

# Our employees, the “engine” of the company

Focusing on, respecting and safeguarding individuals; considering skills as an asset to be developed and shared; ensuring career opportunities and career progression without discrimination; enabling a stimulating working environment: these are the pillars of human capital management at Fiat Group, resulting from of a strong belief that the engagement and contribution of employees are key levers in achieving results.

## Human resources management and development

Five key principles underpin the management and development of the Group’s human capital, and the various levels of management at each Sector have been given responsibility to ensure they are applied globally and uniformly. Those principles are:

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

In accordance with these principles and to ensure

they are applied effectively, the Group has developed a number of key tools for managing and developing its human capital. These include *Performance & Leadership Management (P&LM)*, which is integrated and consistent across the Group and represents a Group-wide process for assessing performance and leadership as well as the basis of our main management systems. This process is closely linked to the Group’s leadership model, which acts as a catalyst of change and serves as an assessment and cultural benchmark (spread by example by an ever-increasing number of people in key roles throughout the organisation).

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Talent reviews carried out on 15 professional families, globally on a Group-wide basis, to identify managers and professionals having the right profile to fill key positions

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More than 198,000 employees, of whom around **16%** are women

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## Performance & Leadership Management – a tool for employee development

Designed to drive a culture of performance and leadership throughout Fiat Group, the *Performance & Leadership Management* process is a method for assessing and channelling individual performance, skills and individual behaviours, enabling employees to be directly involved and responsible for their own personal development.

Employees tend to be more effective when they know what the company expects from them and share the underlying rationale. As such, the P&LM process seeks to establish a two-way, transparent dialogue with employees to determine together what they are able to contribute and whether they are working effectively to meet the agreed objectives.

Over time, this process has proven to be an effective mechanism for promoting personal improvement and growth.

The introduction of this appraisal process globally across all Group Sectors has allowed the achievement of a number of results that have improved overall organisational effectiveness:

- **connection** between individual, team and organisational targets, and **clear communication** of expectations
- **integration** of assessment of performance and leadership
- **continuous dialogue** between managers and employees
- **constant motivation** which impacts on individual performance and employee retention
- **specific actions** for individual development.

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Average age of the Alfa MiTo design team:

**30** years

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**24% of Group employees worldwide are under 30**

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**33,700**  
white-collars,  
professionals and  
managers appraised  
using the P&LM  
system

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**Target for 2009:  
extend the system to  
100% of the Group  
white collars,  
professionals and  
managers**

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In 2008, the Performance & Leadership Management process involved 33,700 employees including white-collars, professionals and managers. The target for 2009 is to extend the process to 100% of this population.

### **Equal opportunity for all: Internal Job Posting and monitoring of equal opportunities for men and women**

The *Internal Job Posting* initiative is aimed at encouraging professional mobility between Sectors, countries and functions.

It is a transparent tool that effectively and efficiently matches job supply and demand throughout the organisation.

A shared web platform publishes all job vacancies within the Group, providing all employees with the opportunity to apply for a job according to their professional aspirations. Internal applicants are given priority over external ones.

Given the involvement of all Sectors, the Internal Job Posting system not only offers equal opportunity to employees but also allows vacant positions to be filled more quickly.

In addition, by promoting the implementation of certain human resource management principles, this programme represents an excellent way of involving people in choosing their own career path, motivating them and giving them the opportunity to be accountable for their own decisions.

The aim is twofold: to support career growth and strengthen the tie between employees and the Group.

In fact the Internal Job Posting system:

- allows internal candidates opportunity for high visibility
- facilitates professional mobility within the Group
- encourages a proactive and dynamic approach allowing employees to choose whether to apply for a specific position on an independent and voluntary basis

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### **Launch of the Internal Job Posting initiative**

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Ongoing collaboration between the Group and

**40** top European universities and their best students

- encourages transparent relationships and open dialogue between management and employees, who must inform their line supervisor before applying for a position
- promotes a Group approach which allows for employee development to the benefit of the entire organisation rather than just individual Sectors.

In 2008, the initiative was launched at Group level in France, the UK, Germany, Poland, Austria, Spain, Portugal, Switzerland, Benelux, the Czech Republic and Slovakia. In 2009, a pilot project will be launched in North America at CNH - Case New Holland, and a feasibility study will be carried out for Latin America.

