classification for 2010.

⁽²⁾ Other Businesses includes: Centro Ricerche Fiat; Elasis; companies operating in publishing, communications, and services; holding and other companies.



TYPES OF CONTRACTS AND BENEFITS

Currently, **96% of employment contracts** at Fiat Group companies are **unlimited-term** and 99% full time.

During the year, 6,110 contracts (964 in Italy) were converted to unlimited-term contracts.

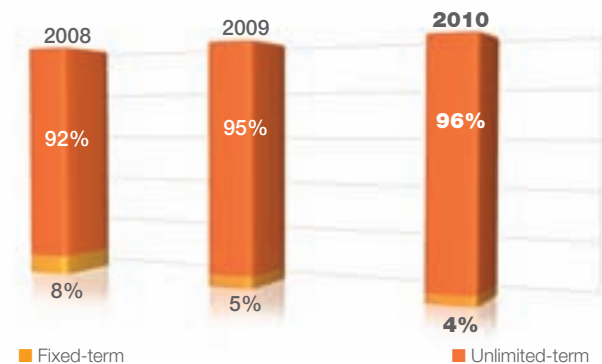
Although very limited use is made of fixed-term contracts, as a general rule, **benefits** offered by Fiat Group are available to all dependent employees, **irrespective of the type of contract** (i.e., fixed-term or unlimited-term, full-time or part-time).

Benefits differ based on an individual's level and country of employment and on the basis of local policies.

In October 2010, the Group conducted an analysis (on a sample of 90% of the workforce) on the availability and use of various company benefits (supplementary health plan, financial support for accident-related permanent disability, life insurance, and employee canteen or luncheon vouchers), the results of which are provided in the table below.

FIXED-TERM AND UNLIMITED-TERM CONTRACTS

Fiat Group worldwide



EMPLOYEES BY CONTRACT TYPE

Fiat Group worldwide

2010	Total	Unlimited-term		Fixed-term	
		Part time	Full time	Part time	Full time
Italy	81,353	1,046	79,311	73	923
Europe (excl. Italy)	47,080	286	42,521	-	4,273
North America	11,423	8	11,298	-	117
Latin America	51,584	2	48,692	-	2,890
Asia	7,374	20	7,104	-	250
Rest of World	1,110	7	1,048	-	55
World	199,924	1,369	189,974	73	8,508

PRINCIPAL EMPLOYEE BENEFITS

Fiat Group worldwide

Type of benefit	Employees entitled to benefit	Participation by those entitled
Employee canteen or luncheon vouchers	81%	n.a.
Supplementary health plan	80%	66%
Financial support for accident-related permanent disability	78%	99%
Life insurance	39%	95%

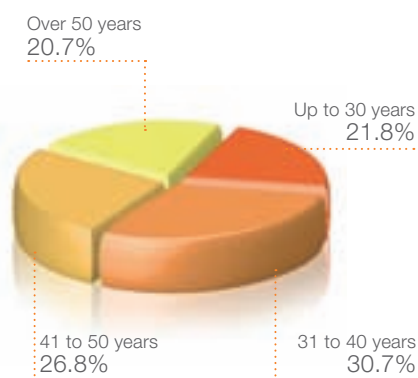
**AGE, LENGTH OF SERVICE AND
LEVEL OF EDUCATION**

Worldwide, the highest concentration of Group employees is in the 31 to 40 age group, and 39% of the workforce has been employed for 5 years or less. In Italy, however, the highest concentration of employees by age is from 41 to 50 years and by length of service from 11 to 20 years. Worldwide, there was an increase in the number of employees in the over-50

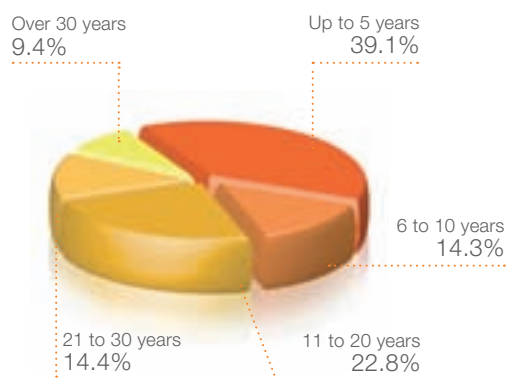
category compared to 2009 and a corresponding drop in the number of employees in the two under-40 age groups. In terms of breakdown by level of education, there was a slight rise in the medium/upper level, with around 15% of employees holding a university degree⁽¹⁾ (or equivalent qualification) and 40% having completed high school. The number of employees having only completed elementary/middle school fell from 40% to 36%.

EMPLOYEES BY AGE

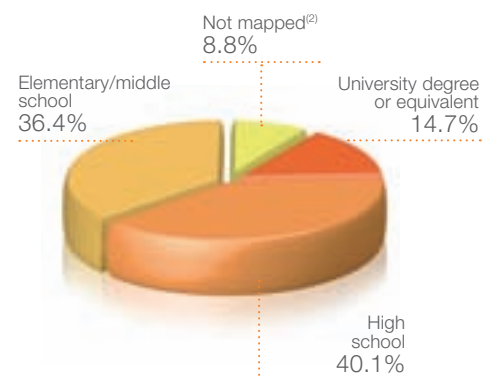
Fiat Group worldwide

**EMPLOYEES BY LENGTH OF SERVICE**

Fiat Group worldwide

**EMPLOYEES BY LEVEL OF EDUCATION**

Fiat Group worldwide

**NATIONALITIES OF GROUP MANAGERS**

Although the Fiat Group has no formal policy in place to guarantee local hiring or favor individuals from communities in its areas of operations, where possible, preference is given to local residents.

This ensures greater integration between the business and the community, enabling a better understanding of

local needs and development of local human capital.

In 2010, the Group conducted an analysis on a sample of over 93% of Group managers (in 21 different countries) which showed a **significant percentage of local managers** in each of the Group's main regions of operation: approximately 71% in Europe, 78% in Latin America, 92% in Italy and 94% in North America.

MANAGERS OF LOCAL NATIONALITY BY REGION

Fiat Group worldwide

Italy	92%
Europe (excl. Italy)	71%
North America	94%
Latin America	78%
Rest of World ⁽³⁾	47%

⁽¹⁾ Calculation subject to difficulties in comparing academic qualifications in various countries.

⁽²⁾ Cases where it was not possible to report level of education, due to lack of information or, particularly outside Italy, academic qualifications not being comparable to those used under the Italian system.

⁽³⁾ Includes Australia, the People's Republic of China, India, United Arab Emirates and Thailand.

EQUAL OPPORTUNITIES

The Code of Conduct confirms the Group's commitment to offer all employees equal opportunities in the workplace and in their professional advancement. The head of each department is responsible for ensuring that, in every aspect of the employment relationship, be it recruitment, training, compensation, promotion, transfer and termination of the relationship, employees are treated on the basis of their ability to meet the requirements of the job, **free from any form of discrimination**. The Code of Conduct makes express reference to the forms of discrimination that are to be avoided. The updated Code issued in 2010 adds discrimination on the basis of sexual orientation, social and personal status, physical condition, health, or disability to the other forms already addressed (race, gender, age, nationality, religious and personal convictions).

Given Fiat Group's global presence, employees in each country will inevitably have different levels of awareness, concern and capacity in applying the principle of non-discrimination. There are also significant differences in legislation between countries where the Group is present and, although local



PRINCIPAL AGREEMENTS PROMOTING EQUAL OPPORTUNITIES

- *In Italy, a number of joint representative bodies have been set up under the participatory system of industrial relations, established on 18 March 1996 in an agreement between the Group and the national trade unions FIM, FIOM, UILM and FISMIC and the respective Works Councils of the companies involved. These include the Equal Opportunities Committees established at Fiat Group Automobili (FGA) and Iveco to monitor employment conditions for women, to research and propose initiatives and to examine potential causes of dispute relating to application of the principles of equal opportunity.*
- *The first-level Collective Labor Agreement, signed on 29 December 2010 in Rome with FIM, UILM, FISMIC and UGL Metalmeccanici (both national and for the Province of Naples), and with the Association of Fiat Middle Managers, applicable from 1 January 2011 for Società Fabbrica Italia Pomigliano, provides for establishment of an Equal Opportunities Commission with a similar role to that of the Equal Opportunities Committees at FGA and Iveco.*
- *On 5 October 2010, Iveco France signed an agreement on professional equality between men and women with three of the five trade unions represented. This three-year agreement is aimed at preventing or reducing any inequalities that may exist between men and women, particularly those relating to work opportunities, training, professional development and compensation, and achievement of a work-life balance. In line with these objectives, specific activities have been assigned to the central Professional Equality Commission and those at each plant.*

legislation generally represents an improvement on international labor standards, sometimes the minimum standards only are implemented and, in a few cases, even the minimum standards are not met. This and other factors mean that standards of non-discrimination may vary from country to country. For this reason, in 2010 Fiat developed an online course, in partnership with the International Training Center of the International Labor Organization (ILO), available to all Group managers worldwide. The course focuses on the principle of non-discrimination in the workplace and is based on the provisions of **ILO Convention 111**. In addition to emphasizing that the standards established in the **Code of Conduct have precedence in jurisdictions where legislation is more lenient**, it also provides practical information, concrete examples and suggestions on how to prevent, detect and correct conduct that may give rise to discrimination in the workplace (see also page 151).

Disabled employees

In 2010, a **survey⁽¹⁾** was carried out in 39 countries, covering about 98% of the Group's workforce, **to monitor employment of disabled workers**.

Legislation in some countries (including Austria, Brazil, France, Germany, Italy and Spain) obliges companies to employ a minimum percentage of disabled workers. This percentage can vary in relation to the number of employees at the company/site and, in many cases, the obligation only relates to facilities where the size of the workforce exceeds a certain threshold. These laws also give employers the alternative of paying contributions to specific funds for the disabled, establishing agreements with the relevant bodies to hire these individuals gradually, etc.

In some of these countries, the economic difficulties experienced in 2009 and 2010 led to legislative or other measures aimed, in some cases, at widening the scope of exemptions from such legislation, and in others, at postponing the deadline for taking on disabled workers, where such deadline had already been established in individual company agreements or conventions.

The survey showed that in these countries (15 mapped), **disabled workers** account for **3.1% of total employees** within the Group. This figure represents the average of different local values which are also influenced by local legislation establishing minimum quotas ranging from 1.5% to 7%.

In many other countries (including Argentina, Australia, Belgium, Canada, Mexico, Poland, the United Kingdom and the United States) there is no legislation relating to the employment of disabled people that establishes minimum quotas, although in some cases other forms of protection exist (i.e., related to working hours or workplace environment, particular grants/benefits for companies employing disabled workers, etc.). In these countries, there are objective limitations to reporting the number of disabled workers, as the information is sensitive and often subject to data protection legislation and, as a result, the company is only aware of an employee's personal condition if



⁽¹⁾ In future, this survey (dated 31 October 2010) will be conducted bi-annually.



he/she chooses to make it known. In these countries (24 mapped), the known cases of disabled workers account for 0.5% of total employees.

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

In **Brazil**, due to the limited presence in the labor market of disabled workers and/or disabled workers with the skills necessary for employment, the plants of FPT Industrial and of Iveco at Sete Lagoas have, in collaboration with the Ministry of Labor, set up the Inclusão Eficiente (efficient inclusion) project to determine the number of disabled workers to be hired, together with the best approach (including training and educational programs) and timescale for their integration. A similar initiative was also launched

at the Fiat Powertrain plant in Campo Largo, and implementation at CNH – Case New Holland plants is currently in the examination phase.

In October 2010, Iveco **France** renewed an agreement for a further two years, with the consent of all five trade unions represented, which sets out a specific policy and actions aimed at recruiting, developing and providing long-term employment for disabled people.

In **Italy**, in order to fulfill its obligations under Law 68/99, Fiat Group has established agreements with the relevant authorities designed to promote the inclusion of disabled people in its workforce. These agreements, provided for under current legislation, represent a mechanism that is well-suited to satisfying society's interest in employing these individuals, as they balance the needs of the individual with the organizational and productivity requirements of the company. However, economic difficulties and the consequent recourse to extraordinary temporary lay-off benefits and collective redundancy schemes at numerous Group plants resulted in suspension of these obligations, under the applicable law, and deferment of hiring scheduled for 2009 and 2010.

Men and Women

The promotion of equal opportunities for men and women in the workplace is one of the common objectives held by the Group and employee representatives. This issue forms part of the social dialog in each country, which is conducted according to local regulation and practice. In 2010, Group companies in Italy with over 100 employees submitted a report to the Works Council and Equal Opportunities Councilor of the relevant Regional Authority on employment of men and women for the two-year period 2008-2009 (as required under Article 46 of Legislative Decree 198 of 11 April 2006). These detailed and complex reports, which provide, among other things, information on training, compensation levels, promotions and turnover, were also examined with

the Works Council, whereas for Fiat Group Automobiles (FGA) and Iveco the examination was conducted by the Equal Opportunities Committee.

The **percentage of women** employed by the Group worldwide was **further increased** this year, up from 15.9% in 2009 to 16.2% in 2010.

Of particular significance was the increase in women managers, which this year went from 8.4% to 8.7%, continuing the trend of steady growth since 2007.

In Italy, women account for 17.9% of the total workforce (compared to 17.4% in 2009) and 10% of managers (9.9% in 2009).

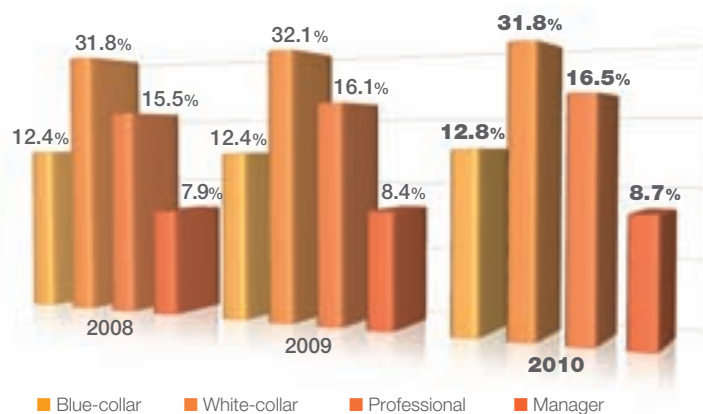
In 2010, as part of the *Companies that Invest in Women* project (an initiative of the Equal Opportunities Councilor of the Region of Piedmont, in collaboration with the

WOMEN EMPLOYEES BY REGION

Fiat Group worldwide	2010	2009	2008
Italy	17.9%	17.4%	17.2%
Europe (excl. Italy)	19.7%	19.4%	18.9%
North America	19.3%	19.0%	19.0%
Latin America	8.6%	7.9%	7.8%
Asia	25.7%	24.2%	22.8%
Rest of World	39.8%	42.7%	57.2%
World	16.2%	15.9%	15.7%

WOMEN EMPLOYEES BY CATEGORY

Fiat Group worldwide





Ministry of Labor), Fiat Services S.p.A. – a services company of the Group – was listed as one of the virtuous companies, for having adopted systems for human resource management that included a significant number of women employees and managers”. It also received the *é-quality* award for its capacity in **promoting the presence of women** through organizational choices, concrete actions and transferable best practices. In 2010, the Group continued to extend **monitoring of the application of equal opportunity principles** for men and women relative to: compensation levels, annual compensation review plans, performance and leadership appraisals, and promotions. The scope of monitoring was expanded progressively over the year to all Group managers and professionals worldwide.

COMPENSATION FOR MEN AND WOMEN

As part of the monitoring process discussed above, in 2010 the Group surveyed compensation levels for men and women in each of the principal Countries of operation. The scope of analysis was further extended over 2009 and now covers five countries (Italy, Brazil, Poland, France and the United States), which together account for more than 70% of the Group’s workforce.

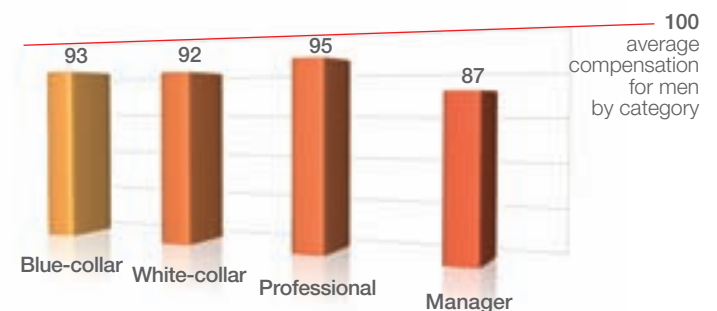
⁽¹⁾ Each category reported (manager, professional, white-collar and blue-collar) includes a range of positions with compensation levels that may vary based on both internal and external factors (e.g., average salary level for a similar position in each country). The comparison is based on basic compensation, consisting of the pay received by employees for their normal activities, but does not include any supplemental allowances (including those paid under specific conditions or working hours), bonus payments, one-off payments or benefits in kind. These figures do not include the Group’s 21 senior managers (members of the Group Executive Council and others).

Overall, the analysis showed relatively small differences (between 5% and 8%) for blue-collar, white-collar and professionals. For managers, the average gap was approximately 13%, mainly as a consequence of lower representation of women in senior management positions.

The principal exception was the United States, where compensation for women managers was approximately 6% higher than for their male colleagues.

COMPARATIVE COMPENSATION LEVELS FOR MEN AND WOMEN⁽¹⁾

Fiat Group worldwide (men = 100)



LOCAL MINIMUM WAGE

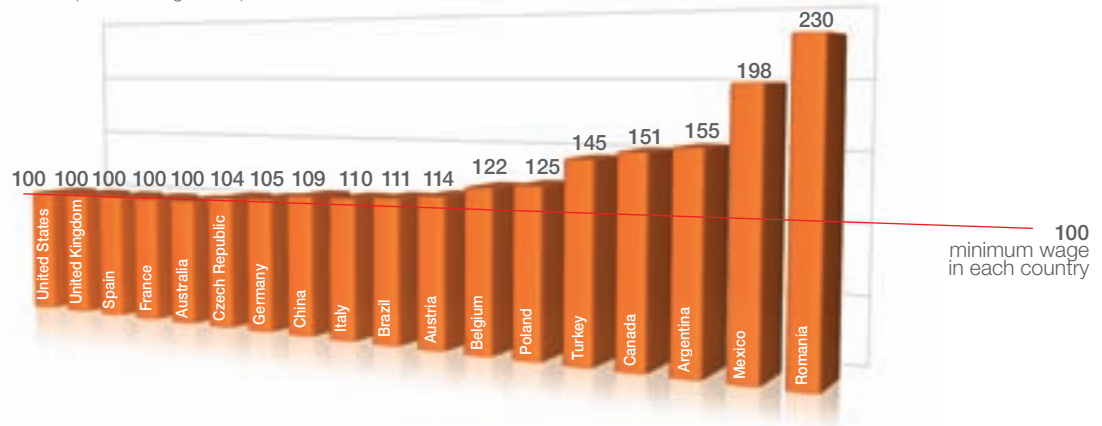
In many countries, minimum wage levels are established by law and, in some cases, there are also variations based on Region/State or other criteria. Where no specific law exists, a minimum wage is often established by collective bargaining agreements between employer associations and union representatives. 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 further agreements on their application or supplementary terms and conditions at company level.

Lastly, minimum wage levels are also established on the basis of specific economic, social and political circumstances and, therefore, do not allow for cross-border comparisons.

In order to evaluate the adequacy of entry-level salaries in each country, in 2010 the Group analyzed a sample⁽¹⁾ of 18 countries accounting for approximately 97% of its employees. The results showed that in 13 of these countries (accounting for approximately 84% of the Group's total employees), entry-level salaries⁽²⁾ are higher than the statutory minimum or non-company collective labor agreements.

COMPARISON BETWEEN ENTRY-LEVEL SALARY AND MINIMUM WAGE

Fiat Group worldwide (minimum wage = 100)



MANAGEMENT AND DEVELOPMENT

Five key principles underpin the Group's approach to the management and development of human capital:

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

These principles are embodied in the **Performance & Leadership Management** appraisal system, which applies the dual criteria of performance and leadership and has been **adopted globally throughout the Group**. This process serves as the basis for all personnel-related management decisions and is a fundamental element in Talent Management and Succession Planning, which together have resulted in key positions being filled largely by internal candidates.

⁽¹⁾ The survey covered around 83% of the workforce in those countries and about 80% of the Group's total workforce.

⁽²⁾ In accordance with the GRI-G3 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 Sector with the lowest entry-level salary. Figures reported are at 31 October 2010.

PERFORMANCE & LEADERSHIP MANAGEMENT

Performance & Leadership Management (PLM) 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, aptitudes and behavior.

PLM embodies the values of Fiat Group and its commitment to continuous improvement, excellence and meritocracy.

As part of the program, at the beginning of each year managers set and discuss individual targets with each team member. At the end of the year, 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.

Consistency in the evaluation process is ensured by comparison with the positioning of other employees in the same category/role.

The final results are discussed in a meeting between the manager and the employee, during which an open dialog on areas identified for improvement contributes toward validating the employee's performance and strengthening their bond with the organization. Upon completion of the process, employees can access their evaluation online, insert details on their professional aspirations and request specific training.