To verify whether the principle of equal opportunity between men and women is being

applied, in 2008 the Group launched a pilot project to monitor salary levels, the annual salary review plan, the performance and leadership appraisal and promotions. In 2009, this monitoring process will be gradually introduced throughout the Group.

#### Golden BIP award

The Fiat Group won the Golden BIP award for the most innovative Campus Recruitment activity with its *video CV* and other initiatives. In co-operation with the Politecnico di Milano, Fiat Group Resourcing Center gave students the option to submit their job applications in video format rather than via the traditional résumé, giving them plenty of scope to exercise their creativity.

## Training and knowledge management: a combination essential to the development of our employees

**€91** million  
invested in training

**133,000** employees  
received training:

**+14%**  
over 2007

For the Fiat Group, training and knowledge management has always been considered an important multi-disciplinary tool for supporting the development of individual careers throughout the organisation, leveraging the Group's skill base and disseminating its strategy and values. The striving for ever better performance and new commercial and industrial challenges require traditional forms of training to be continually improved and accompanied by new approaches to developing leadership skills and by methodologies which are closely connected to real business cases.

During the year, a new cross-sector organisation, *Group Learning*, was launched to provide effective support to the business transformation process. It co-ordinates training at Group level and ensures that resources, experience and best

practices are available to all. As part of the initiative, we also expanded technological support and strengthened online services through the e-learning platform "E-dotto" for the dissemination and management of know-how across Sectors. Following are some examples of the many training activities developed in 2008.

### **World Class Manufacturing: knowledge enhances performance**

The rapid implementation of the Group's World Class Manufacturing (WCM) initiative has increased opportunities to share knowledge developed and consolidated at different plants in recent years.

In 2008, the **WCM Academy** started its training activities dedicated to blue-collar workers, technicians and managers on issues ranging from



workstation organisation systems to maintenance, quality and logistics.

The industrial logistics training module involving simulation activities in specially-equipped areas is particularly significant. The first two plants equipped for this module were the Fiat Group Automobiles plant in Cassino, Italy and the CNH - Case New Holland facility in Racine, United States. A total of 300 people were trained in one year.

Another major training initiative was the **Manufacturing Training System** for blue-collar workers, a tool used to develop proficiency when new models are introduced and to improve product management during normal operations. Over 11,000 operators were trained by more than 600 internal trainers using this methodology. In 2008, as part of the World Class Manufacturing Development initiative, a dedicated training unit (the *Manufacturing Training Unit*) was established and will be operational in 2009.

See also pages 78-80.



#### Training at the Giambattista Vico plant

A considerable financial commitment fully funded by the Group and over one million hours of training provided.

With the involvement and contribution of all employees, the Giambattista Vico plant in Pomigliano d'Arco (Naples, Italy) underwent a complete reorganisation of its production system using WCM principles.

In tandem with the structural changes to the plant and equipment, 6,000 employees learned about the key elements of the work system that is gradually being introduced at all Group plants.

With eight hours a day of intensive theoretical and practical courses, including assessment tests, employees were able to perfect their knowledge of products, processes, safety and quality.

The first to undergo the training were the 266 professionals who, after attending leadership training courses, became the "trainers" themselves, passing on the knowledge they acquired to their colleagues.

#### Iveco blazes a trail with *Common Future Way* and *Double Digit*

Iveco has a significant presence in most of the world through its subsidiaries, joint ventures and sales offices. This international dimension requires specific integration tools to facilitate the hiring and professional development of local employees. *Common Future Way* is a training project targeted at employees from non-European countries (especially China, Latin America and Russia) with various levels of responsibility within the business (from recent graduates through to middle and senior managers).

The objective is to provide an experience that is as multi-cultural as possible, focusing on the acquisition of both general expertise and specific technical skills.

The programme entails on-the-job training, project work (in the case of recent graduates) and coaching and presentations by key managers from company headquarters (in the case of middle and senior managers).

In 2007 and 2008, 84 people (42 recent graduates, 32 middle managers and 10 senior managers) were involved in the project which was first set up in 2006. The third edition of the programme, which began in September 2008, has so far involved 21 recent graduates from China, Brazil and Argentina.

**Double Digit**, initiated in 2006, is a training programme for Iveco employees worldwide and in 2008 alone saw 15,000 people participate in several days of classroom training, on-the-job training, various online modules and the creation of virtual communities.

The aim of the initiative is to raise awareness of the Group's pursuit of double-digit profitability and involve all staff in this endeavour, explaining the reasons behind business decisions, channelling their contributions towards achieving results and reinforcing the sense of pride and responsibility, as well as the need for urgency in the face of change.

### **Marketing Bubble for CNH and Fiat Group Automobiles**

In 2008, the **Marketing Bubbles** initiative was launched. Bubbles are projects that use the "action learning" methodology (based on actual business cases) and combine training, creative thinking and business development in one initiative using the skills of marketing personnel and employees from other professional families. A key element of this training model is the online

#### **Target for 2009**

#### **Launch of the Fiat Group Corporate University**





collaboration platform for sharing documents, data and best practice. A tag is linked to each information element, identifying the subject matter and enabling creation of an online content library that can be easily accessed by everyone, including those who have not participated in the Bubble.

In 2008, the Group developed two pilot projects using Marketing Bubbles, in which over 100 people were involved in identifying opportunities to improve profit and devise value-creation strategies. The Sectors involved were Fiat Group Automobiles, with a review of the positioning of Fiat Bravo in Europe, and CNH - Case New Holland, which used the technique to define a marketing strategy for the Steyr brand as well as a 3-year business plan. Given the success of the Bubbles initiative, it will become a key element in the Fiat Group's future training model.

### **A Lighthouse for Comau**

Comau is acquiring an increasingly global dimension and wanted to fully involve its employees in the transformation.

This gave rise to the launch of the **Lighthouse** project, which involved the Body Welding business unit in 2008 and will be extended to other areas in 2009. Initially involving a hundred "agents of change", it subsequently cascaded down to involve all employees in the business unit through various training courses and communications programmes. The main results achieved were the reinforcement of Group values, redefinition of the organisational structure and processes, team-building and enhancement of the innovation and customer feedback process.



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**€263** million  
spent on improving  
safety, the working  
environment and  
employee health

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## Health and Safety: a priority commitment

Safeguarding and promoting health and safety in the workplace is a priority for the Group in every area of activity and country in which it operates. The Fiat Group is committed to providing safe working conditions through a preventive approach toward avoiding accidents and occupational illness as well as minimising other risks to health and safety.

In 2008, the Group strengthened its health and safety management systems and updated policies and Guidelines. The Group continued in its commitment to:

- developing expertise within the organisation
- training employees
- improving monitoring and management of information.

In defining operational programmes, the Sectors, which are responsible for all aspects of safety in accordance with regulatory requirements in those

countries where they operate, follow certain general principles:

- health and safety at work, ergonomics, fire prevention and the **prevention of all risks**, in general, must be closely integrated into working activities and not applied separately
- the prevention of risks and the improvement of working conditions are objectives that **involve the entire workforce** at all levels in relation to their specific responsibilities and duties
- the **promotion of safe conduct and prevention** is an essential part of the duties of every manager at all organisational levels
- **informing and training** all employees on issues relating to health and safety in the workplace must be an integral part of the professional knowledge of everyone.

In tandem with procedures stipulated by laws and regulations on accident prevention applicable in

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**300** people  
around the world  
dedicated to the  
management of  
health and safety in  
the workplace

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each country, each Sector produces a regular report containing qualitative and quantitative information which is used to assess the effectiveness of the measures implemented. In 2008, **new procedures for managing information on safety** were defined and introduced. This information was consolidated using standard criteria. The information supplements industrial indicators and, as with those indicators, is analysed to assess specific performance and overall trends.

#### **Knowledge as a prevention tool**

A shared culture that considers safety as a basic prerequisite for any activity carried out is a fundamental requirement for the effective prevention of accidents and protection of health. For this reason, the Group has numerous training initiatives involving all levels of the organisation: senior management for the definition of strategies, action plans and the setting of priorities; operating managers to ensure that everyone puts working procedures into practice correctly; line managers and, where applicable, employee representatives on safety issues, to update skills on an ongoing basis, including those

relating to process and product technology issues; and all employees to raise awareness of residual risk associated with their activities and the correct procedures to be followed in carrying out their work.

In 2008, around 533,000 training events aimed at informing and raising employee awareness on accident prevention and health and safety in the workplace were organised, involving 112,000 employees around the world.

Two new initiatives were also planned, to begin implementation in 2009, whose aim is promote a culture of prevention: **Health & Safety First** and **Top Ten Safety**.