During 2010, performance and leadership **mapping** was **carried out for around 37,000 employees**, including all managers and professionals, and a portion of white-collars.

The number of white-collar employees evaluated has increased year by year, from 12% in 2008 to 17% in 2009 and 24% in 2010. The trend is set to continue, contingent with market and organizational developments.

The CEO of Fiat firmly believes that an organization's success is based on its resources and spent three entire days analyzing the results of the PLM process, focusing on senior managers.

This analysis led to concrete measures in terms of individual development which, in combination with the evolution of the business, lead to significant organizational changes.

TALENT MANAGEMENT AND SUCCESSION PLANNING

Fiat Group operates in dynamic, highly competitive sectors where success is achieved by ensuring the presence of quality individual in the organisation and by appointing the right people to key positions.

These objectives form the basis of the Talent Management program, which identifies the most talented employees and fast tracks their development. The selected individuals are offered professional opportunities that allow them to gain experience in other geographic or business areas and enable the Group to 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 hierarchy groupwide. 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 the immediate supervisor to senior management.



In 2010, following the evaluation of all managers and professionals, Talent Reviews were performed for **25 professional families/sectors/functions**. The program has also been extended to young talent through the establishment of an **Emerging Talent Review** program focused on **employees up to around 36 years of age** that aims to identify quality individuals considered capable of excelling in roles of increasing responsibility over the medium to long-term, through a dedicated professional development program and the opportunity for greater contact with senior management. Through this process, attention is focused on young talent, perhaps not widely known within the organization, to be invested in due to their potential as leaders of the future. Beginning in 2010, **through the dedicated Talent Review Committee web platform**, senior managers can view the profiles of both emerging talent and senior managers identified in succession plans.

During the latest round of the Talent Management program, 134 key positions were analyzed which, in

addition to the traditional succession planning, led to the identification of 160 talented young individuals. The CEO of Fiat, together with the heads of each Sector and of the various central corporate functions dedicated three entire days to Talent Management, addressing various issues, including the assignment of key roles, the analysis of young talents, initiatives to support their development and international/cross-functional career plans.

PEOPLE SATISFACTION SURVEY

Fiat Group considers people satisfaction surveys a useful tool not only for measuring the level of employee satisfaction, but even more so for identifying corrective measures that meet the needs and expectations of the entire organization.

Over the past 10 years, periodic surveys of employee satisfaction have been conducted by individual Sectors on an independent basis, using internally-developed surveys and methods. In 2010, however, a single people satisfaction survey was conducted **in collaboration with the Great Place to Work Institute (GPTW)**. The decision to bring in internationally-recognized specialists stemmed from the desire to go beyond an analysis based purely on internal benchmarking and evaluate results against national and international benchmarks for the sector. GPTW supported Fiat Group in each phase: from selecting the statistical sample and ensuring the significance level, to administering the questionnaire and, finally, processing and interpreting the results. The **questionnaire**, distributed in **20 countries** and in **16 languages**, was given to a sample statistically representative of all professional families and levels. The issues addressed were the credibility of management, respect for employees, fairness of treatment, pride at belonging to the company, and team spirit. The survey also included two open questions aimed at investigating areas of strength and potential areas for improvement for the Group. Analysis of the results led to the creation of targeted projects that will be implemented in 2011.

FEED-BACK INTENSIVE PROGRAM

At Iveco, young employees are also recognized through the Feedback Intensive Program (FIP). Two/three years after joining the company, young graduates undergo an assessment of their professional, relationship and managerial skills in order to chart their future development path.

The FIP takes place over two days, during which participants are involved in various exercises including group work and individual tasks. On this occasion, the participants are observed by "facilitators", selected from young people belonging to different organizational units within Iveco, who give an assessment at the end of course and prepare a profile of the candidate, highlighting strengths, motivational orientation and areas for improvement.

The final assessment is then presented to the participant's direct supervisor who works with the human resources department to design an appropriate development plan.

This initiative provides clear mutual benefits: for Iveco it provides a platform for training and assessment and for young employees it is an opportunity for continuous improvement oriented toward the expectations of the company.

OCCUPATIONAL HEALTH AND SAFETY

Fiat's commitment to safeguarding and promoting health and safety in the workplace, in every area of activity and in every country where the Group is present, is demonstrated by its adherence to the principles and instructions contained in the Health and Safety Guidelines (issued in 2009). The key elements are:

- management of risk through continuous analysis of critical areas and adoption of a preventive approach for all key activities
- implementation of a management system that complies with the requirements of the OHSAS 18001 international standard
- continuous improvement in working conditions through comprehensive analysis and evaluation of risk, the formulation and implementation of corrective and preventive action plans and continuous monitoring of health and safety activities
- monitoring and analysis of the causes of non-compliance, applying the tools contained in the Safety pillar of World Class Manufacturing, to ensure prevention of any recurrences
- active involvement of all employees in the improvement process through comprehensive information and targeted training
- promotion of conduct by employees oriented toward safety and prevention
- involvement of suppliers, dealers and partners in improving health and safety in the workplace, including in their own area of activity.

138 plants
OHSAS 18001
certified

At year-end 2010, a total of **138 plants**, including 2 operated through JVs (accounting for a total 146,000 employees), had adopted an Occupational Health and Safety Management System (OHSMS) certified to the **OHSAS 18001** standard. This result reflects each Sector's commitment to minimizing risk and managing their activities with a focus on prevention and continuous improvement.

The dissemination of management systems based on standardized methods and procedures established centrally, and certified externally, is essential to the effective application of best solutions that will support the achievement of Group targets for the prevention and reduction of risk.

The OHSMSs are audited periodically by qualified internal personnel, as well as by independent certification organizations. During 2010, **more than 200 external audits and around 600 internal audits** were conducted, covering approximately 146,000 employees (25,000 in 2009).

Fiat also continued the development and dissemination of methods and tools, training for specialized roles, development of processes, and expansion of tools available for information exchange. To this end, the Group also expanded and updated the intranet platform for the exchange of information and documents and the sharing of best practices.

Also in the area of IT, during the year the system for monthly reporting of certain health and safety information was upgraded. In particular, use of the Standard Aggregation Data (SAD) application (which includes near misses and unsafe acts), already adopted for monitoring of environmental performance, was extended worldwide. This information has now become an integrated component of the industrial performance indicators.



SAFEGUARDING HEALTH AND SAFETY

Adoption of a certified health and safety management system and application of tools of the Safety pillar of World Class Manufacturing, together with active employee participation, development of know-how and the Group's financial commitment, have over the years enabled the company to improve working conditions for employees and achieve significant results.

In addition, extension of analysis and reporting in 2010 to include near misses (approx. 15,000 cases reported and analyzed during the year) and unsafe acts is enabling development of measures to prevent conditions and correct behavior that could potentially cause a dangerous situation.

During the year, the Group spent a total of approximately **€218 million on safeguarding the health and safety** of its people.

The results of that investment was a **reduction**, for the fourth consecutive year, **in both the frequency rate** (with 0.60 accidents per 100,000 hours worked), and **the severity rate** (with 0.16 days of absence due to accident per 1,000 hours worked).

Despite the Group's continuous investment in prevention, during 2010 an employee of Comau Argentina S.A. was involved in a fatal accident while carrying out maintenance work at a customer's premises. A thorough analysis of the accident was conducted to understand the causes and improve existing prevention measures.

OHSAS 18001 CERTIFICATIONS

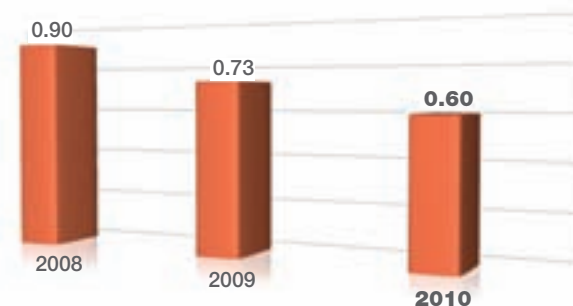
Fiat Group worldwide	2010	2009	2008
Plants certified (no.)	138	15	12
Employees working at certified plants (thousands)	146	25	17

SPENDING ON HEALTH AND SAFETY

Fiat Group worldwide (€ million)	2010	2009	2008
Spending on occupational health and safety ⁽³⁾	218	225	263
Percentage of personnel costs ⁽⁴⁾	2.9%	3.3%	3.5%

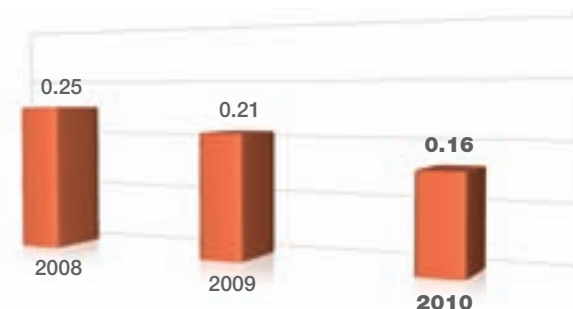
FREQUENCY RATE⁽¹⁾

Fiat Group worldwide (accidents per 100,000 hours worked)



SEVERITY RATE⁽²⁾

Fiat Group worldwide (days of absence per 1,000 hours worked)



FATALITIES

Fiat Group worldwide	2010	2009	2008
Fatal accidents involving Group employees	1	1	2

€218 million
spent on occupational
health and
safety

⁽¹⁾ The frequency rate is the ratio of the number of injuries reported (resulting in more than three days of absence) to the number of hours worked, multiplied by 100,000.

⁽²⁾ The severity rate is the ratio of the number of days of absence to the number of hours worked, multiplied by 1,000.

⁽³⁾ Includes spending on improvements to safety and working conditions (improvements to facilities, worker protection, inspections of plants and the working environment) and to employee health (healthcare costs).

⁽⁴⁾ Personnel costs totaled €7,466 million in 2008, €6,810 million in 2009 and €7,634 million in 2010.

There was also a fatal accident involving an employee of a contractor at the Betim plant in Brazil, and another two fatalities involving employees of external contractors during renovation work at the Fiat Automobiles Serbia Doo Kragujevac plant.

The Group companies concerned took immediate steps to support the families of those workers and fully assist with investigations carried out by local authorities, in relation to which no responsibility was attributed to Group companies or employees in any of the cases mentioned.

HEALTH AND SAFETY CULTURE

A health and safety culture centered around risk prevention and continuous improvement, and aimed at **ensuring a safe and healthy working environment and conditions**, is promoted through dedicated

organizational structures, operating procedures and technical measures, as well as awareness campaigns and information on responsible behavior.

Also in 2010, despite the complex economic circumstances, information and training initiatives continued at all levels of the organization. The number of training hours was higher than in previous years, with a total of **approximately 680,000 hours (+14% over 2009)** provided to **105,000 employees (+15% over 2009)**, including around 86,000 blue-collar.

HEALTH & SAFETY TRAINING

Fiat Group worldwide (thousands)	2010	2009	2008
Hours of training provided	678	593	533
Employees involved in training activities	105	91	112
of which blue-collar	86	75	93



PREVENTION CULTURE

The Health & Safety First project, created in partnership with Italian trade unions, aims to develop technical and managerial skills to foster behavior that is consciously oriented toward respect for the rules and the prevention of risk. In 2010, the project was finalized at 7 plants in Italy (involving approx. 21,000 employees) and will be rolled out to the other Italian plants during 2011. The results will allow the company to develop a training platform that can be continuously and interactively updated through employee feedback and experiences.

The Top Ten Safety project, that establishes standardized methods for focusing the attention of plant workers on health and safety (i.e., internal communication on accidents, management of visitors and external contractors, factory signs, clothing and personal protection devices) was extended in 2010 to all plants in Italy (involving around 64,000 employees). The project is to be extended to all Group plants in the next two years (target of 2011 for Europe and 2012 for the rest of the world).

An online course has also been created for white-collar workers that addresses safety in the office. The objective of the course is to provide employees with the necessary information on health and safety in the workplace, particularly in relation to the most common hazards present in an office environment, including electrical dangers, over-exertion, the use of computer monitors and response to an emergency situation. In 2010, the course was made available to all Group employees in Italy (24,000 employees involved). In 2011, the feedback will be analyzed and used to update the course content, with the intention of extending it in future to other countries.

OCCUPATIONAL HEALTH

Prevention, monitoring and first aid activities aimed at safeguarding health in the workplace are carried out by the medical and paramedical staff generally present at each Group plant in accordance with the specific needs of each site. In a limited number of cases (e.g., plants with a small number of employees) these activities are performed by external healthcare facilities. In both cases, these personnel are perfectly integrated with the organization, duties and activities of the OHSMSs.

In 2010, **approximately 377,000 medical visits** were performed, including periodic and preventive check-ups and treatment requested by employees. During the year, activities of the working group composed of

MEDICAL TREATMENT

Fiat Group worldwide	2010	2009	2008
Total visits (thousands)	377	233	309
Visits per employee	1.9	1.2	1.6

medical specialists from each Sector also continued with methodologies for managing certain aspects of preventive healthcare, particularly in relation to the specific requirements of Italian legislation, being revised and amended. These procedures also serve as an important guide for plants located in other countries.

Occupational disease

Occupational disease (i.e., illness resulting from gradual, slow and progressive harm to the worker, which occurs during and as a direct consequence of insured activities carried out by the worker) is constantly monitored by Group companies for the purpose of identifying working conditions that may have encouraged their onset, assessing any residual risks and implementing corrective measures to prevent their recurrence.

For the most part, such situations no longer exist within the Group, as they are associated with working methods

and environmental circumstances that have long since been eliminated.

The system for gathering information on occupational disease occurring within the manufacturing environment distinguishes between case files opened and verified cases of disease. The first are cases being investigated and verified by insurers, in accordance with the applicable local regulations, to verify the existence of the occupational disease and of a causal link with the work activities performed. The second are cases where the insurer, upon completion of its investigation, has confirmed that the above conditions exist.

In 2010, a total of 157 cases of occupational disease were verified by the relevant insurer in each country.

Work-related stress

Following the experience gained at the Iveco site at Venissieux, activity continued during 2010 in France to analyze and assess risks from work-related stress and implement appropriate preventive or corrective measures. These activities were also extended to approximately 1,400 employees at the Iveco plants at Trappes and Annonay.

Preliminary activities for extension of the project to other Group sites (e.g., negotiations with the trade unions in France) were also initiated by CNH - Case New Holland and FPT Industrial.

During the year, **a standardized methodology was also developed for the analysis and assessment of risks** linked to work-related stress. This methodology, which draws on recommendations of the National Network for the Prevention of Psycho-social Distress in the Workplace (in Italy), has been tailored to the Group's specific circumstances and amended to incorporate the principal elements highlighted by the UK Health and Safety Executive and by SUVA⁽¹⁾.

Following consultation with trade union representatives a comprehensive, multi-phase risk assessment was conducted, which involved:

- establishing objective indicators that could be associated with conditions of work-related stress, based on a specific checklist
- quantifying the probability of work-related stress based on the results of the checklist
- measuring the extent of employee strain using questionnaires tailored to the specific characteristics of the work environment being assessed.

This process has been applied at all Group plants in Italy (involving 64,000 employees) and will be extended worldwide starting in 2011, with any adaptations necessary based on local legislation, to plants considered most susceptible to this problem (including on the basis of findings published by the World Health Organization).



⁽¹⁾ A leading accident insurer.

Ergonomics

Fiat Group understands how fundamentally important the correct assessment of potential ergonomic risks is, beginning with the design of workstations.

As such, individual Group companies have undertaken numerous research projects over the years – in collaboration with the Group's internal R&D center (Centro Ricerche Fiat) and major universities – to define

and develop innovative methods and tools for application in the design of processes and workstations, the selection of equipment and the definition of production methods based on ergonomic criteria.

The tools selected enable analysis and evaluation of ergonomic performance both during the design phase (e.g., using virtual reality environments) and for existing workstations, in line with the highest technical standards. This process enables effective and efficient determination of any modifications necessary to improve ergonomics of workstations in terms of adaptability, usability and comfort. Lastly, further evaluation on the production line allows for validation of the design choices and identification/implementation of any corrective measures necessary.

PERSONAL HEALTH AND WELLBEING

Fiat Group has put numerous initiatives in place to protect and promote the health of its employees: from educational and awareness campaigns, to sporting activities and wellness programs.

Wellness programs

Comprehensive programs available to employees to educate them on healthy living, include The Picture of Health in North America and Vivere in Brazil.

The Picture of Health is an initiative for employees of CNH – Case New Holland North America, consisting of a series of activities (physical exercise, classes on nutrition, etc.) aimed at reducing health risks due to high cholesterol, high blood pressure, stress and low physical activity.

For the first year (2008-2009), the goal of the program was to increase the personal health awareness of employees. This involved biomedical screening, health status assessments and meetings with medical specialists.

In the second year (2009-2010), the focus shifted toward targeted activities and advice for management of any health issues encountered. Employees are provided a personalized action plan and the support



of a personal coach who supervises their physical activity and diet and offers lifestyle advice.

Also available to employees are weight management plans, a telephone and internet helpline and a website with information on the initiatives organized by the company, as well as general health information.

In addition, a series of webinars provide information on various issues, such managing conflict in the workplace and depression in the home.

For the third year of the program, which ends in mid-2011, the focus has been on spreading a true wellness culture and creating a work environment that encourages healthy behavior. Paths will be built for taking walks, the canteen will provide healthy menu options, managerial staff will support participation in wellness programs, and new employees will immediately be provided an orientation on health issues.

The program includes a system of financial incentives for employees. Those who take part in at least some of the initiatives receive a bonus of \$100 plus an amount linked to the level of total employee participation (if 60% of the workforce take part, for example, individual employees will be entitled to an additional \$60).

The program's success is demonstrated by the results achieved in terms of levels of health risk (compared to 2008-2009, the low risk group increased by 8.3%, while the moderate and high risk groups fell by 9.5% and 18.5% respectively), and personal wellbeing, which rose by 4.1%.

In 2010, the program received the *Bronze Quill Award*. In April, Fiat launched the **Vivere** program in Brazil, which aims to spread a culture of wellbeing, through a focus on prevention, improving health and quality of life.

The program begins with an in-depth diagnosis of the employee's health condition and lifestyle, using the Social Services for Industry (SESI) method. Four dimensions are examined: biological, psychological,

social and organizational. The biological dimension, useful in the determination of risk factors, relates to personal habits and the family history of certain diseases. The psychological dimension factors in self-esteem, the social dimension analyses interpersonal relations and, lastly, the organizational dimension covers the workplace environment (both physical and cultural).

In line with this approach, the activities of *Vivere* are organized around five pillars: a healthy diet; exercise; risks contributing to cardiovascular disease; the workplace and ergonomics; and relationships between employees.

The first stage of the project entails physical exercise, education on diet from a specialized nutrition center, and treatment for smoking addiction.

To monitor the effectiveness of the program and the level of involvement, each employee receives a form listing the personal goals set by the instructors and medical staff, against which improvements are reported on a weekly basis.

Vivere has been very successful so far, with approximately 93% of qualifying employees signing up for the first phase (check-up). The participants have all expressed a very high level of satisfaction and interest in extending the initiative to family members.

Information and awareness campaigns

2010 saw a continuation of awareness campaigns targeting prevention of **seasonal flu**, fighting the spread of infectious diseases and promoting personal hygiene.

In relation to initiatives for the **prevention of sexually transmitted diseases** (particularly those related to the HIV virus), on the basis of statistics available on the level of these diseases in areas where the Group is present, initiatives were primarily focused on Group plants in Brazil. These awareness campaigns reached a total audience of around 28,000 people and provided information on how diseases are spread and how to prevent infection.

Two pilot projects were also developed in 2010 that focus on controlling diabetes and giving up smoking. The **Good Control of Diabetes** project, developed in partnership with the Italian affiliates of the International Diabetes Federation (a worldwide federation, associated with the WHO, of more than 200 associations in over 160 countries), involved an awareness campaign on controlling diabetes that was initially tested at the Magneti Marelli Italian site in Venaria (near Turin), at the Teksid site in Carmagnola (near Turin), and at Iveco's headquarters in Turin (involving around 900 employees). In late 2010, preparatory activities for the **Smoking Cessation** project were also completed at a number of pilot locations in Italy (launch planned for 2011).

The initiative, developed with the backing of the SITAB (Italian society for the clinical study of smoking) and the ISS (Italian Health Institute), is aimed at encouraging people to give up smoking. Once smokers have been identified and their categories determined through an informational questionnaire distributed to all employees, group and individual meetings will be organized to help them in quitting. Follow-up programs are also planned at 3, 6 and 12 months, to be supervised by trained company medical staff.

In the subsequent years, both initiatives will also be extended to other sites considered most susceptible to these problems (including on the basis of findings published by the World Health Organization).



SUPPLEMENTARY HEALTHCARE FOR ALL EMPLOYEES

Nearly all Group companies participate in supplementary healthcare plans, which are mainly insurance based. Levels of cover vary from country to country, depending on the public healthcare system, tax and regulatory restrictions, and characteristics of the local market.