*Health & Safety First* is an innovative training programme that involves the entire organisation. The project's objective is to update and increase the knowledge and tools available to optimise the execution of daily activities and focuses not only on technical skills but also – and primarily – on practical skills (e.g. problem solving, team working). The programme will initially be trialled at a few production sites and then gradually rolled out to all other Italian sites with any appropriate updates and additions.

*Top Ten Safety*, on the other hand, involves the definition of standard procedures for focusing the attention of workers at production sites on health and safety issues (communication of accidents, management of visitors and external companies, signs and directions in factories, and protective clothing and equipment for individuals). In 2009, the project will be implemented at production sites in Italy and then gradually rolled out to sites outside Italy.

Another project launched in 2008 to share know-how and raise awareness of operating procedures was the development of a Group **intranet platform** dedicated to environmental, health and safety issues. This tool is already in use by some Sectors and will become fully operational in 2009.

#### **Target for 2009**

#### **Implementation of the Health & Safety First and Top Ten Safety projects**

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**12** OHSAS 18001  
certifications covering  
17,000 employees

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**Target for 2010**

**OHSAS 18001  
certification for all  
existing production  
sites of the Group**

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**The Occupational Health and Safety Management System**

As a result of experience gained in the area of environmental management over the years, the Group decided to implement a certified Occupational Health and Safety Management System (OHSMS) at all production sites.

OHSMS is the most effective management tool for ensuring full implementation of objectives to safeguard and protect the health and safety of anyone working at our sites.

The system supplements and adopts all tools developed and implemented as part of the *World Class Manufacturing* programme (see also page 78), enabling, in particular, the comprehensive analysis of all events that have caused an accident (or that have the potential to do so) and implementation of preventive and corrective measures to eliminate those causes.

A timetable for external certification has also been determined:

- external validation of conformity with the UNI INAIL 2001 Guidelines for Italian sites by the end of 2009

- certification of compliance with the OHSAS 18001 standard for the Group's existing production sites by the end of 2010; and for the joint ventures by the end of 2012.
- The process to obtain attestation of compliance with the UNI INAIL 2001 Guidelines began in the second half of the year and the Group has already received its first certification for the Magneti Marelli Powertrain plant in Modugno, Bari (Italy). At the end of 2008, 12 sites had obtained OHSAS 18001 certification: three in Brazil, five in Poland and one each in Italy, France, Portugal and Turkey. These certifications cover a workforce of around 17,000 people.

**Occupational health at Fiat Group**

Generally, each Group site has a healthcare facility which provides health checks for prevention and monitoring, as well as first aid, staffed with dedicated medical or paramedical personnel appropriate to the needs of each site. There were around 308,000 healthcare examinations during the year, including regular, preventive checks and those requested by staff.

**Personal health**

Nearly all Group companies also participate in **supplementary healthcare plans**, which are mainly insurance related. Levels of cover vary from country to country depending on the public healthcare systems in place and the restrictions, opportunities and competitiveness of the local market.

In Turin, Italy, the Fiat Diagnostic Centre, dedicated to occupational healthcare and supplementary healthcare services for professionals and managers, each year provides 34,000 specialist examinations, around 1,000 check-ups, 220,000 laboratory tests and some 2,800 occupational health checks.

In addition to the existing supplementary healthcare plan for professionals and managers, a new plan, FASIFIAT, was introduced on 1 January 2009 for all other employees (both white-collar and blue-collar) in Italy.



### FASIFIAT

As confirmation of the importance the Fiat Group places on the health of its employees, at the end of 2008 it offered its 70,000 blue- and white-collar workers in Italy, and their dependents, the opportunity to join the FASIFIAT healthcare plan as a supplement to services provided by the Italian national health service.

The Plan, created through an agreement between Fiat S.p.A. and the metalworkers' trades unions, is funded primarily by the company with a contribution from the employee and reimburses employees for any expense they incur for treatment through the national health service. If employees are treated at an approved private facility, the Plan will pay for the services directly with no advanced payment being required by the insured party. It also provides partial reimbursement of expenses incurred at other private facilities chosen by the insured party.

An Operations Centre coordinates the availability of over 220 private medical facilities, more than 700 outpatients' clinics, diagnostic centres and laboratories, 3,500 specialist doctors and orthodontists accredited under the plan, and provides an on-call medical service 24 hours a day, year round.

The Plan provides high limits for cover and reimburses the cost of specialist examinations and dental or orthodontic treatment, as well as eyeglasses and contact lenses. Lastly, the Plan offers prevention programmes with regular check-ups and a maternity package.

The Plan is administered by a board consisting of an equal number of company representatives and Group employees.



### Health also has an ergonomic dimension

In 2008, Centro Ricerche Fiat (Fiat's research centre) and Elasis continued their research on "preventive assessment" of ergonomic burdens for application in the design of production processes.

The starting point was to look at existing methods used internationally and, through extensive experimentation, "methodological tools for preventive ergonomic analysis" adapted to different production cycles and different Fiat Group Sectors were developed.

These methodological tools allow the most comprehensive physical ergonomic analysis available today and, if combined with virtual simulation software which uses digital biomechanical dummies, enables simulation

of working activity and assessment of the ergonomic risk index for the whole body. With the results obtained from this study, preventive ergonomic assessment of the production process was conducted through pilot programmes.

Specifically, the methodological tools developed were used to assess the work stations on the Alfa MiTo production line and ergonomic assessments were also carried out at the Italian plants of other Sectors such as Iveco (in Suzzara, Italy), CNH (in Modena, Italy) and FPT Powertrain Technologies (in Mirafiori, Italy).

### Involvement drives change

People involvement is the force behind change. In 2008, specific conventions (ProdAction) were held with the Elementary Technological Units (ETU), during which employees made a number of proposals for improvement in three areas: safety, the work stations and methods, and training. The convention was led by the head of the ETUs, who provided guidelines, listened to employees and coordinated the meeting. In all, 660 meetings were held during the year, generating 46,000 suggestions for improvement.

## Our children, our future

Over the years, the Group has paid significant attention to children of employees, organising various initiatives such as: family days to show the children where their parents work, the “Children’s Christmas” to celebrate the most eagerly-anticipated event, scholarships, summer camps and sports activities.

In 2008, *Mirafiori Baby*, Fiat’s nursery school in Turin (Italy), became fully operational and the *Junior Wellness Project* – first introduced at the Ferrari plant in Maranello (Modena, Italy) in 2002 and then at the Melfi site (Potenza, Italia) in 2007 – was extended to the children of employees at the Pomigliano D’Arco plant near Naples, Italy.

### **The largest company nursery school in Italy: artistic and “bio”**

Apart from being the largest company nursery school in Italy, *Mirafiori Baby* is also the first to be “artistic”:

Developed by the Fiat Group together with the

Cesed cooperative, this educational project focuses on children’s natural inclinations rather than any particular teaching method. There are “nannies” not teachers at *Mirafiori Baby*, and even real art studios where the little ones can give free rein to their creativity with painting, music and movement.

Fully operational since early 2008, this nursery school, inaugurated the previous September, was created to give the mothers and fathers of Mirafiori the opportunity to have their children close to their workplace, thereby helping them to optimise the balance between professional and family life.

The toys, tables and bookcases inside the nursery school were crafted in wood by artisans, and the colour of the interior décor chosen using the principles of chromotherapy: yellow and orange in the games room – to stimulate the intellect, blues in the relaxation area – to enhance the environment for rest.



A great deal of attention is also given to nutrition. There is no precooked food at lunch: only organic food prepared by the school's own cooks.

The nursery school occupies an area of around 1,000 sq.m plus an external play area of 400 sq.m, and caters for 75 children between the ages of three months and three years.

In order to provide an efficient service to Fiat parents, the nursery school is highly flexible in terms of opening hours, frequency of attendance and continuity of service. The facilities are open 12 hours a day and parents may choose to leave their children there for four, six or eight hours. The school's closures for holidays are scheduled to coincide with those of the company.

The company makes a significant contribution to the cost of the service, bringing fees into line with those of a public nursery school, and making special considerations for employees on lower incomes.

### Study grants for top students

Since 1996, children of Fiat Group employees have been able to sign up to the "Fiat Grants and Scholarships" programme, through which students who have achieved the best marks may obtain a financial contribution towards their studies.

The programme is open to students who have a high school certificate, a university diploma or a university degree.

The initiative covers all countries in which the Group has a significant presence and underlines its commitment to promoting growth and development opportunities for young talent in an increasingly global environment.