In Italy, as a supplement to services provided by the national health system, all Group employees and their family members have access to supplementary healthcare plans: FASIFIAT for blue and white-collar workers, FASIQ for professionals, and FISDAF for managers. The three plans, established on the basis of agreements with the relevant trade unions, provide cover for almost 130,000 Group employees and their families. Of that number, 67,000 are covered by FASIFIAT.

The latter, which was set up in 2009 under an agreement between Fiat S.p.A. and the metalworkers trade unions, has a joint governance structure, with its administrative bodies composed of equal numbers of company and employee representatives. Two-thirds of plan expenditure is covered by Fiat and the remaining third by the employee, who also pay a similar amount for any family members enrolled.

If an employee uses public facilities, the plan reimburses any expenses not covered by the national health system. If an employee uses private facilities, the plan provides high cover limits with direct payment of the expenses incurred at approved healthcare facilities, and partial reimbursement of expenses incurred at any other facility the plan member may choose. Prevention programs with regular check-ups and a maternity package are also provided.

In 2010, FASIFIAT provided services worth over €6 million, 40% of which were in the form of direct cover at approved facilities and 60% as reimbursements.

The FASIFIAT operations center coordinates availability of over 470 private medical facilities, approximately 10,800 outpatient clinics, diagnostic centers and laboratories, over 80,000 specialist doctors, healthcare and social care providers, and nearly 4,750 approved dentists. The Plan also provides an on-call medical service 24 hours a day, 365 days a year.

Operating and management procedures for FASIQ and FISDAF are similar, in many ways, to those of FASIFIAT. FASIQ provides services through specific insurance cover and a model based mainly on direct healthcare, utilizing the same network of approved facilities as FASIFIAT. FISDAF mainly provides reimbursement for supplementary healthcare services and direct payment for dental care and services provided through the Centro Diagnostico Fiat.

The Center provides occupational healthcare and supplementary healthcare services to professionals and managers. Each year it conducts 34,000 specialist examinations, 1,000 check-ups, 220,000 laboratory tests and some 2,800 occupational health exams.

TRADE UNION RELATIONS

Improvements in employee health and safety are among the principal issues addressed regularly with employee representative bodies, in line with current legislation and collective labor agreements applicable in each country where the Group is present.

In Italy, in particular, on top of providing for the establishment of occupational health and safety committees at individual plants, the Group's collective bargaining agreements also establish conditions that go beyond the minimum statutory requirements in terms of

both the number and role of worker safety representatives. During the first half of 2010, two agreements signed with trade union organizations on 13 November 2009 took effect and worker safety representatives were given a "safety room" with computer workstation, providing them access to specific company documentation.

A survey⁽¹⁾ conducted in 2009 on around 90% of employees at Group companies outside Italy showed that **78% of employees are represented by joint bodies (consisting of company and worker representatives)** that have responsibility for health and safety issues.

⁽¹⁾ Conducted every two years.

TRAINING

Management of the skills and know-how that employees acquire during their professional development at Fiat Group has always been considered a key tool in building individual careers and disseminating the Group's strategy and values. As such, investment in training is seen as a natural way of building the intangible wealth of the business. Consistent with this philosophy, **Fiat Group HR Training**, which manages training at Group level, was reorganized in 2010 to streamline its operating model and ensure a uniform approach throughout the Group. The role of Sector Training Manager was established to enable development of solutions tailored to specific training needs and ensure the correct application of guidelines established by Fiat Group HR Training. Fiat Sepin (a Fiat Group consortium company) continued in its cross-sector role, providing both administrative and training services (e.g., language and governance courses or courses specific to cross-sector professional families). Lastly, the **Fiat Group Training Committee**, an

inter-sector committee composed of the Sector Training Managers and the officers from Fiat Sepin (Manufacturing Training Unit, Product Development Training Unit, Soft Skills & Methodology, Funding), was set up to ensure a uniform approach and leverage synergies in the areas of standards, methods and training objectives.

In 2010, the Group training process focused on four central pillars:

- constant support for development of automotive industry know-how. For example, a plan tailored to development of know-how for the Product Development professional family
- development of managerial skills of employees assigned new responsibilities. Four training clusters were identified based on the type of new role: joining the group (Newcomer), professional excellence (Individual Performer), heading a team (New Manager), leadership of a complex business or assignment to key projects and international initiatives (Business Leader/Special Tasks). Once the pilot phase in Italy has been completed, the project will be progressively rolled out across Europe during 2011
- ensuring professional skills are aligned to strategic, organizational and technological changes. In particular, this included training of logistics staff at Fiat Group Automobiles following the insourcing of plant and spare parts logistics activities
- updating employees on the Group's values and commitments to stakeholders. For example, delivery of training programs on corporate governance, sustainability and non-discrimination through the E-dotto e-learning platform.

In addition, the effectiveness and efficiency of training activities are monitored and measured on an ongoing basis using a set of KPIs that was further expanded in 2010.



€64.5 million
spent on employee
training

Effectiveness is measured through:

- participant satisfaction with the initiative (Kirkpatrick scale⁽¹⁾ level 1)
- improvement in knowledge/individual skills (Kirkpatrick scale level 2)
- applicability of concepts learned to the participant's work process (Kirkpatrick scale level 3).

Efficiency is monitored through:

- resources used for each pillar
- hours of training provided for each pillar
- number of hours of training provided by type
- number of hours of training provided by professional level
- comparison of spending levels against best competitors.

Despite continued difficult economic circumstances, in 2010 Fiat Group, in addition to improving the selection

and focus of initiatives, increased **investment in training** by 32% compared with 2009 to over **€64.5 million** for the year.

Over 3 million training hours were provided (+40% vs 2009) to nearly 139,000 employees (+20% over 2009). Of the total employees benefiting from training activities, 63% were blue-collar, 35% white-collar and professionals, and 2% managers. Each employee received an average of around 16.4 hours of training (14.4 hours on average for blue-collar, 20.6 for white-collar and professionals, and 26.1 for managers). Investment in classroom and on-the-job training focused on the development of automotive industry know-how (53%), managerial skills (19%) and development of professional skills (28%). These were accompanied by online activities, mainly related to the promotion of Fiat values and commitments (see box below).

TRAINING EXPENDITURE AND ACTIVITIES

Fiat Group worldwide	2010	2009	2008
Training costs ⁽²⁾ (€ million)	64.5	48.9	90.7
Percentage of personnel costs ⁽³⁾	0.8%	0.7%	1.2%
Hours of training provided (thousands)	3,275	2,343	5,507
Employees involved (thousands)	139	116	133

TRAINING ON CORPORATE GOVERNANCE, SUSTAINABILITY AND NON-DISCRIMINATION

Fiat Group worldwide (thousands)	2010 ⁽⁴⁾	2009 ⁽⁵⁾	2008
Hours of training provided	4	17	39
Employees involved	3	4	7

TRAINING ON CORPORATE GOVERNANCE, SUSTAINABILITY AND NON-DISCRIMINATION

The Group ensures the dissemination of the principles set out in the Code of Conduct and good governance practice to all employees, whatever their level or role, and including security personnel, through specific periodic courses and other information channels. During 2010, the training campaign on these issues and sustainability was continued, involving all managers, professionals and white-collar employees of Group companies in Italy and abroad, as well as Supply Quality Engineers and buyers at Fiat Group Purchasing. In addition, a further course was held during the year for all managers on non-discrimination in the workplace (ILO Convention 111). See also pages 30 and 134

⁽¹⁾ A methodology for evaluating training courses consisting in different levels of measurement that sets out technical procedures which can be applied to any organization.

⁽²⁾ Includes both direct and indirect costs.

⁽³⁾ Personnel costs totaled €7,466 million in 2008, €6,810 million in 2009 and €7,634 million in 2010.

⁽⁴⁾ Relates to online courses on corporate governance, sustainability and non-discrimination in 2010 and mandatory courses due to be completed in early 2011. The decrease is due to the fact that online courses on the Compliance Program (Legislative Decree 231/2001) were completed in 2009.

⁽⁵⁾ Relates to online courses on corporate governance, sustainability and the Compliance Program in 2009. For courses on corporate governance and sustainability, the figure includes mandatory courses due to be completed in early 2010.



DEVELOPMENT OF PROFESSIONAL SKILLS

Knowledge is essential to creating added value, stimulating innovation and change and, by no means least, helping the Group manage periods of crisis. This is why the Group increased investment in specialized training for several professional families in 2010, allocating more than half of total training resources to them. In fact, 2010 saw the launch of **Product Development Training Management**, an integrated training program to increase know-how in product development, in which 3,500 employees took part. The program is managed by the **Product Development Training Unit** which, similar to the process established for the Manufacturing Training Unit in 2009, provides the link between training processes and the priorities and strategies of the professional family. The principal objectives of this systematic approach to skill development were:

- supervision of specialized technical training related to product development
- development of know-how related to the most rapidly evolving specialized technologies, such as electrical architectures for hybrid and electric vehicles

- cross-sector exchange, including through creation of a community for the sharing of know-how, as well as benchmarking against internal and external centers of excellence (Universities, ATA Consortium, etc.).

Lastly, in 2010, the **Manufacturing Training Unit (MTU)**, responsible for training in the area of production processes, continued its activities, which include the transfer of know-how and methodologies acquired through the World Class Manufacturing (WCM) program, by recruiting and training internal instructors to disseminate that know-how to all employees in the manufacturing area through a “cascade” learning system.

This approach enables containment of the overall training cost, gives plants more independence and speed in applying the WCM program, and facilitates the professional development and growth of employees.

During the year, the MTU was active worldwide, both at sites already fully engaged in achievement of WCM's goals of excellence, as well as in support of those where the program is still in the start-up phase (e.g., Kragujevac – Serbia, Novi and Southfield – United States), with projects at 58 Group plants involving a total of around 21,000 hours of training dedicated to WCM.

ECOFFICE

The intranet portal is also used as a channel for involving employees in the Group's environmental initiatives. An example is ECOoffice, an online course that illustrates the most common energy-related issues in the office and suggests good practices to significantly reduce consumption. The course, launched in 2010, consists of three sections focused on the use of different equipment in the office (PCs, printers and lighting), plus a more general module on saving energy and water.

Each section contains technical information, tips, links to related topics, a self-assessment test and an area for submitting suggestions. The project was initially tested by 8,000 employees from Centro Ricerche Fiat, Fiat Group Automobiles and Fiat Powertrain R&T in Italy. It was subsequently also rolled out at CNH – Case New Holland and there are plans to extend it to other Sectors in the Group during 2011.



Through the intranet platform, every employee also has continuous access to information on internal procedures, policies and services, as well as real-time updates on company events. During 2010, the intranet became an even more important communication channel, with enhanced interactivity and a growing number of people also involved in internal marketing initiatives. Designed as a tool for communication, as well as making life easier for employees, the range of services offered through the platform was extended to include

practical, targeted applications to help employees manage both work-related and personal needs.

Lastly, in 2010, broadcasting of **MMTV**, Magneti Marelli's corporate television channel, was extended to all plants in Italy. Initially launched in November 2006 as a pilot project in the employee canteen of the site at Corbetta (Milan), the station began broadcasting worldwide through the intranet portal in 2009, with daily programs providing information on Magneti Marelli's activity and entertainment.

INTERNAL COMMUNICATIONS

Internal publications, intranet portals, digital and printed newsletters, social networking, and web television are some of the many different tools used by the Group for internal communication and to promote a sense of community among employees. The objective is not only to provide a continuous flow of information to employees and engender a shared corporate culture, but also to encourage discussion and collaboration, and give people a forum to voice their opinions and needs.

Internal communications activities are coordinated centrally to ensure uniformity and promote cross-sector and cross-border synergies.

During 2010, publication of **illustratofiat** continued. For over 50 years, this periodical has been delivered to the homes of 170,000 active and retired employees in Italy and provides them a regular update on all the latest company news. In addition, all employees of CNH – Case New Holland around the world received **CNH&You**. Now in its fifth year, this magazine has received various *Communicator Awards*, and is printed in 4 editions (North America, Latin America, Europe and the rest of the world) and 12 different languages.



INITIATIVES FOR EMPLOYEES

Fiat's commitment to its employees and their families also translates into specific initiatives. These range from family days, when children can visit their parents at work, or the "Children's Christmas", celebrating the most eagerly anticipated event of the year, to scholarships, summer camps, sports and leisure activities.

MIRAFIORI BABY: THE LARGEST COMPANY NURSERY SCHOOL IN ITALY

The Mirafiori Baby nursery school has just completed its third year. Although still a very new educational service, it has immediately sought to provide quality in its approach to learning, in the recruitment and training of staff, and in its methods of organization and management.

The nursery looks after 75 children between the ages of three months and three years. In order to offer an efficient service and help parents **optimize the balance between professional and family life**, the nursery school provides ample flexibility: open 12 hours a day, it offers several options for frequency of attendance (4 hours part time, 6 hours part time, 8 hours full time) and the annual closing period is based on company holidays.

High priority is also given to **nutrition**: no pre-cooked or homogenized baby food, only organic meals, cooked directly on site by the school's own cooks.

The company makes a significant contribution to the cost of the service, bringing fees into line with those of a public nursery school, with special consideration for employees on lower incomes.

Because the **learning activities** have a decisive influence in forming a child's character and balance, the nursery schedule and activities are tuned to the needs of its young guests: Mirafiori Baby has "nannies" rather than teachers, and the children have different areas available where they can express their creativity and personality. In collaboration with the Or.s.a. cooperative, graphic, painting and music micro-workshops have been created. In the external space, there are also plans to provide a learning workshop based on contact with nature. With the creation of a hanging garden, children will have the opportunity to experience the cycles of the plant world first-hand and will be given small daily tasks to care for the plants.



SISPORT: SPORT AND WELLBEING FOR THE WHOLE FAMILY

The Group has a long history of **promoting sports activities**. Sisport Fiat was set up in 1976 to encourage employees and their families, as well as people from outside the company, to be actively involved in sports, at both an amateur and competitive level, with well-equipped facilities at a competitive cost.

As a result of its extraordinary commitment to competitive sport, Sisport has earned its place in the history of Italian sport and is a source of pride for both Turin and Fiat employees. Various athletes have in fact competed and won Olympic gold medals in the Sisport colors, including Pietro Mennea, Maurizio Damilano, Sara Simeoni and Gabriella Dorio.

For its continued commitment to promoting sport, Sisport Fiat was awarded the medal of honor for sporting achievement, and in 2009 became part of the association of historic sports clubs.

There are currently 700 athletes enrolled in rowing, athletics, swimming, volleyball, basketball, tennis and table tennis teams.

Today, Sisport manages three sports centers, situated near the Group's main Italian plants in Turin, with 240,000 square meters of facilities used by approximately 10,000 members and **accessed over 500,000 times a year**. Each center has a range of sports activities for different age groups and abilities, with coaching from qualified instructors.

The Sisport center at Mirafiori also has a sports medicine center: a multi-functional facility that conducts check-ups for certification to engage in competitive or amateur sporting activities. The center has a staff of specialists in physiatry, orthopedics, cardiology, diet, physiotherapy and postural gymnastics. Sisport is particularly committed to **introducing children and young people** between the ages of 3 and 16 **to the world of sport** and, in partnership with certified sports instructors, offers a vast choice of activities, including swimming, water sports, tennis, volleyball, basketball, athletics and rowing. During the summer, young people between 5 and 15 also have the chance to spend the whole day at the centers, taking part in leisure activities and intensive sports courses (athletics, swimming, football and tennis).

VACANZE VERDEBLU SUMMER CAMPS

Every year, children of employees between the ages of 8 and 16 can choose from a **wide range of summer camps** in Italy organized by Vacanze Verdeblu. All of these camps, managed by **qualified staff** and catering to the needs of young guests, are located in attractive, natural surroundings.

With Verdeblu Junior, for children up to 12, there are two holiday villages – one in Marina di Massa (Tuscany) and one in Cascia (Umbria) – that offer various opportunities for the children to play sport and explore their creative side in art and drama workshops. With Verdeblu Senior, children between 13 and 16 can choose between camping and farmstay holidays on the island of Ischia (near Naples), for a genuine taste of nature. During 2010, the seaside resort of Misano (near Rimini) was also added to the list of locations. Finally, for those who like the mountains, there is also outdoor the activity center located in Sansicario (near Turin).

These holidays are action-packed with excursions, sports activities, eco-learning and workshops to encourage artistic expression and communication (theater, cinema, music and dance), and language courses. A wide variety of equipment – such as mountain bikes, canoes and sailing boats, as well as audiovisual and multimedia technologies – contributes to making the activities even more enjoyable.

Thanks to the contribution from the company, employees only have to pay a minimal portion of the actual cost. In 2010, more than 2,900 children chose Vacanze Verdeblu holidays.

SCHOLARSHIPS

Through the Grants and Scholarships program, the children of Fiat Group employees who have achieved the best educational results can receive study scholarships. The program is open to students who have a high-school certificate, a university diploma or university degree. The initiative covers all countries where the Group has a significant presence, and reflects its commitment to promoting growth and development opportunities for young talent in an increasingly global environment. In 2010, a total of **600 grants and scholarships totaling more than €1 million** were awarded in Italy, France, Spain, Poland, Belgium, the UK, Brazil, China and North America.



INDUSTRIAL RELATIONS

The Fiat Group maintains relationships with trade unions and employee representatives that are based on mutual respect, dialog and constructive interaction. During 2010, a dialog was maintained to achieve consensus-based solutions for managing the impact on workers of measures taken to respond to market conditions which, while generally improving over the prior year, remained critical in Europe. Production stoppages – implemented through recourse to temporary layoff benefit schemes, where available, or other measures based on collective agreements or company policy – were however lower overall than in 2009, as was the level of restructuring and reorganization. The need to increase production volumes to respond to improved conditions in some markets was primarily satisfied through the use of overtime and hiring of new employees, principally in Latin America.

There was also intensive collective bargaining at various levels, resulting in major agreements being reached with trade unions on pay and employment conditions in most countries where Group companies are located.

SOCIAL DIALOG

The **European Works Council (EWC)** is a supra-national representative body whose purpose is informing and consulting workers at companies which have a pan-European presence. Fiat Group's EWC was established in 1997, in application of the founding agreement signed in 1996, and subsequently revised and amended. On 28 October 2010, an agreement was reached with trade unions on amendments to the existing Group EWC agreement necessary in relation to the demerger of the capital good activities from Fiat S.p.A. to Fiat Industrial S.p.A. That agreement was signed by FIM, FIOM, UILM – who also signed in the name and on behalf of the European Metalworkers Federation (EMF) and the trade union affiliated to it – and FISMIC, and adhered to by ANQUI, in the name and on behalf of the Fédération Européenne de l'Encadrement de la Métallurgie (FEDEM), and SNI

Fiat France. The agreement provided that, from the effective date of the demerger (1 January 2011), Fiat and Fiat Industrial would each have their own EWC, composed of 20 and 18 members, respectively, and each regulated by an agreement based on that of Fiat Group of 1996.

During the annual plenary session on December 10th, however, the representative from EMF took the position (speaking also on behalf of the members of the EWC) that the agreement was not valid – in particular, the provisions relating to the EWC for Fiat Industrial – asserting that the Italian trade unions did not have the mandate to sign the agreement. Fiat management stated that it considered the agreement fully valid, having negotiated in good faith with those whom it believed to be legitimate counterparties, and asked EMF to formalize its position, taking into consideration the consequences of decisions made, and reserved its right to undertake the appropriate review of the situation, with legal counsel if appropriate, once such formal communication was received. As of 18 February 2011, no such communication had been received.

In contrast with the Company's request, during the first half of February 2011, employee representatives from two Group companies outside Italy sent requests to Fiat Industrial to start negotiations for the establishment of an EWC.

At the **European level**, the Fiat Group EWC took part in information and consultation on the Group's activities with particular reference to issues having a transnational impact. On 22 April 2010, the day after Fiat Group presented its 2010-2014 Business Plan to the financial community, there was an extraordinary meeting of the EWC during which management provided a detailed plan for each Sector, together with an explanation of the rationale behind the demerger. Discussion of the operational implementation of the Plan was deferred to the appropriate subsequent meetings.

Concrete and detailed information was also provided on the Group's overall strategy and there was an opportunity for a mutually beneficial exchange of views. The annual plenary session for Fiat Group (the last meeting prior to the demerger) was held in Turin on December 10th and primarily focused on updates and information of the forthcoming demerger, in addition to the agreement of 28 October 2010.

In **Italy**, dialog continued with the trade unions at both national and local level and focused primarily on management of low production volumes and the consequent under-utilization of production capacity. In 2010, an important element in laying the foundation for the social dialog going forward was the meeting between the Group's CEO and numerous representatives of the Italian trade unions following the Investor Day presentation on April 21st. During the meeting, the CEO stressed that an essential pre-requisite for launch of the program of investments under the 2010-2014 Business Plan was the need

to ensure governability of the Italian plants. This was followed by several meetings to provide details of the Plan, including the meeting organized by the Ministry of Labor and of Social Policy in collaboration with the President of the Region of Piedmont, and attended by all national and sector trade union organizations, held in Turin on 28 July 2010 to discuss Fiat Group Automobiles' **industrial development strategy and the impact on jobs**.