Once again in 2008 the programme was well received. The countries involved were Italy, France, Spain, the UK, Poland, Belgium, North America, Brazil and China, with a total of 1,148 grants awarded, of which 351 were in Italy and 797 abroad, and a total investment of €2.2 million.



### Fit children with the *Junior Wellness Project*

In the last few years, some Fiat Group Sectors have launched fitness programmes for employees' children, with the aim of spreading a sport culture and encouraging participation from a young age.

After the experience at Maserati, Ferrari and at the Fiat Group Automobiles (FGA) Sata plant (Melfi, Italy) in 2007, FGA's Giambattista Vico plant (Pomigliano D'Arco, Italy) also joined the *Junior Wellness Project* in 2008.

The programme gives children of employees between the ages of 6 and 15 access to specialist medical check-ups and directs them toward the sports discipline most suitable for them.

An information campaign was also launched to educate children on overeating and obesity, as well as the harmful effects of smoking and alcohol. In 2008, more than 900 children of employees took part in the programme (630 at Pomigliano D'Arco and 300 at Maranello).

**659** collective agreements signed at company or plant level worldwide

**86%** of employees worldwide are covered by collective contracts

### Industrial relations

The Fiat Group recognises the role of trade unions and employee representatives established in accordance with local laws and practice in the various countries in which it operates. Relationships with these organisations are based on mutual respect, dialogue and constructive meetings.

A constant **dialogue** was maintained with **trade unions** and employee representatives at company level throughout the year to achieve consensus-based solutions to manage the impact on workers of various measures taken to respond to market needs/requirements. Discussions in the first half of the year mainly focused on measures to meet growing market demand through increased work flexibility at manufacturing plants, mainly through utilisation of overtime, fixed-term workers, and increase in the number of shifts. In the second half – due to the global financial crisis and its impact on the real economy which exposed the Group to a significant, abrupt and unexpected reduction in orders and subsequent decline in production levels – discussions with trade unions mainly focused on the gradual reduction of agency workers and workers with fixed-term employment contracts, and the implementation of measures to suspend

production in some European countries and in North America.

Intense **collective bargaining** at various levels resulted in major agreements being reached with the trade unions in relation to pay and employment conditions in those countries where the Group’s activities are located.

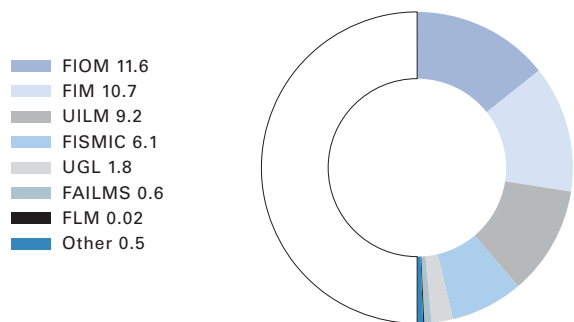
Employees are free to **join a trade union** in accordance with local law and the rules of the various trade union organisations. In some countries, France and Germany for example, the decision to join a union is considered a personal matter for employees, who are not required to inform the company.

In most European countries, representative bodies elected directly by the workers are also in place. Italy, for example, has a form of **works council** known as RSUs (*Rappresentanze Sindacali Unitarie*) elected by all employees (excluding managers) from lists submitted by the trade unions. Elections are held every three years at each manufacturing unit.

The **European Works Council (EWC)** is a European-level representative body whose

**40.6%** of employees in Italy (excluding managers) belong to a union

Union members in Italy as a percentage of the total workforce (blue-collar workers, white-collar staff and professionals)



purpose is informing and consulting workers at companies having a pan-European presence. Fiat Group's EWC was formed in 1997, in application of the founding agreement signed in 1996, which has been subsequently renewed and amended. The current regulations were defined by the agreement of 29 June 2005 signed by the European Metalworkers' Federation, representing the trade unions of those European countries where Fiat operates, and by the Italian trade unions. The agreement, which remains in effect until the end of 2009, changed the composition of the EWC so that workers from countries joining the EU following the enlargement of 1 May 2004 were also represented. The EWC consists of 30 members who proportionately represent the distribution of Group employees in Europe. The Fiat Group European Works Council (EWC) took part in information and consultation on the Group's activities at the **European level**, as provided under EU Directive 45/94/EC, with particular reference to issues having a transnational impact. A meeting was held with the EWC's select committee in May. At the annual plenary meeting, held on 20 and 21 November 2008, management representatives gave a presentation of Group results, the principal areas of development, market evolution and production trends in 2008, in addition to the outlook for 2009.