During that meeting, the Group CEO confirmed the Plan's scope and objectives and reiterated that, before proceeding, Fiat needed certainty, through specific agreements with the unions, as to normal operating conditions at plants and the ability to respond to the demands of the market with the speed and in the manner needed to be able to compete internationally. For 2010, negotiations relative to the Plan involved the plants at Pomigliano and Mirafiori.

See inset below and the Sustainability section of the Group website.

2010-2014 BUSINESS PLAN: NEGOTIATIONS AT THE POMIGLIANO AND MIRAFIORI PLANTS

The first round of negotiations associated with the Plan related to the G.B. Vico plant in Pomigliano d'Arco and the principal focus was methods for proceeding with production of the future Panda, requiring, among other things, an investment of €700 million. On 15 June 2010, after 3 months of complex negotiations, an agreement was reached with FIM, UILM, FISMIC and UGL Metalmeccanici and approved by 63% of workers in a referendum held on June 22nd. On 29 December 2010, a specific national agreement was also established with FIM, UILM, FISMIC and UGL Metalmeccanici (both national representatives and those for the Province of Naples), and the Association of Fiat Middle Managers. That collective labor agreement will apply to Società Fabbrica Italia Pomigliano from 1 January 2011, which does not adhere to the Confindustria system and, therefore, does not apply the Confindustria agreements.

Subsequent negotiations were focused on the Mirafiori plant (Turin). On November 26th, the Group CEO presented a plan for the relaunch of the plant during a meeting at the Unione Industriale di Torino. Involving an investment of more than €1 billion, the plan centers around production of large SUVs for the Jeep® and Alfa Romeo brands, with production volumes estimated at 250,000-280,000 vehicles per year, enabling full utilization of the existing workforce and potentially creating new job opportunities. Negotiations were suspended on December 3rd, after it became evident to Fiat that the overall conditions necessary to reach an agreement did not exist. Talks were resumed at the request of the majority of trade unions and, on December 23rd, an agreement was signed at the Unione Industriale di Torino with FIM, UILM, FISMIC and UGL Metalmeccanici (both national representatives and those for the Province of Turin), and with the Association of Fiat Middle Managers. The agreement contains specific provisions to guarantee achievement of the necessary level of competitiveness in terms of capacity utilization, flexibility, productivity, and governability. In a referendum held on 13 and 14 January 2011, 54% of the plant's employees voted in favor of the agreement.

Following Fiat's announcement that it would cease auto production at the Termini Imerese plant in 2011, the Ministry for Economic Development set up a round table on 29 January 2010 – with representatives from the national government, the Region of Sicily, trade unions, Confindustria Sicily and Fiat – to explore solutions for a viable industrial alternative at Termini Imerese.

Several subsequent meetings were held during the year, with regular updates provided by Invitalia (advisor to the Ministry for Economic Development tasked with producing a development plan identifying manufacturing and employment prospects in the area) on parties interested in submitting proposals for conversion of the industrial zone at Termini Imerese. At a meeting held on December 21st at the Ministry for Economic Development, several proposals were presented that could potentially be developed in parallel and, according to the Ministry's assessments, could generate employment for about 3,300 people in the area (compared with the approximate 1,600 people currently employed by Fiat Group), thereby preventing any negative social impacts.

Fiat Group reconfirmed the position expressed on several previous occasions that it was willing to make the area at Termini Imerese available for new initiatives, on the condition that priority is given to employing the Group's existing workers.

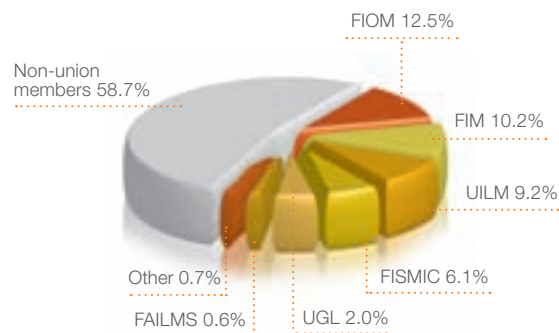
Finally, at the Ministry for Economic Development, the

working group established in 2009, in collaboration with the Region of Emilia Romagna, continued work to identify industrial solutions for the CNH – Case New Holland plant at Imola and minimize the social impacts of the termination of production activities.

Since announcement of the rationalization of manufacturing for CNH – Case New Holland's Construction Equipment business in Italy, around 230 employees have been relocated to other Group plants or found solutions outside the Group, while the remaining 220 will benefit from the exceptional temporary layoff benefit scheme (a mechanism made available under emergency legislation) available until 30 April 2011.

UNION MEMBERSHIP

Fiat Group Italy (% of total workforce, excluding managers)



FREEDOM OF ASSOCIATION AND REPRESENTATIVE BODIES

Under the Fiat Code of Conduct: "Fiat Group employees are free to join a trade union in accordance with local law and the rules of the various trade union organizations. The Fiat Group recognizes and respects the right of its employees to be represented by trade unions or other representatives established in accordance with local legislation and practice."

Legislation relating to the freedom of association varies from country to country. In some countries, such as France and Germany, the decision to join a union is considered a personal matter for employees, who are not required to inform the company. In most European countries, the law provides for representative bodies elected directly by the workers. At 31 December 2010, there were 996 representatives at the Group's metalworking sector companies in Italy that are elected by all employees (excluding managers) on the basis of lists presented by trade unions for the individual production units.

MANAGEMENT OF PRODUCTION LEVELS

The economic environment improved during 2010, particularly for the capital goods sector, which had been particularly hard hit by a collapse in demand in 2009. Recovery in the automobile sector was much more contained, reflecting a decline in volumes following the phase-out of eco-incentives, which had sustained demand in 2009, particularly in Europe.

In **Italy**, Group companies continued to make use of temporary layoff benefit schemes in managing production levels, although less than in 2009: on a comparable scope of operations the reduction was approximately 20%. During the year, 13 plants, employing approximately 9,350 workers, reached the limit for ordinary benefits (52 weeks in any rolling 2-year period) and recourse was made to the extraordinary temporary layoff benefit scheme, which provides for a further 12 months coverage where a company crisis is due to sudden and unforeseeable events. Additionally,

for some plants where this scheme had already been utilized in 2009, the need to continue production stoppages and the absence of the appropriate conditions for recourse to other mechanisms, made it necessary to activate the process for application of the exceptional temporary layoff benefit scheme (provided for under emergency social welfare legislation). At the end of December 2010, approximately 7,500 workers were covered by this scheme at 8 plants operated by Fiat Group Automobiles (FGA), Magneti Marelli and CNH – Case New Holland.

Outside Italy, recourse to production stoppages continued to be necessary in 2010. However, the use of “Chômage partiel” in France, “Expediente de Regulacion de Empleo” in Spain and “Kurzarbeit” in Germany fell approximately 40% over the prior year. Suspension of production, which took various forms, also involved plants of certain Sectors in other countries, including Poland, Belgium, the UK and the



United States. In Poland, FGA had to resort to overtime during the first half, but in the latter part of the year, declines in production levels resulted in the need to suspend production for several days, which also had a knock-on effect for the Group's suppliers. In Brazil, higher production levels in the first half led to the use of overtime and additional shifts, as well as a considerable increase in headcount, although growth in net new hires slowed in the second half of the year.

RESTRUCTURING AND REORGANIZATION

In 2010, all principal Sectors took steps to restructure and/or reorganize their activities in **Italy**. In agreement with the unions, plans were initiated to reduce headcount by about 1,500 between 2010 and 2011. All employees concerned would become eligible for retirement during the period covered by "*mobilità*" (a government benefit scheme applicable to employees affected by collective redundancies for a duration of 3 years in northern Italy and 4 years in the south). The number of employees leaving the Group in 2010 under the plans agreed during the year and in 2009 was approximately 1,400.

In **Spain**, the Barcelona plant of Componentes Mecanicos S.A. (COMESA) announced that production would be discontinued, as it was no longer economically sustainable due to the severe crisis in the trucks and commercial vehicles industry, for which COMESA produced components, and to the impact of the decision its partner (ZF Driveline Technology Business) to withdraw from the joint venture and transfer production to its other plants. On 27 December 2010, a majority of workers voted in favor of the agreement signed between the company and trade unions relating to closure of the plant and redundancy packages for approximately 270 workers. Also in Spain, Iveco reached an agreement with unions concerning the cutting of at least 56 jobs at its Valladolid plant. A similar agreement was signed

for the Barcelona plant, providing for a reduction of at least 42 employees. The total headcount reduction of 116 employees was achieved through the departure of employees qualifying for early retirement, the departure of employees with less time in service (under an agreement whereby they would be rehired to replace personnel opting for early retirement – "*relevo*"), and voluntary redundancies.

Lastly, in the **United States**, CNH – Case New Holland initiated an incentivized voluntary redundancy scheme, pursuant to the agreement with the UAW, for employees wanting to retire. During the year, approximately 58 workers adhered to the scheme. No significant restructuring or reorganization initiatives were implemented in other countries during the year.

LABOR UNREST

In 2010, the level of labor unrest in **Italy** was higher than for 2009. The most significant labor action taken during the year consisted of: strikes called by several trade unions at the beginning of the year in protest against the Group's 2010-2011 Plan for Italy, presented in December 2009; strikes against the agreement signed on 15 June 2010 for the relaunch of the plant in Pomigliano called by FIOM, which did not sign the agreement; and strikes protesting against the non-payment of bonus amounts additional to those agreed under the terms established with all trade union at the meeting of 14 July 2010.

There were also a few instances of minor labor action organized locally in relation to shifts, overtime and workloads.

The overall level of labor unrest in other countries was once again negligible this year. However, general strikes were called between June and October in **France** to protest against government pension reforms – with Group employees also taking part, at significantly different levels for each company – and a general strike was called in **Spain** at the end of

Around 90%
of Group
employees
worldwide covered
by collective
bargaining
agreements

September against the government budget (which also contained an increase in retirement age and labor reforms), in which a significant number of employees of Group companies took part.

COLLECTIVE BARGAINING

Around 90% of the Group's employees worldwide are covered by collective bargaining agreements.

In **Italy**, all Group employees are covered by such agreements. Managers are covered by the agreement for managers of companies producing goods and services signed by Confindustria and the national union for managers (Federmanager), which sets minimum pay levels and general employment conditions for this category. Other employees are covered by the national collective labor agreement (CCNL) for metalworkers, which applies to almost all Group companies.

Outside Italy, over 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. For example, the Group applies collective agreements to almost all employees in Europe and Mercosur. The situation is different in the United States, where trade unions are only present at a few Group plants, accounting for approximately 2,000 out of a total of around 10,300 employees. However, formal policies relating to certain collective aspects of the employment relationship



(working hours, internal policies and procedures, benefits, etc.) apply to almost all employees of Group companies where there is no trade union representation. Collective bargaining takes place at different levels and using procedures that vary according to local laws and practices. Details of the salary agreements signed in 2010 can be found on pages 61 and 62 of the Fiat Group 2010 Annual Report.

COLLECTIVE AGREEMENTS IN PLACE AT COMPANY OR PLANT LEVEL

Fiat Group worldwide	2010 ⁽¹⁾	2009 ⁽²⁾	2008
Collective agreements	660	587	659

MAIN ISSUES COVERED UNDER THE AGREEMENTS

Fiat Group worldwide	2010	2009	2008
Management	48%	47%	59%
Pay	22%	20%	18%
Restructuring	6%	7%	4%
Occupational health and safety	7%	5%	5%
Other	17%	21%	14%

⁽¹⁾ Includes 13 collective bargaining agreements (in Italy) with trade union organizations at Group level, which qualify as company agreements but are signed by Fiat S.p.A. in the name and on behalf of several Group companies.

⁽²⁾ Includes 15 collective bargaining agreements (in Italy) with trade union organizations at Group level, which qualify as company agreements but are signed by Fiat S.p.A. in the name and on behalf of several Group companies.



DEALER AND SERVICE NETWORK

Dealers, their staff and the service they provide contribute to building the Group's image and reputation with customers. As such, investing in development of the capabilities and know-how of technicians, salespeople and after-sales staff is a strategic lever that enables Fiat to differentiate itself competitively.

TRAINING FOR THE NETWORK

In 2010, **Unetversity**, the training school for Fiat Group's sales and service network, consolidated its activities, focusing on three key areas:

- expanding training opportunities to include all dealer personnel. Certification programs for salespeople and technicians are now also accompanied by courses aimed at strengthening the professional skills of all personnel from after-sales and back office, to marketing managers and controllers, right up to the dealership owner
- seeking new decentralized training solutions to facilitate course uptake
- further increasing training on environmental and safety issues.

DEVELOPING SKILLS

Unetversity offers a **wide range of courses for the continuous professional development of all personnel in the Fiat Group dealer network.**

During 2010, certification continued for salespeople, technicians and warehouse managers in the Fiat Group Automobiles (FGA), CNH – Case New Holland and Iveco networks. Those activities involve identifying areas for

improvement of an individual's professional knowledge and designing a targeted training program that will lead to certification.

Unetversity also offered dealership owners and managers, as well as the next generation of future managers, the opportunity to take part in **Effect**, a new **management training program built around the real needs of FGA dealers.** Designed to put an effective management tool in the hands of dealers, this innovative Dealer Business School provides training in managerial skills and tools to help dealers successfully address change taking place at the global and local level, placing particular focus on succession management. The initiative, launched in Italy in 2010, was also extended to international dealers with two editions attended by over 100 participants. Lastly, Unetversity has placed particular emphasis on training for staff, such as service center managers or front office staff, who manage the after-sales **relationship with customers.** This is because activities such as service check-in, scheduling vehicle delivery and managing spare parts supply have a significant impact on customer perception of service quality and, consequently, the level of customer satisfaction.

DECENTRALIZED TRAINING

Through the multi-functional **Web University** platform, all Group Sectors have increased the use of online training for their distribution networks. In 2010, the innovative **Virtual Classroom** was launched, which was successfully tested in a pilot initiative involving the international sales force of CNH - Case New Holland. The system is based on teacher-student interaction in a virtual classroom environment, where students can view a presentation online and participate actively, asking questions and making contributions through the PC and without leaving their workstation. In addition to distance training through Web University, the process of decentralizing training continued, giving dealers greater access to the necessary information and know-how while significantly cutting the cost and time spent on travel by participants. That process

consists of an extensive network of Group training centers in each market ("on-site"), as well as training conducted directly at dealerships ("door-to-door").

With the increased use of online training and improved access to live training, through the on-site and door-to-door solutions, in 2010 Unetversity **trained approximately 100,000 salespeople and a similar number of technicians**, providing a total of around **2.5 million hours of training** and saving over 14 million kilometers in travel.

Unetversity continuously monitors training activities through a system that enables **evaluation of participant satisfaction and knowledge acquired**, which is measured by comparing pre-course and end-of-course test results.

For cases where a more thorough assessment of training is required, the Group also utilizes other

IVECO DRIVER TRAINING

Iveco has a long-standing commitment to sustainable mobility, offering products and services that combine respect for the environment with efficiency and productivity. In 2010, that commitment translated into a course on cost-effective driving for road transport professionals. The objective was to transfer Iveco's know-how to its customers, showing them how to drive heavy commercial vehicles in a way that is more efficient, cost-effective and eco-friendly.

The Iveco Driver Training courses are designed for all drivers wanting to learn more about how to operate the Iveco Stralis and optimize their driving.

Each course consists of theory and practical driving instruction aimed at enhancing each driver's vehicle management skills, thereby reducing fuel consumption and improving road safety and respect for the environment. In 2010, this training was provided in Italy to both Italian and foreign drivers and the program will be gradually extended throughout Europe.



methods. These include Mystery Shopping (where an individual poses as a customer and simulates a purchase to monitor whether services are offered according to the required procedures and standards), and field evaluations to ascertain if training is applied in practice.

TRAINING ON SAFETY, TRANSPARENCY AND THE ENVIRONMENT

In 2010, significant attention was dedicated to **safety** and the **environment**, which accounted for approximately 30% of total training hours: more than **700,000 training hours (+60% over 2009)**.

Awareness and training on issues relating to safety and the environment was provided to the sales force, equipping them to effectively promote the benefits of the Group's products to customers. Technical training for service technicians focused on developing know-

how in the repair and maintenance of eco-efficient engines, essential to ensuring that emissions are within regulatory limits.

For new product launches and training events for the sales force, Fiat Group Automobiles (FGA) dedicates a specific module to safety and environmental issues. For training on the new TwinAir engine, it adopted a new approach, conducting training activities at events and exhibitions to emphasize the importance of promoting the environmental benefits of this new engine technology to customers. Salespeople and customers were given the opportunity to take a test drive, while instructors explained the innovative technological features.

The training also addressed the theme of **responsible selling**. All sales representatives are, in fact, required to be transparent in their dealings with customers, especially in relation to finance agreements (see *also page 170*).

Over **700,000**
hours of training
on **safety** and the
environment





REDUCING ENVIRONMENTAL IMPACT

The Group is increasingly involving the dealer and service network in its efforts to reduce the environmental impact of its activities and **several new initiatives were launched** during the year.

The Iveco **New Dealers Identity** program, designed to revitalize and reinforce the brand image, was rolled out at all dealerships and authorized service centers in Europe. Consistent with the Company's responsible approach to business, buildings are renovated using materials that save energy and reduce maintenance. Since 2009, when the project was launched, 45 European dealerships have been totally or partially renovated to reflect the new identity. The company has targeted extension of the project to a further 25 dealerships (taking the total to 70 sites) by year-end 2011.

Fiat Group Automobiles is also attentive to the environmental impact of its sales network. During 2010, it identified the principal environmental impacts of its commercial sites, and **developed a kit of**

solutions for new projects. Some of those solutions have already been put into practice: for example, at the corporate-owned dealership in Turin (Italy), Mirafiori Motor Village, which was recently renovated using flooring tiles made 50% from recycled materials. Lastly, Maserati showrooms also give maximum attention to the environment. Eco-sustainable solutions are applied in the construction of new properties in an effort to ensure that impacts are reduced to a minimum. Alternative energy and new technologies are used for both heating and cooling: photovoltaic panels provide electricity, while solar heating systems supply hot water, etc. For new projects, the possibility of installing water systems that use gray or rain water is also taken into consideration. In addition, where possible, the construction materials selected are highly-recyclable, durable and have zero or low toxic emissions. Light colors are also recommended for roofing surfaces, to avoid overheating of the building, which is appropriately insulated to minimize heat loss.

CUSTOMERS: THE COMPANY'S FUTURE

A company's long-term success is closely tied to the trust acquired by satisfying customers, making them loyal customers and promoters of the brand in the marketplace. Fiat places customers and their needs at the center of its activity: from the design phase, to the purchase experience at the dealer, to the provision of after-sales service and assistance.

CUSTOMER INTERACTION

Fiat Group strives to constantly align activities in all areas, from marketing and technical service to sales, to the needs of customers. To achieve that objective, a dedicated **Customer Care** organization has been established within each Sector, in order to:

- improve relationships with customers
- increase customer satisfaction
- build customer loyalty

At Fiat Group Automobiles (FGA), the **Customer Services** unit was established, which, in addition to carrying out the typical Customer Care activities, also covers Technical Services, providing customers a

competent, effective and technically up-to-date service. Aside from dealers, call centers are the main channel of communication between customers and the Group. Located in each of the Group's main regions (Europe, North America, Latin America, Asia), they offer a variety of services: from information, to complaint management and roadside assistance. The **Customer Services Centre** in Arese (Italy) is a multi-service, multi-lingual center (with 15 different languages) that supports Fiat Group Automobiles (FGA), CNH – Case New Holland, Magneti Marelli, FGA Capital and Fiat Services in 20 countries. With 431 personnel (380 of whom are native

The **Customer Services Centre** at Arese is one of the largest in Europe



HIGHLIGHTS

	Customer Services Centre ⁽¹⁾	Customer Center ⁽²⁾
Personnel	431	94
Personnel training (hours)	30,609	7,050
Average call center response time (seconds)	approx. 18	approx. 26
Contacts managed	5.3 million	0.9 milioni
Customers participating in satisfaction surveys	7% ⁽³⁾	21%
Satisfaction index (1-10)	Information: 7.8 Complaints: 6.2 ⁽⁴⁾	9.0
Vehicle downtime	71% of vehicles repaired within 48 hours ⁽⁵⁾	77% of vehicles repaired within 8 hours

speakers of one of the service languages), **handling 5.3 million contacts** in 2010 (+29% over 2009), the center is one of the largest in the automotive sector in Europe. In addition to the Customer Service Centre, there are a further eight call centers around the world managed by affiliates or joint ventures.

The Iveco **Customer Center** for Europe employs 94 staff and, in addition to offering its **Assistance Non-Stop** service, also manages **Contact Us**. Using the company's website (www.iveco.com), customers can communicate directly from any part of the world, to request information or make a complaint. Customer service staff manage the entire process, from the first contact with the customer until a response has been given, ensuring a resolution in the shortest time possible. In 2010, the Customer Center **managed almost 900,000 contacts**, of which 9,200 related to the Contact Us service (83% requests for information and 17% complaints).