In **Italy**, dialogue with the trade unions continued at both national and local level. At a meeting with the CEO on 23 July 2008, the General Secretaries of the Italian metalworkers unions (Fim, Fiom, Uilm and Fismic), together with local representatives from the Turin area, were updated on the progress of Fiat's relaunch and development plan and the initiatives taken to achieve the Group's stated targets. In November, the trade unions (Fim, Fiom, Uilm and Fismic) presented bargaining proposals for renewal of the Group's supplemental agreement which expired on 31 December 2008. A meeting was held at the Employers' Association of Turin on 16 December with the General Secretaries of the metalworkers unions and representatives from the local

coordinating bodies. Union representatives presented their bargaining proposals at the meeting and company representatives described the current production and employment situation and outlook. Discussion was also related to the current economic environment and, in particular, the significant market turbulence affecting the Group's business activities, which caused a sizeable drop in orders and, consequently, a significant reduction in production levels in the latter part of the year. At the conclusion of the meeting, the company stated its unwillingness to negotiate on the basis of the bargaining proposals presented by the unions, which it considered incompatible with current economic reality. However, the company did indicate its willingness to negotiate on employment conditions and to evaluate, together with the unions, the most appropriate method for addressing the fall in business volumes and the resulting under-utilisation of production capacity. In relation to the **management of production demand**, the increase in activity in Italy in the first half of the year allowed the Group to convert more than 900 fixed-term employment contracts to unlimited term contracts and to take on about 370 youths under professional apprenticeship contracts.

Conversely, to deal with the drop in business volumes experienced in the second half, many plants reduced weekly shifts and five-day work weeks were reinstated at most plants which had previously been operating on a longer work week. A six-day work week remains in effect only for certain areas of activity and for a limited number of employees.

In addition to having reduced the number of employees with fixed-term contracts and agency workers in most Group companies, it was also necessary for the Group to make utilisation of an ordinary temporary layoff benefit scheme in Italy (Cassa Integrazione Guadagni Ordinaria). This procedure was initiated in July at a limited number of plants and was gradually extended to most of the Group's Italian plants (with the exception of CNH – Case New Holland's

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**974** RSU  
members at Group  
companies in  
metalworking sector  
in Italy

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Agricultural Equipment and Comau).  
Production stoppages reached the peak level in November and December.

Outside Italy, during the first half of the year there was an increase in production at plants located in Brazil and Poland in particular. This involved extensive use of overtime, which in certain cases exceeded 10% of normal working hours, an increase in the number of shifts, and the use of fixed-term workers.

CNH – Case New Holland plants applied flexible work-time agreements to meet fluctuations in production requirements in Belgium and Poland, which is standard practice given the seasonal nature of the business.