To increase opportunities for contact, in 2010 FGA started work on the **Mobile Customer Service** project, which enables customer-company interaction through the latest-generation mobile channel: the iPhone. The project was launched in 2010 and has a target of around 110,000 users in Italy by the end of 2011, in addition to extending the service to cover all European languages. Iveco also developed various initiatives during the year

to enable more direct interaction with stakeholders. One of these initiatives was the **Innovation Club** which involves periodic meetings to gather feedback and proposals from clients and fuel the process of innovation for both products and services. Participants in the Innovation Club are the company's top clients, as well as management. The project was launched at a European level, initially involving around 60 key clients with plans to include a further 60 in 2011.

The Group also gives maximum attention to **protecting the personal data** of customers and everyone else it comes into contact with. In fact, the process for managing contact with customers fully respects the right to privacy, as established in the Group's Data Privacy Guidelines and the legislation applicable for each country in which it operates.

MONITORING RESULTS

The Group regularly monitors the results and level of customer satisfaction in order to improve the quality of services offered and identify new contact channels. A system based on Interactive Voice Response (IVR) technology was launched in Italy in 2010 to measure the satisfaction level of customers contacting the Customer Services Centre (CSC) to request information. The system enables a large number of callers to be polled and those who are dissatisfied to be re-contacted.

⁽¹⁾ Data for the Customer Services Centre in Arese (Milan - Italy) relates to European customers of Fiat Group Automobiles, CNH - Case New Holland, Magneti Marelli, FGA Capital and Fiat Services.

⁽²⁾ Data for the Customer Center relates to Iveco's European customers.

⁽³⁾ Relates to customers participating in satisfaction surveys for Fiat Group Automobiles.

⁽⁴⁾ The satisfaction index relates to Fiat Group Automobiles and represents a weighted average for European markets.

⁽⁵⁾ Vehicle downtime data relates to Fiat Group Automobiles.

The key indicators for FGA's European Customer Services activities in 2010, compared to 2009, were as follows:

- customer satisfaction index, following contact with the CSC for information or a complaint, was 8.0 (scale of 1 to 10) in Italy, an 8% increase over 2009, and 7.3 (scale of 1 to 10) for major European markets, in line with 2009
- 83% of calls were answered within 20 seconds and 89% of information requests were dealt with in a single call
- complaints were handled within an average of 5.6 days, while 67% were settled in less than five days
- average vehicle downtime was 2.6 days.

RECALL CAMPAIGNS

The **Best Service Campaign** was launched to manage recall campaigns requiring repair to vehicles. Customers are notified, through various channels, of work to be carried out on their vehicle and the process is managed to minimize inconvenience to the customer and vehicle downtime. In addition to receiving written notification, customers are also contacted by telephone and given additional information on the work to be carried out, the location of service centers and additional services that may be available, such as a replacement vehicle. Follow-up contact is also made to ascertain the customer's level of satisfaction with the initiative. In 2010, the average satisfaction rating of Fiat Group Automobiles (FGA) customers managed through the Best Service Campaign was 9.3 (scale of 1 to 10).

There were 39 recall campaigns during the year, affecting 198,000 FGA customers worldwide.

At CNH - Case New Holland, Best Service Campaign is an extremely important tool for increasing customer loyalty also during recall campaigns. An extended vehicle downtime can have a significant negative impact for the customer financially, particularly farmers during the productive season. To respond to these professional

needs and reduce vehicle downtime, Customer Care coordinates the activity of the relevant departments to ensure that both customer and dealer are appropriately informed and that replacement parts for the vehicle are provided promptly.

ASSISTANCE NON-STOP

The Group believes customer satisfaction and, consequently, the level of customer loyalty are closely linked to the quality and efficiency of the service provided. For that reason, Iveco dedicates particular attention to roadside assistance and, with **Assistance Non-Stop (ANS)**, ensures round-the-clock service to its customers 365 days a year. Designed to provide immediate technical support to customers experiencing problems with their vehicle, the service is active in 31 European countries and available in 10 languages.

Customers can call a toll-free number and the request for assistance is handled by an operator who, using advanced information systems, alerts the nearest service center and manages the case until the repair is complete. Monitoring the case forms a key component of the service by ensuring downtimes are reduced. ANS, which dealt with around 63,000 cases in 2010, reported excellent



results: 77% of vehicles were repaired roadside within 8 hours, resulting in an average **customer satisfaction rating of 9** (scale of 1 to 10).

Delivering a high standard of quality and service is also central to the philosophy of CNH - Case New Holland and has led to the creation of **New Holland Top Service**, designed to maximize customer satisfaction. Expert technicians, plant and R&D engineers, as well

as spare parts and logistics specialists – round-the-clock, 365 days a year – in close contact with the dealer network, and call on every available resource to rapidly resolve the customer's problem.

New Holland Top Service employs carefully monitored processes, where each case is followed closely until its resolution, so the customer can return to work, fully satisfied with the result.

RESPONSIBLE SELLING PRACTICES

The Group also places significant emphasis on the sales process, a crucial element in building a relationship of trust with the customer. In 2010, Fiat presented the Punto MyLife, a passenger car with everything included in the list price, in the spirit of offering customers maximum transparency. The objective of this initiative was to offer a car with choices of engine, features and options that best suit what the majority of customers want, at a fixed price: so customers know exactly what they are getting and what the all-in price will be. A complete package of features that also allows the customer to save money. MyLife is a further example of Fiat's desire to respond to the customer's needs with innovative, quality products, in clear and transparent language.

In addition, FGA Capital (the joint venture between Fiat Group Automobiles and Crédit Agricole) offers

customers a range of financial products and services (Credit Protection Insurance, Extended Warranties, etc.) to facilitate the purchase/lease of new and used cars through the authorized dealer network. FGA Capital, which complies fully with regulations on **transparency and credit sustainability**, is committed to high levels of quality, through constant attention to the customer's needs and innovation in its products and financial services. This has led to the launch of various initiatives at Group level, such as customer satisfaction reporting for all European markets, ongoing training and awareness campaigns for sales representatives, and the adoption of specific tools to assess customers' ability to service the loan, with the aim of continuously improving performance and product quality.

CHARTER FOR ETHICAL ADVERTISING

Fiat Group recognizes the social role that advertising plays and has voluntarily adopted and encourages positive and responsible values and conduct in every form of communications. At the beginning of 2011, Fiat Group Automobiles (FGA) published its new Charter of Ethical Advertising to promote a policy of responsible marketing and advertising in every market where it is present. Based on the applicable law and advertising standards in those markets, the Charter sets out the fundamental principles that are to be applied to communications activities carried out by all those who work in or with FGA, such as advertising agencies. The core values underlying the Charter reflect FGA's guiding principles of respect, honesty and responsibility.

The Charter was drafted in clear, straight-forward language to ensure that it could be readily understood and applied by everyone.

The Group is also an active member of the Unione Pubblicitari Associati - UPA (the association of advertisers in Italy), which supports the Istituto di Autodisciplina Pubblicitaria (institute for advertising standards), and is also a member of the European Advertising Standards Alliance.

SUPPLIERS AS PARTNERS

Fiat Group considers its suppliers strategic partners for growth and competitiveness in a relationship that goes beyond the purely commercial sphere. The Group is committed to promoting responsible behavior throughout the supply chain and seeks long-term, mutually-beneficial collaboration with quality suppliers who share its principles.

Fiat Group Purchasing S.r.l. (FGP) was created through the consolidation of the purchasing activities of the Group's principal Sectors (Fiat Group Automobiles, CNH - Case New Holland, Iveco, Fiat Powertrain and FPT Industrial) to manage policies and relationships with suppliers on a global basis.

In 2010, FGP achieved the goals set in the 2009 Sustainability Plan, confirming its commitment to promoting socially and environmentally responsible practices by suppliers and raising employee awareness of these issues.

HIGHLIGHTS

Fiat Group Purchasing worldwide	2010
Direct and indirect material purchases managed by FGP ⁽¹⁾ (% of total Group purchases)	approx. 85%
Direct material suppliers managed by FGP (no.)	8,000
Concentration of direct material purchases (% of purchases from top 60 suppliers)	60%
Value of purchases from direct material suppliers ⁽²⁾ managed by FGP (€ billion)	24.0
Value of purchases from indirect material suppliers ⁽³⁾ managed by FGP (€ billion)	6.5



⁽¹⁾ Refers to value of purchases managed by FGP.

⁽²⁾ Direct materials are pre-assembled components and systems used in assembly. The value of raw material purchases is considered marginal.

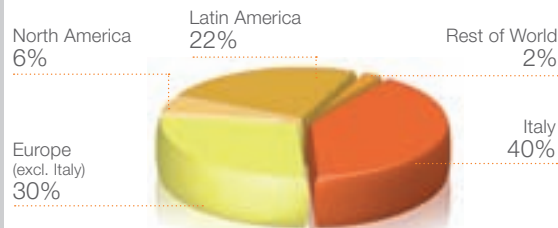
⁽³⁾ Indirect materials are services, machinery, equipment, etc.

Around 70% of value of direct material purchases are for plants in Europe (more than 55% of which in Italy), 24% for plants in Latin America, and the remaining 6% or so for North America. The location of direct materials suppliers is consistent with that breakdown, confirming the Group's commitment to using locally-based suppliers wherever possible: approximately 70% are located in Europe, 22% in Latin America, 6% in North America and 2% in other countries.

Although Fiat Group does not purchase raw materials directly (with the exception of small amounts of steel used for direct processing), overall consumption and price trends are monitored. The principal raw materials used in semi-finished goods purchased by the Group are steel and cast iron (approx. 4 million tons including scrap), plastics and resins (approx. 400,000 tons) and aluminum (approx. 200,000 tons).

PURCHASES⁽¹⁾ BY ORIGIN

Fiat Group Purchasing worldwide



PURCHASES⁽¹⁾ BY DESTINATION

Fiat Group Purchasing worldwide



PURCHASES⁽¹⁾ BY TYPE

Fiat Group Purchasing worldwide



SUPPLY CHAIN STANDARDS

The supplier selection process is based on objective assessment criteria aimed at ensuring impartial treatment and equal opportunity for all parties involved. Quality, supply price and the ability to meet delivery times represent only a few of the areas upon which suppliers are evaluated. The new procedures implemented in 2009 introduce specific standards relating to environmental and social sustainability.

As a result, clauses are being progressively introduced to new agreements managed by FGP requiring that suppliers **adhere** not only to the **Group Code of Conduct** but also to specific **Sustainability Guidelines**. When it is verified that a supplier fails to adhere to these principles, the Group reserves the right to terminate the business relationship or require the supplier to implement a corrective action plan, which is then verified by an audit.

⁽¹⁾ Refers to value of direct materials purchases managed by FGP.

INTERNATIONAL MATERIAL DATA SYSTEM (IMDS)

To support it in managing various environmental aspects related to the vehicles and components it produces, Fiat Group has for some time been using the International Material Data System (IMDS), an online platform that enables input of detailed information on the materials and substances used in purchased components. In 2010, the system was modified to allow information on recycled material content to be added, including for new categories such as Glass and Natural Organic Materials (such as natural fibers and leather).

Today, more than 2,000 Group suppliers use the system and the general purchasing conditions require that all suppliers submit the IMDS material forms.

Through the IMDS, the Group has further improved its level of knowledge of the composition and the percentage of recoverability/recyclability of its vehicles and their components. This facilitates the analysis of trends in raw and recycled material consumption, as well as evaluation of the technical, environmental and economic implications of replacing certain materials or substances. These benefits have been shared with all members of the supply chain to improve the ability to respond rapidly to new environmental regulations. At Fiat Group Automobiles, for example, IMDS data is processed using specific software that monitors compliance of all models produced with EC Directive 2005/64/EC (on vehicle reuse, recycling and recovery) and EC Directive 2000/53/EC (on the disposal of waste from vehicle scrapping - ELV), in addition to other environmental regulations against which the Group constantly measures its performance (see also page 84).

The Sustainability Guidelines, which are available on the internet site, require adherence to the following principles:

- *Human rights and working conditions:*
 - ▣ rejection of the use of forced or child labor in any form
 - ▣ recognition of the right to freedom of association in accordance with the applicable law
 - ▣ safeguarding of employee health and safety
 - ▣ guarantee of equal opportunities, fair working conditions and the right to training for employees.
- Respect for the environment:
 - ▣ optimization of the use of resources
 - ▣ responsible waste management
 - ▣ elimination of potentially hazardous substances from the manufacturing process
 - ▣ development of low environmental-impact products
 - ▣ use of an environmentally-sustainable logistics system.
- Business Ethics:
 - ▣ high standards of integrity, honesty and fairness
 - ▣ prohibition against corruption and money-laundering.

MONITORING CONFORMITY

In order to verify adherence by suppliers to the sustainability standards required by the Group and, where necessary, take steps for improvement and

realignment, Fiat Group Purchasing (FGP) designed and initiated a monitoring process (starting from 2009) based on two main tools: self-assessment questionnaires on sustainability standards and follow-up on-site audits. The Group's objective is to cover at least 60% of total purchases by value during each three-year monitoring cycle.

In 2010, **self-assessment questionnaires** were sent out to **200 suppliers**, accounting for around 10% of purchases by value managed by FGP over the year (in addition to the 162 already taking part in 2009, which covered 54% of purchases by value). Approximately 95% of these suppliers **completed the questionnaire** and they attained an **average score of 75/100**. An analysis of the results essentially confirmed the previous year's findings of good social and environmental practices being widely applied, with a significant proportion of suppliers who have their own environmental and social management system, set targets in these areas and prepare periodic reports. Following the self-assessment process, audits were conducted of the Group's most significant suppliers. In continuation of the previous year's activities, a further **10 audits were performed in China and India**

90% of value
of direct materials
purchased by FGA
comes from
ISO 14001
certified supplier
sites

SELF-ASSESSMENT QUESTIONNAIRES

Fiat Group Purchasing worldwide	2010	2009
Suppliers sent self-assessment questionnaires	200	162
Suppliers responding to questionnaire	95%	90%
Average score	75/100	78/100
FGP purchases ⁽¹⁾ by value covered by questionnaires	10%	54%

AUDIT

Fiat Group Purchasing worldwide	2010	2009
Sustainability audits	65	26
performed by Fiat personnel (Supplier Quality Engineers)	50	26
performed by a third party	15	-
FGP purchases ⁽¹⁾ by value covered by audits	12%	11%

(in total covering approx. 16% of purchases by value in these countries) and a further **55 audits in Europe** (15 conducted by a third party), together covering around 12% of total purchases by value managed by FGP (in addition to approx. 11% in 2009).

These audits **did not reveal any particularly critical situations**: no contracts were suspended or canceled and no suppliers were placed on “watch status”.

However, **corrective action plans** for certain areas considered in need of improvement were formulated in collaboration with suppliers. Also involved in the formulation of these plans was the **Supplier Sustainability Committee** set up within FGP, composed of the Compliance Officer, General Counsel and the head of Supplier Quality Engineering. The plans primarily addressed the need to set out standards in the areas of corporate governance and human rights.

The score achieved by each supplier (established on the basis of questionnaires and on-site audits, the level of implementation of the action plans and other relevant information) helps identify specific **risk factors**, forming the basis for definition of a **risk map**, to be completed during 2011.

CULTURE OF SUSTAINABILITY

Various initiatives have been established within Fiat Group Purchasing to ensure adequate awareness in the areas of sustainability and good governance by those

who manage supplier relationships.

The **online training initiative** was completed in 2010, with 600 people taking part from launch in 2009. Targeted at all Group Buyers and Supplier Quality Engineers (SQE) in Italy, the training focused on raising awareness of the updated Code of Conduct and, more generally, on environmental, social and economic responsibility. Also in 2010, the **variable compensation system** for SQE Managers and their staff was revised to also include sustainability criteria, such as the number of audits and self-assessment questionnaires managed.

ONGOING DIALOG WITH SUPPLIERS

In 2010, Fiat continued to strengthen relationships with suppliers based on a partnership approach, as demonstrated by the many long-lasting and mutually-beneficial relationships and the extremely limited number of disputes in recent years.

Many events and activities are aimed at encouraging continuous dialog with suppliers. For example, the Group uses the **Fiat Group Purchasing System** (a dedicated internet portal) to share information on technical requirements, supply planning, supply quality, and the results of compliance tests conducted on new components. On the other hand suppliers can use the portal to communicate with Fiat, enter details of supply contract bids, specify the origin of components, update their contact details, etc. In 2010, the site received over 10,000 hits.

⁽¹⁾ Value of direct material purchases managed by FGP.



As in previous years, initiatives continued for the exchange of ideas and information, including **local conventions** and **Technology Days** (21 meetings in 2010, attracting around 2,700 participants), where leading suppliers in terms of innovation, technology and quality addressed specific issues and shared some of the latest technological developments. Also on the theme of continuous improvement, **World Class Manufacturing Purchasing**, in collaboration with the Group's World Class Manufacturing (WCM) organization, continued its work as consultant to suppliers intending to implement the WCM system. During the year, WCM was initiated at a further 100 supplier plants, taking the total number of suppliers sites applying what is considered to be one of the world's leading manufacturing standards to 200. Finally, **Supplier Performance** (Su.Per) is a program aimed at encouraging a proactive approach from suppliers, by sharing with them economic benefits generated through the introduction of innovative methods

and technologies that they propose. In 2010, around 30 suppliers benefited from this program and of the numerous proposals received more than 50 have been implemented.

SUPPORT FOR SUPPLIERS IN DIFFICULTY

The global financial crisis made it necessary to increase monitoring and management of critical situations arising in the automotive supply chain.

Fiat has strengthened the teams and mechanisms used to manage supplier risk, in order to ensure prompt detection of high-risk situations and contribute to stabilizing them through the implementation of the most suitable measures. This can involve measures to ensure supply continuity, providing support for restructuring plans and, where necessary, temporary cash-flow support, also with a view to saving jobs where possible. In some cases, such actions have been taken jointly with other European automakers.

DEVELOPING IN HARMONY WITH LOCAL COMMUNITIES

Wherever its manufacturing activities are located, Fiat Group works daily to demonstrate its respect and support for the local community. The Group believes it has a significant role to play in the community's economic, social and cultural development, and works daily to build a lasting and mutually-beneficial relationship with stakeholders through continuous dialog and close collaboration with local authorities and NGOs. An example of that commitment is the significant investment that goes every year to supporting a wide variety of initiatives.

During 2010, the Group committed resources valued at around €25.6 million to local communities. In addition to direct financial contributions and payments in kind (equivalent to approx. €21.4 million, in line with the level for 2009), Fiat in some cases also supported local communities by allowing its employees to engage in volunteer activities during working hours. As of 2010,

the reported figure also takes into account the cost of the time spent by employees to manage and organize humanitarian initiatives promoted by the Group. Activities focused on a variety of areas, with around 50% in promoting education, culture and art, 23% for local social projects, and approximately 16% for the healthcare system. The remaining 11% was dedicated

COMMUNITY INITIATIVES Fiat Group worldwide

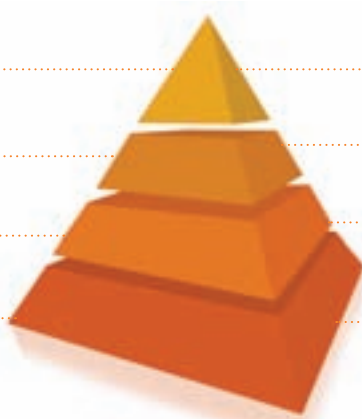
Charitable donations
€5.6 million

Investment
in local communities
€17.7 million

Commercial initiatives
with social impact
€1.5 million

Socially-sustainable
business
€0.8 million

Total⁽¹⁾
€25.6 million

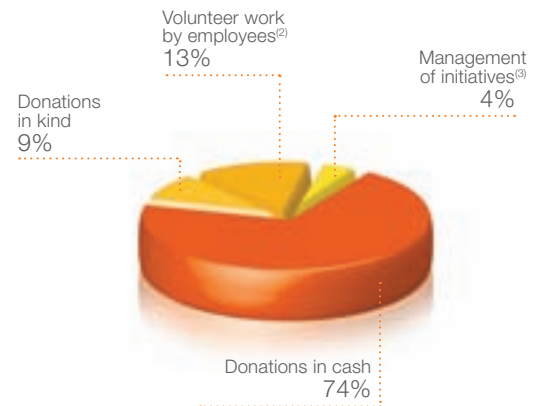


Contributions with no service
required in return

Spending and investment
to benefit communities near Group
facilities (i.e., offices and plants)

Spending and investment
in social initiatives that also
promote commercial initiatives

Spending and investment
in business initiatives
with high social value



⁽¹⁾ Based on non-accounting data and calculation methods. Also includes estimates. Amounts in currencies other than euros were converted at the average exchange rate for 2010. The reported figure does not include initiatives whose sole purpose is to promote a brand. Amounts relate to all Fiat Group companies worldwide.

⁽²⁾ Represents the monetary value of hours for volunteer work carried out by employees during working hours (also includes initiatives where Fiat is fully or partially reimbursed with public funds).

⁽³⁾ Represents the monetary value of time dedicated by employees on managing, organizing and reporting for local community initiatives.



€25.6 million
committed by the
Group to **local
communities**

to a variety of initiatives, including activities in support of populations affected by natural disasters.

Geographically, the majority of the Group's investments were concentrated in Latin America, which accounted for approximately 60% of total resources donated, followed by Europe with around 34%. The remaining 6% went to North America and the rest of the world.

Specific indicators are used to **analyze** all major **initiatives in terms of impacts and benefits** for the local community, for the purpose of evaluating opportunities for development or extension.

Following are some initiatives carried out in 2010, chosen for their distinctiveness or their economic or social importance.

MOBILITY FOR ALL

Ensuring freedom of movement for all. This is the inspiration behind Fiat Group Automobiles' **Autonomy** program that, since 1995, has been committed to design and producing **technical solutions for people with reduced physical ability**.

To meet the needs of all customers, with Autonomy every Fiat, Lancia, Alfa Romeo and Fiat Professional vehicle can be fitted with advanced driving support systems and wheelchair lifts.

The program also includes the activities of 21 **Mobility Centers** (18 in Italy and 3 in Brazil), which offer a variety of services, such as administrative, legal and technical assistance and support, as well as "pre-assessments" of whether an individual qualifies for a special driving license through driving simulations that measure residual physical ability and specially-equipped vehicles for practical tests. In 2010, some 500 people benefited from these services in Italy, and over 15,600 vehicles were sold in Europe and Brazil.

Safe driving courses conducted by professional instructors also continued through the year, as did the personalized **roadside assistance service**, which provides on-site repair of the car, where possible, or towing and a replacement vehicle or logistics support to help the customer return home or continue the journey.

Autonomy also means a commitment to combating prejudice and stereotypes. This includes **support for sporting events**, such as this year's Disabled Alpine Skiing World Cup, held in Sestriere (near Turin), and the Under-22 European Wheelchair Basketball Championships, held in Seveso and Cantù, Italy. Since 2010, Fiat has also organized **sports orientation courses**, giving people with physical disabilities a chance to practice a sporting activity independently. Lastly, in 2010 the internet site (www.fiatautonomy.com) was redesigned, with a new, modern look to make navigation easier and more intuitive for disabled users.

HABITAT FOR HUMANITY AND UNITED WAY

For the fourth year running, CNH - Case New Holland's site at Racine (United States) supported **Habitat for Humanity** with cash donations and voluntary work from employees. Habitat for Humanity (www.habitat.org) is a nonprofit association committed to providing **decent housing for the homeless and disadvantaged families**. Since 1976 it has helped out 1.5 million people in need, building over 300,000 houses.

In the summer, CNH - Case New Holland gave its employees the chance to carry out **voluntary work during working hours**. This year there was a significant rise in the number of workers involved, and results exceeded expectations, with so many people offering to help build a house that the association had to draw up a waiting list.

Since 2007, the association has received a total of approximately €220,000 as a result of fundraising initiatives involving Case Construction dealers and CNH - Case New Holland employees. Over 150 employees have also contributed with manual work. In 2010, CNH - Case New Holland renewed its 30-year partnership with **United Way**. This NGO works in 45 countries around the world to **improve living conditions in local communities**, focusing in particular on education, financial stability and health (www.liveunited.org).

Once again this year, fundraising campaigns and initiatives were organized to help this association in its mission, and thanks to the generosity of the company and its employees, a significant donation of around €1.1 million helped provide social assistance and healthcare for families in need and the elderly.

ÁRVORE DA VIDA

The **Árvore da Vida** program is perhaps the best example of support for the social, cultural and economic development of the areas in which Fiat Group is present.

Since it arrived in Brazil, over 30 years ago, Fiat has set up initiatives aimed at responding to local needs and demands. The program started in 2004, and its strategy is the result of close collaboration with local

institutions and the NGOs ASVI and CDM.

Árvore da Vida aims to create the conditions for radical social change. Its goal is to **bring out the best of the community** and encourage people to shape their own future, also by fostering their entrepreneurial spirit.

The program focuses on *Jardim Teresópolis*, a district located near the Fiat plant in Betim, where some 40,000 people live in a high-risk social environment, reflected in high levels of illiteracy, violence, crime and unemployment. *Árvore da Vida* centers around a variety initiatives: socio-educational, sporting and cultural activities; professional training courses; and the Cooperárvore social cooperative.

The result has been a significant, progressive decline in social problems. Since 2004, school attendance in the community of *Jardim Teresópolis* has risen from 78% to 96%, the number of pupils finishing school has gone from 71% to 96%, violent crime has fallen by 57.6%, and homicides by 62.1% (source: Polícia Militar de Minas Gerais). The professional training program is now being run in 8 Brazilian cities, and in 2010 helped around 250 young people acquire automotive technical know-how, as well as providing many of them easy access to the labor market through the Fiat dealer network. The project results are continuously monitored and shared with the associations and local community, so that they can be assessed and their further development or extension discussed.



Árvore da Vida also **promotes voluntary work**, with employees invited to offer their time to transfer expertise and knowledge to the community, through courses covering a range of topics, including business management, home economics, and leadership development.

This year once again Fiat received a number of accolades for initiatives implemented in Brazil, including the Aberje award from the Minas Gerais Region for its use of communication as a tool for social change, and the *IstoÉ Dinheiro* magazine's award as best company for the Socially and Environmentally Responsible Management.

Other Group companies have also been actively involved for many years in projects supporting communities in Brazil, including literacy programs and training courses, sports and music orientation activities, initiatives to help introduce disabled people into the job market, support for schools and food aid for the most disadvantaged families.

TECHPRO² AND TECHNICAL TRAINING FOR YOUNG PEOPLE

In 2008, Fiat Group Automobiles (FGA), in partnership with the Salesian Professional Training Center (CNOS-FAP), created **TechPro²**, a professional development program aimed at recruiting and training highly technically qualified young people to employ them in the automotive industry. TechPro² pursues two goals: **addressing the demand for highly specialized technical staff** at Fiat, Alfa Romeo, Lancia and Fiat Professional dealerships and authorized service centers, and **helping young people, often from disadvantaged areas or difficult social backgrounds, to find work.**

TechPro² ensures that the FGA assistance network has constant access to the most qualified personnel that are capable of dealing with increasingly advanced automotive products, making up for the lack of specific training provided by schools, which are not always able to provide up-to-date technical training programs.

In 2010, the project was further developed, and has now become an international benchmark for excellence in the professional training of young people. The importance



and value of TechPro² are clearly shown by results: 80 instructors trained under the Train the Trainer program, 1,530 students involved, over 960,000 training hours provided, 4,400 square meters of workshops dedicated to the program, and some 4,900 dealers offering apprenticeship opportunities. Also, a recent survey of former students, commissioned to assess the project's effectiveness, reported that over 50% of the students trained in 2009 are currently in work, and that 34% have elected to continue with their studies.

The TechPro² educational program includes theoretical and practical training at the Salesian Professional Training Centers (designed, renovated and fitted out by FGA to the standards and regulations the Group applies to its own network), and is completed with an apprenticeship or placement in the FGA service network. This allows the young people involved to develop a firm set of technical and professional skills while also gaining useful hands-on experience.

From its outset, the project has taken on an increasingly international dimension: the sites openings in 2008-2009 (10 in Italy, 19 in Spain, 1 in Poland and 1 in Brazil) were followed by 2 sites in Argentina and a further 6 sites in Italy and 2 in Brazil.

In 2010, a special program was set up, at an Italian site, to extend the project to the body welding area.

TechPro² also includes various initiatives, such as the TechPro² award, in which the best students are invited to take part. The competition involves identifying failures in cars and performing the correct diagnostics, maintenance and repair. Participants are then asked to answer questions from the technical committee on FGA products and diagnostic devices. The winner is the person who shows the best theoretical knowledge and practical ability.

In 2011, specific guidelines will be drawn up to standardize the approach and the types of training offered under the project. The guidelines will enable standardization and monitoring of initiatives at the various sites worldwide as well as ensuring continuous dialog between professional schools and local dealerships and specialized service centers, to cater for specific local needs.

There are plans to further extend the project in 2011, with 3 sites opening in South America and 3 in Asia (www.techpro2.com).

Iveco has also been working with the Salesians for a number of years on developing mechanical and technical skills in countries where specialized technical know-how is hard to find. Through this partnership,

in 2010 Iveco supplied technical equipment and supported training of local instructors at the Don Bosco School in Cairo, and also contributed to the practical training of students in electronics and vehicle diagnostics.

LANCIA FOR PEACE

Lancia has continued its commitment to social issues. For the third year running, the brand supported the **World Summit of Nobel Peace Laureates**, held in 2010 in Hiroshima. Also, through a communication campaign, which has involved various Nobel Laureates over the years, including Mikhail Gorbachev, Frederik Willem De Klerk, Lech Walesa, Ingrid Betancourt and the Dalai Lama, in 2010 Lancia celebrated the release of the woman who has become the symbol of the fight for civil rights: Aung San Suu Kyi (the Burmese political leader held in prison for 14 years). When she was finally released, the Wall Street Journal commented that Lancia had been able to bring champions of peace and the West's leading politicians together in an initiative that was unprecedented in the last ten years of the work of the UN.

SUPPORTING POPULATIONS AFFECTED BY NATURAL DISASTERS

Over the years, Fiat Group has always sought to support the victims of natural disasters, by supplying vehicles as well as technical, humanitarian and financial aid. Following the severe earthquake that struck the **Abruzzi** in 2009, the various Group's companies, coordinated by Italy's civil defense authority, provided free vehicles and collaboration from the very beginning of the rescue operations.

In the post-emergency phase, Fiat continued providing support by building a nursery school in Aquila, to give local children a new safe haven. The site was chosen and plans submitted to the local authorities in 2010, and the school should be completed and operational some time during 2011.



Also in 2010, in close collaboration with the UN, the International Red Cross and the nonprofit Fondazione Francesca Rava - N.P.H. Italia, the Group helped out in the first phase of the rescue operations for the people of **Haiti**, by offering vehicles and financial aid worth over €800,000. To tackle the earthquake emergency within the first 24 hours, CNH – Case New Holland and Iveco provided vehicles and operational support for the removal of rubble and to help establish a humanitarian corridor for the supply of water, food and medicine. In the meantime, Fiat Group Automobiles provided Fiat Fiorino ambulances, cars and specialized personnel for technical assistance.

Fiat also assisted nonprofit organization Fondazione Francesca Rava- N.P.H. Italia in setting up a rehabilitation center for disabled and amputee children in Petionville (www.nphitalia.org). The new “Kay Eliane” center will be inaugurated in early 2011, and will give hundreds of disabled children the chance to benefit from physiotherapy sessions and take part in school activities.

In **Pakistan**, Fiat Group contributed to rescue operations following the terrible flooding. CNH – Case New Holland made donations to the American Red Cross and other organizations, and also set up a fund to which employees and the company donated jointly, giving an overall sum of over €75,000.

IVECO FOR OVERLAND

The **Overland** project dates back to 1996. The goal is to drive around the world by truck, exploring the remotest corners of the planet and focusing on humanitarian issues through initiatives aimed at helping the local communities most in need (www.overland.org).

Iveco has been part of the project since the beginning, providing the orange-colored trucks that make up the fleet. For the latest expedition (Overland 12), Iveco provided six vehicles, including a Daily 4x4 entirely for medical staff, fitted out as a **mobile clinic** with all the



tools and drugs needed to deal with any emergency. As a result of the team's experience and the professional expertise of the four on-board doctors, the Overland expedition, on a long African tour of around 50,000 km, was able to collect scientific statistical data on the extent and spread of local epidemics, and distribute educational material to raise awareness in African hospitals on child diabetes prevention and to familiarize doctors with the best surgical methods.

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APPENDIX

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ADDITIONAL INFORMATION

This section contains additional figures and information to that provided in other parts of the Sustainability Report. These are based on the recommendations of the GRI-G3 guidelines, in addition to responding to the specific requirements of SRI analysts and investors.

ECONOMIC DIMENSION

HIGHLIGHTS BY SECTOR

Fiat Group Automobiles

(€ million)	2010	2009	2008
Net revenues	27,860	26,293	26,937
Trading profit/(loss)	607	470	691
Investments in tangible and intangible assets	1,652	1,495	2,288
Total R&D expenditure ⁽¹⁾	722	669	843
Employees at year end (no.)	57,611	54,038	52,634
Cars and light commercial vehicles delivered to the network (no.)	2,081,800	2,150,700	2,152,500

Maserati

(€ million)	2010	2009	2008
Net revenues	586	448	825
Trading profit/(loss)	24	11	72
Investments in tangible and intangible assets	104	65	73
Total R&D expenditure ⁽¹⁾	62	33	47
Employees at year end (no.)	696	723	767
Vehicles delivered to the network (no.)	5,675	4,489	8,759

Ferrari

(€ million)	2010	2009	2008
Net revenues	1,919	1,778	1,921
Trading profit/(loss)	303	238	339
Investments in tangible and intangible assets	239	290	311
Total R&D expenditure ⁽¹⁾	148	156	164
Employees at year end (no.)	2,721	2,835	3,017
Type-approved vehicles delivered to the network (no.)	6,573	6,193	6,452

Fiat Powertrain

(€ million)	2010	2009	2008
Net revenues	4,211	3,372	n.a.
Trading profit/(loss)	140	104	n.a.
Investments in tangible and intangible assets	385	401	n.a.
Total R&D expenditure ⁽¹⁾	80	55	n.a.
Employees at year end (no.)	12,453	11,408	n.a.

⁽¹⁾ Includes capitalized R&D and R&D charged directly to the income statement.

Magneti Marelli

(€ million)	2010	2009	2008
Net revenues	5,402	4,528	5,447
Trading profit/(loss)	98	25	174
Investments in tangible and intangible assets	383	356	474
Total R&D expenditure ⁽¹⁾	292	245	268
Employees at year end (no.)	34,269	31,628	33,216

Teksid

(€ million)	2010	2009	2008
Net revenues	776	578	837
Trading profit/(loss)	17	(12)	41
Investments in tangible and intangible assets	31	33	41
Total R&D expenditure ⁽¹⁾	2	2	3
Employees at year end (no.)	7,275	6,194	7,600

Comau

(€ million)	2010	2009	2008
Net revenues	1,023	728	1,123
Trading profit/(loss)	(6)	(28)	21
Investments in tangible and intangible assets	24	13	17
Total R&D expenditure ⁽¹⁾	12	10	13
Employees at year end (no.)	12,216	11,708	11,445

CNH - Case New Holland

(€ million)	2010	2009	2008
Net revenues	11,906	10,107	12,781 ⁽²⁾
Trading profit/(loss)	755	337	1,122
Investments in tangible and intangible assets ⁽³⁾	446	330	451 ⁽²⁾
Total R&D expenditure ⁽¹⁾	346	283	286
Employees at year end (no.)	28,831	28,466	31,521

Iveco

(€ million)	2010	2009	2008
Net revenues	8,307	7,183	10,894 ⁽²⁾
Trading profit/(loss)	270	105	838
Investments in tangible and intangible assets ⁽⁴⁾	273	217	367 ⁽²⁾
Total R&D expenditure ⁽¹⁾	214	169	246
Employees at year end (no.)	25,583	24,917	27,108
Vehicles delivered to the network (no.)	129,630	103,866	192,143

FPT Industrial

(€ million)	2010	2009	2008
Net revenues	2,415	1,580	n.a.
Trading profit/(loss)	65	(131)	n.a.
Investments in tangible and intangible assets	152	159	n.a.
Total R&D expenditure ⁽¹⁾	92	86	n.a.
Employees at year end (no.)	7,707	7,858	n.a.

⁽¹⁾ Includes capitalized R&D and R&D charged directly to the income statement.

⁽²⁾ Following adoption of the improvement to IAS 16 in 2009, as described in the Notes to the 2010 Consolidated Financial Statements, net revenues for 2008 were increased by €184 million and investments in tangible and intangible assets were reduced by €284 million.

⁽³⁾ Net of vehicles leased out.

⁽⁴⁾ Net of vehicles sold under buy-back commitments and leased out.

COMPLIANCE⁽¹⁾

A summary is provided below of the final court judgments, final arbitration awards and other final orders deemed significant because of their value and for which a final decision was issued in 2010 against Companies in the Fiat Group (“**Final Judgments**”).

There were no significant Final Judgments that related to breaches of environmental legislation, unfair competition, antitrust, intellectual property, advertising and marketing, product and services information, data protection, liability for damages arising from defective products, or to breaches of the rights of local communities.

Final Judgments were, however, issued against Companies in the Fiat Group in relation to the following:

- two civil cases of press libel involving Editrice La Stampa S.p.A., in which a total amount of €72,000 was awarded to the counterparties
- some cases of contractual liability for defective products totaling €724,000
- some cases of contractual liability (e.g., for termination of contracts with dealerships) totaling €70,000.

There were also certain matters that had not led to Final Judgments being issued as they are still pending and their final outcome is still uncertain, including:

- proceedings in Greece against Fiat Group Automobiles (FGA) for alleged price maintenance. FGA has appealed against the decision of the Greek Competition Authority, and pending the outcome

of the appeal, the enforceability of the Authority’s decision has been suspended

- an order from the Data Protection Authority in Italy against the company Sistemi Sospensioni S.p.A., requiring the company to amend some of its internal procedures for the processing of personal data at one of its plants; the company has adopted new procedures and is awaiting their validation by the Authority
- a request for a recall in Brazil by the Department of Consumer Protection of around 50,000 Stilos produced and sold in Brazil by FGA’s Brazilian subsidiary. Although the company believed that there was no justification for the recall, it observed the order as a precautionary measure, but has filed an appeal against the order on grounds that there were no defects in the vehicles concerned. The proceedings are still pending.

Lastly, Final Judgments issued in 2010 in relation to labor and social security law against Fiat Group Companies involved a total payment corresponding to 0.43% of labour costs for the year.

The level of litigation was particularly high in Brazil where Final Judgments, mainly relating to the interpretation of particularly controversial legislation, represented 84.4% of total Final Judgments, and corresponds to around 94.6% of the total payout made by the Group. However, within the specific context of Brazil these Final Judgments were not exceptional in nature or number.

⁽¹⁾ This comment refers to GRI-G3 indicators EN28, HR9, SO7, SO8, PR2, PR4, PR7, PR8 and PR9.

ENVIRONMENTAL DIMENSION

WASTE GENERATION AND MANAGEMENT

Fiat Group worldwide (tons)

2010	Fiat Group	Fiat Group worldwide (tons)									
		FGA	Maserati	Ferrari	CNH	Iveco	FPT ⁽¹⁾	Magneti Marelli	Teksid	Comau	
Plants	174	15	1	2	31	23	16	68	6	12	
Waste generated											
Non-hazardous waste	1,437,770	482,192	567	5,660	127,975	49,539	114,925	81,000	572,804	3,108	
Hazardous waste	87,900	24,726	61	3,316	11,432	6,086	27,825	10,563	3,225	666	
Total waste generated	1,525,670	506,918	628	8,976	139,407	55,625	142,750	91,563	576,029	3,774	
of which packaging	139,240	52,076	422	744	23,924	29,530	17,149	14,148	750	497	
Waste disposed											
Waste-to-energy conversion	29,037	17,531	-	-	4,636	2,128	1,892	1,818	1,019	13	
Treatment	71,292	8,832	97	6,076	16,172	5,690	26,073	6,446	1,177	729	
Sent to landfill	508,939	22,411	-	135	7,801	6,407	674	9,495	461,460	556	
Total waste disposed	609,268	48,774	97	6,211	28,609	14,225	28,639	17,759	463,656	1,298	
Waste recovered											
Total waste recovered	916,402	458,144	531	2,765	110,798	41,400	114,111	73,804	112,373	2,476	
waste recovered	60.1%	90.4%	84.7%	30.8%	79.5%	74.4%	79.9%	80.6%	19.5%	65.6%	
waste sent to landfill	33.4%	4.4%	-	1.5%	5.6%	11.5%	0.5%	10.4%	80.1%	14.7%	
2009											
Plants	178	13	1	2	31	25	16	67	6	17	
Waste generated											
Non-hazardous waste	1,171,008	451,344	498	6,168	99,782	36,509	98,969	84,922	389,422	3,394	
Hazardous waste	81,015	17,821	52	3,409	14,573	6,227	25,112	10,604	2,699	518	
Total waste generated	1,252,023	469,165	550	9,577	114,355	42,736	124,081	95,526	392,121	3,912	
of which packaging	117,944	34,406	381	784	30,118	18,531	18,719	13,227	1,421	357	
Waste disposed											
Waste-to-energy conversion	23,608	12,230	-	-	2,411	2,358	2,957	2,730	880	42	
Treatment	77,357	12,523	81	5,795	16,702	4,604	22,348	12,672	2,179	453	
Sent to landfill	346,909	20,822	-	651	7,015	6,810	328	12,551	297,814	918	
Total waste disposed	447,874	45,575	81	6,446	26,128	13,772	25,633	27,953	300,873	1,413	
Waste recovered											
Total waste recovered	804,149	423,590	469	3,131	88,227	28,964	98,448	67,573	91,248	2,499	
waste recovered	64.2%	90.3%	85.3%	32.7%	77.2%	67.8%	79.3%	70.7%	23.3%	63.9%	
waste sent to landfill	27.7%	4.4%	-	6.8%	6.1%	15.9%	0.3%	13.1%	75.9%	23.5%	
2008											
Plants	168	14	1	2	29	21	16	67	6	12	
Waste generated											
Non-hazardous waste	1,579,083	518,090	983	7,870	154,124	62,678	143,345	92,363	595,818	3,812	
Hazardous waste	88,492	17,518	54	3,777	16,784	8,405	23,213	14,324	3,469	948	
Total waste generated	1,667,575	535,608	1,037	11,647	170,908	71,083	166,558	106,687	599,287	4,760	
of which packaging	148,375	36,318	712	1,026	32,606	35,970	22,780	16,389	1,854	720	
Waste disposed											
Waste-to-energy conversion	40,219	24,781	-	-	7,317	1,845	3,207	1,395	1,292	382	
Treatment	80,610	8,557	132	6,336	25,348	4,889	19,079	12,674	2,947	628	
Sent to landfill	518,569	24,198	95	794	13,141	9,233	3,227	13,226	453,862	793	
Total waste disposed	639,398	57,536	227	7,130	45,806	15,967	25,513	27,295	458,101	1,803	
Waste recovered											
Total waste recovered	1,080,588	484,886	810	4,517	125,102	55,117	140,235	79,383	187,580	2,958	
waste recovered	64.8%	90.5%	78.1%	38.8%	73.2%	77.5%	84.2%	74.4%	31.3%	62.1%	
waste sent to landfill	31.1%	4.5%	9.2%	6.8%	7.7%	13.0%	1.9%	12.4%	75.7%	16.7%	

⁽¹⁾ Includes data relating to Fiat Powertrain and FPT Industrial.

WATER WITHDRAWAL AND DISCHARGE

Fiat Group worldwide (thousands of m³)

2010	Fiat Group	FGA	Maserati	Ferrari	CNH	Iveco	FPT ⁽¹⁾	Magneti Marelli	Teksid	Comau
Plants	174	15	1	2	31	23	16	68	6	12
Withdrawal										
Groundwater	14,228	2,973	2	367	952	2,344	3,474	996	3,062	58
Municipal water supply	16,582	9,502	13	93	1,034	683	2,180	2,123	877	77
Surface water	1,186	541	-	-	4	38	-	250	353	-
Other	116	-	-	-	1	-	12	103	-	-
Total water withdrawal	32,112	13,016	15	460	1,991	3,065	5,666	3,472	4,292	135
Discharge										
Surface water	6,927	1,603	-	-	297	1,005	1,886	306	1,830	-
Public sewer systems	11,004	3,873	15	123	1,957	804	2,669	1,416	135	12
Other destinations	4,294	1,959	-	-	50	349	340	387	1,209	-
Total water discharge	22,225	7,435	15	123	2,304	2,158	4,895	2,109	3,174	12
2009										
Plants	178	13	1	2	31	25	16	67	6	17
Withdrawal										
Groundwater	15,515	3,688	2	286	910	2,480	3,966	1,445	2,676	62
Municipal water supply	17,704	9,493	14	93	952	857	2,191	3,134	876	94
Surface water	962	572	-	-	-	44	-	23	323	-
Other	337	-	-	-	1	-	23	64	249	-
Total water withdrawal	34,518	13,753	16	379	1,863	3,381	6,180	4,666	4,124	156
Discharge										
Surface water	7,865	1,599	-	-	276	1,301	1,353	471	2,865	-
Public sewer systems	13,256	5,887	16	121	1,210	1,172	3,449	1,302	87	12
Other destinations	3,863	2,403	-	30	31	9	515	875	-	-
Total water discharge	24,984	9,889	16	151	1,517	2,482	5,317	2,648	2,952	12
2008										
Plants	168	14	1	2	29	21	16	67	6	12
Withdrawal										
Groundwater	16,525	3,938	4	309	1,053	3,015	3,555	2,198	2,398	55
Municipal water supply	17,621	10,639	18	126	1,082	667	1,761	2,036	1,215	77
Surface water	1,456	534	-	-	181	36	-	43	358	304
Other	1,362	6	-	-	2	12	533	567	232	10
Total water withdrawal	36,964	15,117	22	435	2,318	3,730	5,849	4,844	4,203	446
Discharge										
Surface water	9,694	4,119	-	-	435	1,293	494	509	2,844	-
Public sewer systems	19,381	8,721	19	275	1,484	1,241	3,868	3,256	121	396
Other destinations	2,094	488	-	27	91	15	979	414	30	50
Total water discharge	31,169	13,328	19	302	2,010	2,549	5,341	4,179	2,995	446

⁽¹⁾ Includes data relating to Fiat Powertrain and FPT Industrial.

DIRECT AND INDIRECT ENERGY CONSUMPTION

Fiat Group worldwide (GJ)

2010	Fiat Group	Magnet								
		FGA Maserati	Ferrari	CNH	Iveco	FPT ⁽¹⁾	Marelli	Teksid	Comau	
Plants	174	15	1	2	31	23	16	68	6	12
Electricity	14,686,012	4,049,988	27,596	399,952	1,407,218	825,386	2,045,606	3,284,865	2,534,121	111,280
Natural gas	9,393,808	2,962,295	29,027	309,179	2,318,698	1,003,714	595,263	911,420	1,186,899	77,313
Other fuels	1,421,425	7,941	-	-	194,817	263,686	5,261	70,461	876,296	2,963
Other energy sources	8,046,602	5,480,061	-	136,610	99,175	661,434	1,160,532	316,806	133,479	58,505
Total energy consumption	33,547,847	12,500,285	56,623	845,741	4,019,908	2,754,220	3,806,662	4,583,552	4,730,795	250,061
from renewable sources	14.7%	13.5%	-	0.1%	12.0%	7.5%	11.2%	17.1%	28.6%	0.4%
2009⁽²⁾										
Plants	178	13	1	2	31	25	16	67	6	17
Electricity	13,522,919	3,841,686	25,524	375,014	1,283,732	757,553	1,882,971	3,010,456	2,223,300	122,683
Natural gas	8,560,909	2,715,381	20,521	313,852	2,106,243	852,979	575,532	883,127	1,017,611	75,663
Other fuels	1,048,045	6,531	-	-	128,548	265,303	7,875	89,776	543,265	6,747
Other energy sources	7,985,831	5,555,795	-	60,796	71,649	587,597	1,181,015	337,886	122,708	68,385
Total energy consumption	31,117,704	12,119,393	46,045	749,662	3,590,172	2,463,432	3,647,393	4,321,245	3,906,884	273,478
from renewable sources	10.7%	7.0%	-	0.1%	10.3%	4.5%	7.5%	16.3%	26.2%	0.4%
2008										
Plants	168	14	1	2	29	21	16	67	6	12
Electricity	15,773,826	4,180,538	28,955	420,235	1,616,779	1,038,251	2,433,148	3,211,895	2,680,978	163,047
Natural gas	9,629,592	2,851,818	22,039	452,889	2,335,775	1,345,032	707,830	858,909	948,089	107,211
Other fuels	1,149,971	14,302	-	-	129,363	363,962	8,086	67,874	554,817	11,567
Other energy sources	9,163,953	5,987,539	-	-	73,710	754,953	1,495,866	432,455	351,812	67,618
Total energy consumption	35,717,342	13,034,197	50,994	873,124	4,155,627	3,502,198	4,644,930	4,571,133	4,535,696	349,443
from renewable sources	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

DIRECT AND INDIRECT CO₂ EMISSIONS

Fiat Group worldwide (tons of CO₂)

2010	Fiat Group	Magnet								
		FGA Maserati	Ferrari	CNH	Iveco	FPT ⁽¹⁾	Marelli	Teksid	Comau	
Plants	174	15	1	2	31	23	16	68	6	12
Direct emissions	637,521	166,874	1,548	17,345	128,686	80,814	33,784	55,673	148,256	4,541
Indirect emissions	2,026,124	846,831	3,213	62,138	181,946	114,136	290,478	350,656	157,248	19,478
Total CO₂ emissions	2,663,645	1,013,705	4,761	79,483	310,632	194,950	324,262	406,329	305,504	24,019
2009⁽²⁾										
Plants	178	13	1	2	31	25	16	67	6	17
Direct emissions	560,133	152,830	1,151	17,607	115,757	72,569	32,872	55,117	107,485	4,745
Indirect emissions	2,068,650	922,813	2,749	50,442	164,477	114,127	291,253	333,569	168,640	20,580
Total CO₂ emissions	2,628,783	1,075,643	3,900	68,049	280,234	186,696	324,125	388,686	276,125	25,325
2008										
Plants	168	14	1	2	29	21	16	67	6	12
Direct emissions	631,119	161,107	1,214	24,954	137,516	107,098	39,634	48,444	104,336	6,816
Indirect emissions	n.a.	1,060,995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total CO₂ emissions	n.a.	1,222,102	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

⁽¹⁾ Includes data relating to Fiat Powertrain and FPT Industrial.

⁽²⁾ The 2009 figure has been restated and, therefore, differs from that published in the 2009 Sustainability Report.

DIRECT ENERGY CONSUMPTION BY SOURCE

Fiat Group worldwide (GJ)

2010	Fiat Group	FGA	Maserati	Ferrari	CNH	Iveco	FPT⁽¹⁾	Magneti Marelli	Teksid	Comau
Plants	174	15	1	2	31	23	16	68	6	12
Non-renewable sources										
Natural gas	9,392,377	2,962,295	27,596	309,179	2,318,698	1,003,714	595,263	911,420	1,186,899	77,313
Coal	1,057,977	-	-	-	-	241,505	-	-	816,472	-
Diesel	178,975	7,848	-	-	87,145	10,478	5,261	6,876	59,823	1,544
LPG	109,244	93	-	-	43,963	1,593	-	62,176	-	1,419
Other (HS and LS fuel oil)	12,323	-	-	-	804	10,110	-	1,409	-	-
Total non-renewable sources	10,750,896	2,970,236	27,596	309,179	2,450,610	1,267,400	600,524	981,881	2,063,194	80,276
Renewable sources										
Biomass	62,905	-	-	-	62,905	-	-	-	-	-
Photovoltaic	869	13	-	856	-	-	-	-	-	-
Solar-thermal	72	72	-	-	-	-	-	-	-	-
Total renewable sources	63,846	85	-	856	62,905	-	-	-	-	-
Total direct energy consumption	10,814,742	2,970,321	27,596	310,035	2,513,515	1,267,400	600,524	981,881	2,063,194	80,276
from renewable sources	0.6%	-	-	0.3%	2.5%	-	-	-	-	-
2009⁽²⁾										
Plants	178	13	1	2	31	25	16	67	6	17
Non-renewable sources										
Natural gas	8,560,909	2,715,381	20,521	313,852	2,106,243	852,979	575,532	883,127	1,017,611	75,663
Coal	741,286	-	-	-	-	246,383	-	-	494,903	-
Diesel	132,203	2,390	-	-	50,982	5,866	7,875	10,423	47,920	6,747
LPG	123,283	37	-	-	45,865	2,529	-	74,410	442	-
Other (HS and LS fuel oil)	17,260	4,104	-	-	1,258	10,525	-	1,373	-	-
Total non-renewable sources	9,574,941	2,721,912	20,521	313,852	2,204,348	1,118,282	583,407	969,333	1,560,876	82,410
Renewable sources										
Biomass	30,443	-	-	-	30,443	-	-	-	-	-
Photovoltaic	900	-	-	900	-	-	-	-	-	-
Solar-thermal	3,642	72	-	-	-	-	-	3,570	-	-
Total renewable sources	34,985	72	-	900	30,443	-	-	3,570	-	-
Total direct energy consumption	9,609,926	2,721,984	20,521	314,752	2,234,791	1,118,282	583,407	972,903	1,560,876	82,410
from renewable sources	0.4%	-	-	0.3%	1.4%	-	-	0.4%	-	-

⁽¹⁾ Includes data relating to Fiat Powertrain and FPT Industrial.⁽²⁾ The 2009 figure has been restated and, therefore, differs from that published in the 2009 Sustainability Report.

INDIRECT ENERGY CONSUMPTION BY SOURCE

Fiat Group worldwide (GJ)

2010	Fiat Group	FGA	Maserati	Ferrari	CNH	Iveco	FPT⁽¹⁾	Magneti Marelli	Teksid	Comau
Plants	174	15	1	2	31	23	16	68	6	12
Electricity										
Non-renewable sources	9,903,371	2,365,100	29,027	399,952	1,028,193	666,666	1,620,389	2,502,972	1,180,794	110,278
Renewable sources	4,784,071	1,684,888	-	-	379,025	158,719	425,217	781,893	1,353,327	1,002
Total electricity	14,687,442	4,049,988	29,027	399,952	1,407,218	825,385	2,045,606	3,284,865	2,534,121	111,280
Thermal energy										
Non-renewable sources	6,595,958	4,570,353	-	100,602	57,323	591,743	811,549	272,404	133,479	58,505
Renewable sources	88,683	-	-	-	41,494	47,189	-	-	-	-
Total thermal energy	6,684,641	4,570,353	-	100,602	98,817	638,932	811,549	272,404	133,479	58,505
Other energy sources										
Non-renewable sources	1,361,020	909,623	-	35,152	358	22,502	348,983	44,402	-	-
Renewable sources	-	-	-	-	-	-	-	-	-	-
Total other energy sources	1,361,020	909,623	-	35,152	358	22,502	348,983	44,402	-	-
Total indirect energy consumption	22,733,103	9,529,964	29,027	535,706	1,506,393	1,486,819	3,206,138	3,601,671	2,667,600	169,785
from renewable sources	21.4%	17.7%	-	-	27.9%	13.8%	13.3%	21.7%	50.7%	0.6%
2009⁽²⁾										
Plants	178	13	1	2	31	25	16	67	6	17
Electricity										
Non-renewable sources	10,252,309	2,996,408	25,524	375,014	966,727	645,666	1,610,103	2,311,100	1,200,182	121,585
Renewable sources	3,270,608	845,277	-	-	317,005	111,887	272,868	699,355	1,023,118	1,098
Total electricity	13,522,917	3,841,685	25,524	375,014	1,283,732	757,553	1,882,971	3,010,455	2,223,300	122,683
Thermal energy										
Non-renewable sources	6,504,570	4,515,102	-	47,212	47,397	551,613	867,158	285,282	122,708	68,098
Renewable sources	23,996	-	-	-	23,996	-	-	-	-	-
Total thermal energy	6,528,566	4,515,102	-	47,212	71,393	551,613	867,158	285,282	122,708	68,098
Other energy sources										
Non-renewable sources	1,456,293	1,040,621	-	12,684	256	35,985	313,856	52,604	-	287
Renewable sources	-	-	-	-	-	-	-	-	-	-
Total other energy sources	1,456,293	1,040,621	-	12,684	256	35,985	313,856	52,604	-	287
Total indirect energy consumption	21,507,776	9,397,408	25,524	434,910	1,355,381	1,345,151	3,063,985	3,348,341	2,346,008	191,068
from renewable sources	15.3%	9.0%	-	-	25.2%	8.3%	8.9%	20.9%	43.6%	0.6%

⁽¹⁾ Includes data relating to Fiat Powertrain and FPT Industrial.⁽²⁾ The 2009 figure has been restated and, therefore, differs from that published in the 2009 Sustainability Report.

OTHER SIGNIFICANT ENVIRONMENTAL EMISSIONS

Volatile Organic Compounds

Fiat Group worldwide (g/m ²)	2010	2009 ⁽²⁾	2008
FGA	43.4	44.3	47.1
Maserati	-	-	-
Ferrari	35.1	33.7	34.9
CNH	56.3	59.5	64.3
Iveco	72.4	77.3	59.1
FPT ⁽¹⁾	36.6	43.8	38.8
Magneti Marelli	32.1	41.9	37.6
Teksid	198.5	248.5	299.0
Comau	14.1	13.8	112.4
Fiat Group	46.1	47.4	49.8

SO_x

Fiat Group worldwide (tons)	2010	2009 ⁽²⁾	2008
FGA	2	2	2
Maserati	-	-	-
Ferrari	-	-	-
CNH	13	8	11
Iveco	55	56	53
FPT ⁽¹⁾	1	1	1
Magneti Marelli	4	2	2
Teksid	124	77	67
Comau	-	1	2
Fiat Group	198	147	138

Dust

Fiat Group worldwide (tons)	2010	2009 ⁽²⁾	2008
FGA	0.2	0.1	0.3
Maserati	-	-	-
Ferrari	-	-	-
CNH	1.1	0.7	0.9
Iveco	5.7	5.8	6.1
FPT ⁽¹⁾	0.1	0.1	-
Magneti Marelli	0.1	0.2	0.1
Teksid	18.7	11.5	10.1
Comau	0.0	0.1	0.1
Fiat Group	25.8	18.4	17.6

NO_x

Fiat Group worldwide (tons)	2010	2009 ⁽²⁾	2008
FGA	352	322	339
Maserati	3	2	3
Ferrari	37	37	54
CNH	273	232	290
Iveco	131	113	176
FPT ⁽¹⁾	63	69	85
Magneti Marelli	114	113	101
Teksid	179	145	133
Comau	9	10	15
Fiat Group	1,162	1,043	1,194

PRESENCE OF OZONE-DEPLETING SUBSTANCES

Fiat Group worldwide (kg)

2010	Fiat Group	FGA	Maserati	Ferrari	CNH	Iveco	FPT ⁽¹⁾	Magneti Marelli	Teksid	Comau
CFCs	589	-	-	-	5	3	561	20	-	-
HCFCs	23,788	4,766	38	-	4,280	1,746	2,320	10,412	226	-
Halons	102	-	-	-	-	-	-	65	37	-
Methyl bromide	-	-	-	-	-	-	-	-	-	-
Other CFCs fully halogenated	2	-	-	-	-	-	-	2	-	-
Total	24,481	4,766	38	-	4,285	1,749	2,881	10,499	263	-

WATER RECOVERY IN PRODUCTION PROCESSES

Fiat Group Automobiles worldwide (thousands of m ³)	2010	2009
Total water requirement	306,200	256,872
covered by water withdrawal	13,016	13,752
covered by recycling	293,184	243,120
Recycling Index⁽³⁾	95.7%	94.6%

⁽¹⁾ Includes data relating to Fiat Powertrain and FPT Industrial.⁽²⁾ The 2009 figure has been restated and, therefore, differs from that published in the 2009 Sustainability Report.⁽³⁾ Total water recycled in production processes as a percentage of the total water requirement.

SOCIAL DIMENSION

EMPLOYEES IN NUMBERS - WORLDWIDE

Employees by country

	2010	2009
Fiat Group worldwide		
Italy	40.7%	42.3%
Brazil	21.1%	20.0%
Poland	6.8%	7.1%
USA	5.1%	5.2%
France	4.3%	4.8%
Germany	3.1%	3.2%
Spain	2.7%	2.8%
Other Countries	16.2%	14.6%

Nationality of managers

Fiat Group worldwide	
Italian	67.9%
USA	10.3%
Brazilian	7.1%
French	4.5%
German	2.2%
Polish	1.5%
Belgian	1.3%
Other nationalities	5.2%

EMPLOYEES IN NUMBERS - ITALY

Employees by Sector

	2010	2009
Fiat Group Italy		
Fiat Group Automobiles	32,454	31,269
Maserati	617	648
Ferrari	2,608	2,683
Fiat Powertrain ⁽¹⁾	7,990	7,705
Magneti Marelli	10,287	10,253
Teksid	894	918
Comau	1,025	1,174
CNH - Case New Holland	4,328	4,597
Iveco	8,892	9,023
FPT Industrial ⁽¹⁾	4,919	5,056
Other Businesses ⁽¹⁾⁽²⁾	7,339	7,108
Fiat Group	81,353	80,434

Employees by category⁽³⁾

	2010	2009
Fiat Group Italy		
Manager	1,487	1,472
Professional	14,846	14,736
White-collar	10,955	10,741
Blue-collar	54,065	53,485
Total	81,353	80,434

Employees by age

Fiat Group Italy	
Up to 30 years	8%
31 to 40 years	30%
41 to 50 years	35%
Over 50 years	27%

Employees by length of service

Fiat Group Italy	
Up to 5 years	20%
6 to 10 years	15%
11 to 20 years	27%
21 to 30 years	24%
Over 30 years	14%

Employees by level of education

Fiat Group Italy	
University degree or equivalent	11%
High school	32%
Elementary/middle school	42%
Not mapped ⁽⁴⁾	15%

Women employees by category

	2010	2009	2008
Fiat Group Italy			
Manager	10.0%	9.9%	8.9%
Professional	17.9%	17.5%	17.0%
White-collar	33.7%	33.8%	33.5%
Blue-collar	14.9%	14.3%	14.1%
Average	17.9%	17.4%	17.2%

⁽¹⁾ Figures relating to FPT Powertrain Technologies for 2009 have been reclassified under Fiat Powertrain, FPT Industrial and Other Businesses, consistent with the classification for 2010.

⁽²⁾ Other Businesses includes: Centro Ricerche Fiat; Elasis; companies operating in publishing, communications, and services; holding and other companies.

⁽³⁾ Employees are divided into four main categories: blue-collar; white-collar; professional (individuals performing specialist and managerial roles, corresponding to quadri and capi in Italy, which include professionals and professional experts under Fiat's classification system); and manager (individuals with middle and senior management roles, including professional masters, professional seniors and executives under Fiat's classification system).

⁽⁴⁾ Cases where it was not possible to report level of education.

EMPLOYEE TURNOVER BY REGION

Total employees

Italy	
Employees at 31/12/2009	80,434
New Hires	2,123
Departures	(4,160)
Δ scope of operations	2,956
Employees at 31/12/2010	81,353

Latin America	
Employees at 31/12/2009	45,222
New Hires	14,014
Departures	(7,615)
Δ scope of operations	(37)
Employees at 31/12/2010	51,584

Blue-collar

Italy	
Blue-collar workers at 31/12/2009	53,485
New Hires	1,089
Departures	(2,969)
Δ scope of operations	2,460
Blue-collar workers at 31/12/2010	54,065

Latin America	
Blue-collar workers at 31/12/2009	36,800
New Hires	12,025
Departures	(6,569)
Δ scope of operations	(81)
Blue-collar workers at 31/12/2010	42,175

Europe (excl. Italy)	
Employees at 31/12/2009	45,826
New Hires	3,015
Departures	(3,551)
Δ scope of operations	1,790
Employees at 31/12/2010	47,080

Rest of World	
Employees at 31/12/2009	7,375
New Hires	2,322
Departures	(1,358)
Δ scope of operations	145
Employees at 31/12/2010	8,484

Europe (excl. Italy)	
Blue-collar workers at 31/12/2009	30,265
New Hires	1,784
Departures	(2,403)
Δ scope of operations	1,151
Blue-collar workers at 31/12/2010	30,797

Rest of World	
Blue-collar workers at 31/12/2009	4,432
New Hires	1,434
Departures	(827)
Δ scope of operations	115
Blue-collar workers at 31/12/2010	5,154

North America	
Employees at 31/12/2009	11,157
New Hires	1,940
Departures	(1,735)
Δ scope of operations	61
Employees at 31/12/2010	11,423

Total worldwide	
Employees at 31/12/2009	190,014
New Hires	23,414
Departures	(18,419)
Δ scope of operations	4,915
Employees at 31/12/2010	199,924

North America	
Blue-collar workers at 31/12/2009	6,135
New Hires	1,230
Departures	(1,205)
Δ scope of operations	47
Blue-collar workers at 31/12/2010	6,207

Total worldwide	
Blue-collar workers at 31/12/2009	131,117
New Hires	17,562
Departures	(13,973)
Δ scope of operations	3,692
Blue-collar workers at 31/12/2010	138,398

TALENT ATTRACTION AND ACADEMIC PARTNERSHIPS

Fiat Group worldwide	2010	2009	2008
New graduates recruited	1,329	679	2,191
of which in Italy	295	112	532
Traineeships	8,460	2,571	3,800
of which in Italy	547	477	1,037
CVs received	646,400	478,800	622,500
Scholarships	600	566	1,148
of which in Italy	168	159	351
Scholarships (€ million)	1.1	1.1	2.2

OCCUPATIONAL HEALTH AND SAFETY - ITALY

Frequency rate⁽¹⁾

Fiat Group Italy	2010	2009	2008
Accidents per 100,000 hours worked	0.74	0.94	1.06

Severity rate⁽²⁾

Fiat Group Italy	2010	2009	2008
Days of absence per 1,000 hours worked	0.21	0.28	0.33

Fatal accidents

Fiat Group Italy	2010	2009	2008
Fatal accidents involving Group employees	-	-	2

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In the European Union, Directive 01/23 stipulates that in the event of the transfer of businesses, plants or parts of businesses or plants following a contractual sale or merger, an information and consultation procedure must be conducted with employee representatives. The procedure must be activated reasonably in advance of the transfer.

Accordingly, Fiat Group companies comply with the regulatory provisions resulting from the adoption of the above directive in each individual EU member state. Also, the agreement establishing the Fiat Group European Works Council includes, within matters requiring information and consultation, any fundamental changes in the organization, the introduction of new working methods and new manufacturing processes significantly affecting the Group as a whole, as well as reductions in size or the closure, relocation of production, or merger of companies or business units having a substantial effect on employment with transnational repercussions. Outside the European Union, local laws and practices apply. In the United

States, a federal law known as WARN, 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.

At unionized sites and/or plants, the level of union involvement is normally defined by the collective bargaining agreement signed between the company and the union and applicable at site level, which usually also sets out the information and consultation procedures to be activated in such circumstances. At non-unionized sites, it is common practice to make a company-wide announcement to all employees of organizational changes relating to outsourcing, with appropriate notice in advance of the operation.

PENSION PLANS

According to an analysis conducted on 87% of the Group's workforce worldwide as of 31 October 2010, approximately 69% of employees are eligible for a supplementary pension plan, and of these, 65% joined a supplementary plan. This represents 45% of the total population mapped.

⁽¹⁾ The frequency rate is the ratio of the number of injuries reported (resulting in more than three days of absence) to the number of hours worked, multiplied by 100,000.

⁽²⁾ The severity rate is the ratio of the number of days of absence to the number of hours worked, multiplied by 1,000.

Supplementary pension plans 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.

PRODUCT AND SERVICE INFORMATION

Given the nature of its activities, Fiat Group is subject to numerous national and international laws and regulations relating to product information.

With regard to fuel economy and CO₂ emissions, the Group

provides consumers specific information through various channels: posters in sales outlets, advertising information, internet sites, etc., in accordance with the provisions of Directive 1999/94/EC of the European Parliament and Council of 13 December 1999 "relating to the availability of consumer information on fuel economy and CO₂ emissions in respect of the marketing of new passenger cars".

Other information useful to Fiat Group customers is provided with maximum transparency through manuals (e.g., user and maintenance handbooks), advertising, dealer and service network, Customer Services Centre, etc.

Also, through driving courses, awareness-raising campaigns and IT tools (e.g., eco:Drive), the Group promotes the use of low environmental impact technology and encourages customers to drive more safely and in an environmentally-friendly manner.

GLOSSARY

A - B - C

Adaptive Cruise Control (ACC):

electronic system that automatically regulates vehicle speed to maintain a safe distance from the vehicle ahead.

Brake Prefill:

device that detects potentially hazardous situations: if the driver suddenly lifts his foot from the accelerator pedal, the system immediately brings the brake pads into contact with the discs, enabling more rapid braking in an emergency.

Collision Mitigation:

system that intervenes independently to stop the vehicle in the event of an unavoidable collision or assists and compensates the braking action of the driver, if it is inadequate for the situation detected.

D - E - F

Driver Attention Support:

system that detects the driver's lack of attention or deterioration in his driving performance, and activates progressive countermeasures (ranging from visual or acoustic alerts to automatic intervention) to restore the vehicle to a safe condition.

Electronic Stability Control (ESC):

system that detects and prevents skidding by regulating engine power and braking individual wheels, enabling the driver to regain control of the vehicle.

EN 16001:

European standard establishing requirements for an Energy Management System.

G - H - I

ISO 14001:

international standard establishing requirements for an Environmental Management System.

ISO 26000:

international standard, published in November 2010, which identifies the main issues that organizations need to focus on to demonstrate their commitment to social responsibility.

J - K - L - M

Lane Departure Warning (LDW):

device that alerts the driver when the vehicle is about to drift out of its lane.

Life Cycle Assessment (LCA):

analytical method for assessing the combination of interactions that a product or component has with the environment and determining the direct or indirect impacts through its entire life cycle, from production to recycling and final disposal.

Magnetorheological Suspension Control:

motion of each wheel is controlled by a shock absorber whose damping characteristics are produced by a magnetorheological fluid whose dynamic properties, and viscosity in particular, change when an electrically controlled magnetic field is applied.

N - O - P - Q

OHSAS 18001:

international standard establishing requirements for Occupational Health and Safety Management Systems.

Pulse Width Modulation controller:

electric devices (e.g., radiator and fan, fuel pump) that use rapid modulation of pulse widths to reduce the amount of power used by the battery (and as consequence by the engine) for recharging, thereby cutting fuel consumption.

R - S - T - U

Selective Catalytic Reduction (SCR):

exhaust gas after-treatment technique in which a solution of demineralized water and urea called AdBlue® is injected to reduce NOx (nitrogen oxides).

Skyhook:

automatic system that continuously adjusts shock absorbers to changing road surfaces to guarantee ideal damping under all driving conditions.

Smart alternator:

battery recharging device that uses an intelligent control unit to reduce utilization of power from engine to minimum required.

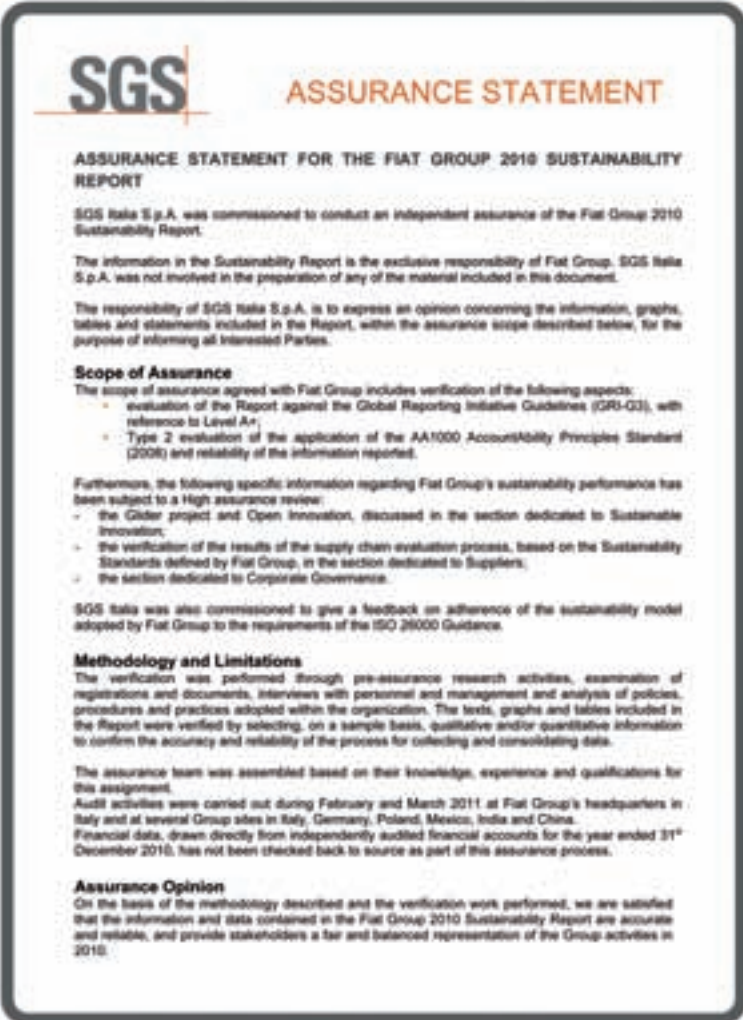
V - W - X - Y - Z

Vehicle Dynamic Control (VDC):

system that uses sensors to monitor wheel slip: if a loss of traction is detected, the system cuts in to restore dynamic stability and directional control.

STATEMENTS OF ASSURANCE

This Sustainability Report has been audited by SGS Italia S.p.A., an independent company that provides verification, testing, analysis and certification of goods, services and systems. The scope of the audit is reported in the following letter. The Report has also been submitted to GRI which conducted an Application Level Check (A+) of the GRI-G3 Guidelines.



SGS ASSURANCE STATEMENT

ASSURANCE STATEMENT FOR THE FIAT GROUP 2010 SUSTAINABILITY REPORT

SGS Italia S.p.A. was commissioned to conduct an independent assurance of the Fiat Group 2010 Sustainability Report.

The information in the Sustainability Report is the exclusive responsibility of Fiat Group. SGS Italia S.p.A. was not involved in the preparation of any of the material included in this document.

The responsibility of SGS Italia S.p.A. is to express an opinion concerning the information, graphs, tables and statements included in the Report, within the assurance scope described below, for the purpose of informing of Interested Parties.

Scope of Assurance

The scope of assurance agreed with Fiat Group includes verification of the following aspects:

- evaluation of the Report against the Global Reporting Initiative Guidelines (GRI-G3), with reference to Level A+;
- Type 2 evaluation of the application of the AA1000 Accountability Principles Standard (2008) and reliability of the information reported.

Furthermore, the following specific information regarding Fiat Group's sustainability performance has been subject to a High assurance review:

- the Glider project and Open Innovation, discussed in the section dedicated to Sustainable Innovation;
- the verification of the results of the supply chain evaluation process, based on the Sustainability Standards defined by Fiat Group, in the section dedicated to Suppliers;
- the section dedicated to Corporate Governance.

SGS Italia was also commissioned to give a feedback on adherence of the sustainability model adopted by Fiat Group to the requirements of the ISO 26000 Guidance.

Methodology and Limitations

The verification was performed through pre-assurance research activities, examination of registrations and documents, interviews with personnel and management and analysis of policies, procedures and practices adopted within the organization. The texts, graphs and tables included in the Report were verified by selecting, on a sample basis, qualitative and/or quantitative information to confirm the accuracy and reliability of the process for collecting and consolidating data.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment. Audit activities were carried out during February and March 2011 at Fiat Group's headquarters in Italy and at several Group sites in Italy, Germany, Poland, Mexico, India and China. Financial data, drawn directly from independently audited financial accounts for the year ended 31st December 2010, has not been checked back to source as part of this assurance process.

Assurance Opinion

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained in the Fiat Group 2010 Sustainability Report are accurate and reliable, and provide stakeholders a fair and balanced representation of the Group activities in 2010.

With regards to the level of adherence to the AA1000 Principles, the Audit Team provides the following opinion:

- Materiality:** we believe that Fiat Group adequately applies the materiality principle. Again this year, the Sustainability Plan represents the Group's commitment to address material issues with priority and to report in a transparent way. The Risk Management model adopted by the organization is also an important tool in identifying relevant issues to be monitored, particularly related to the Environment and the Health and Safety of workers. We also underline significant improvements in the reporting of social themes and commitments.
- Inclusivity:** constant dialog and engagement with Fiat Group's stakeholders is supported by a valid mapping process and monitoring of changes in their interests over time. The systematic analysis of the needs and expectations of interested parties underpins the approach of continuous improvement in terms of Group awareness of its impacts on society, the economy and the environment, even where there is no specific request from stakeholders.
- Responsiveness:** over time, Fiat Group has developed and improved systems and processes for measuring and monitoring of social and environmental performance indicators, resulting in our positive view on its application of the Responsiveness Principle. We underline the organization's continuous commitment to increasing the number of environmental performance indicators in an objective manner.

With reference to the assurance of specified performance information on sustainability performance defined in the "Scope of Assurance", the Audit Team is of the opinion that:

- the information contained in the 2010 Sustainability Report is reliable and complete in relation to the above mentioned principles;
- Fiat Group kept the commitment taken last year to continue monitoring of the supply chain, in compliance to the Code of Conduct and Sustainability Guidelines;
- referring to Ineco Open Innovation, the Glider project represents the synthesis of different technologies in terms of energy efficiency for heavy goods vehicles.

With regard to the Fiat Group sustainability model, we also confirm that the methodologies for dissemination and implementation of sustainability initiatives are in line with the requirements of the ISO 26000 Guidance.

Additionally, we confirm that the Report is aligned with the requirements of GRI-G3 A+ application level with the following observations and possibilities for improvement:

- The Audit Team recognizes the positive, constant improvement in reliability of the data collection, processing and aggregation process through the new SAI Standard Aggregation Data application and for the reporting of biodiversity indicators (Fiat Group Biodiversity Value Index) based on scientifically reliable methodologies, recognized at the international and institutional level;
- Regarding Social performance, it is recommended that the existing approach be continued, with extension of the indicators, the enhancement of the reporting methodology and the definition of new commitments.

Milan, 10 March 2011

SGS ITALIA S.p.A.
Paolo Pineschi



 **AA1000**
Licensed Assurance Provider
000-8



Statement GRI Application Level Check

GRI hereby states that Fiat S.p.A. has presented its report "Sustainability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

15 March 2011, Amsterdam

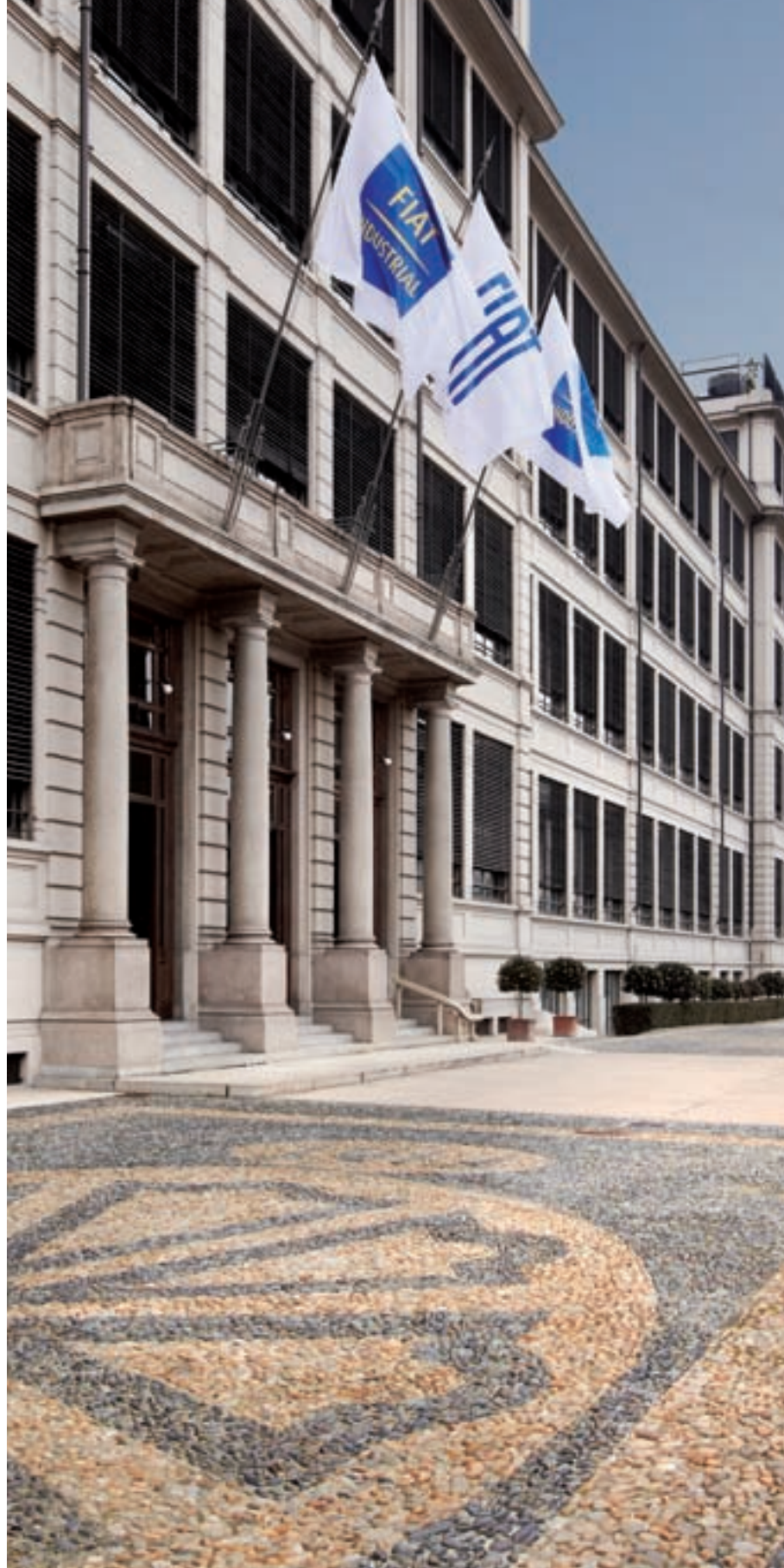
Nelmar Arben
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Fiat S.p.A. has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.



INDEX OF GRI-G3 CONTENT

















The following table has been provided to help the reader in locating content within the document that relates to specific GRI-G3 indicators. Each indicator is followed by reference to the appropriate pages in the 2010 Sustainability Report or other publicly available sources. Additional information is also available in the GRI-G3 index published on the Sustainability section of the Group website.

KEY



































SR = 2010 Sustainability Report
AR = Annual Report at 31 December 2010
ARCG = Annual Report on Corporate Governance, February 2011

 Fully disclosed
 Partially disclosed
 Not disclosed
N.A. Not applicable

GRI-G3 INDICATORS

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1.2		SR - pages 35-37, 73 AR - pages 42-46, 250-254 ARCG - pages 17-18
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2.3		SR - pages 16-17, 184-185 AR - pages 11, 269-297
2.4		SR - page 204
2.5		SR - pages 16-17, 129, 193 AR - pages 20-21, 28, 249-250
2.6		AR - pages 29-30 ARCG - pages 4-7, 22
2.7		SR - page 17 AR - pages 20-21, 28, 249-250
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2011

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