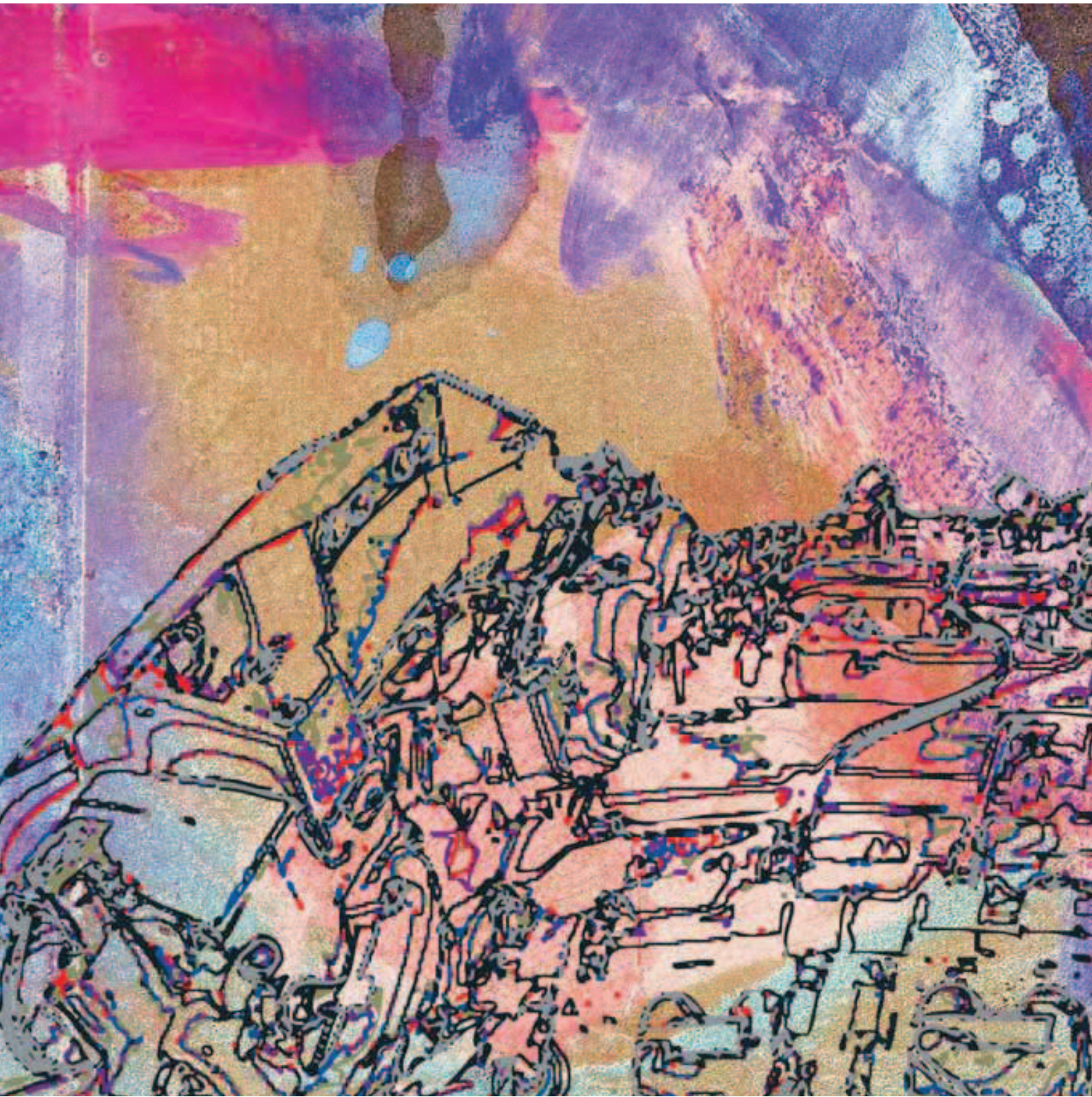
Also outside Italy, various measures were necessary to deal with the significant drop in volumes in the latter part of the year, including production stoppages and a reduction in the number of fixed-term and agency workers. More specifically, chômage partiel was utilised in France at CNH - Case New Holland, FPT Powertrain Technologies, Teksid and, to a lesser extent, Magneti Marelli; Expediente de Regulacion de Empleo procedures were approved and implemented in Spain at FPT

Componentes Mecanicos, Iveco and Magneti Marelli; Iveco Magirus made use of the hour-bank system at its plant in Ulm, Germany; in the United States, CNH instituted lay-offs lasting some weeks at its Wichita, Burlington and Calhoun plants, all of which are part of the construction equipment business.

A limited degree of **restructuring and reorganisation** was carried out during 2008. In Europe, this mainly involved the use of social plans to streamline the parts distribution activities of Fiat Group Automobiles (Germany) and down-size operations at Comau and at the Components Sector's Plastic Components and Modules business line (France). In North America, CNH - Case New Holland rationalised its financial services activities.

In Italy, a collective lay-off plan (mobilità ordinaria) was initiated at the Components Sector's Cassino plant.

The level of **labour unrest in Italy** was lower than for 2007, and the overall level of labour unrest for the other countries was also negligible this year.



# Unetversity: the university for technicians and sales staff

**330**  
training staff

**25,000**  
sales people and

**100,000**  
technicians trained  
worldwide

The dealers and technicians in the service network represent the point of contact between the company and the customer, hence the importance of well-prepared, expert operators with a thorough knowledge of the Group's products.

For this reason, the Fiat Group set up a Group-wide organisation for knowledge management in 2008. More than 25,000 sales staff and over 100,000 technicians worldwide received a total of more than 2.5 million hours of training through *Unetversity*, Fiat Group's new unit for the commercial and technical training of dealers and technicians working in the service networks of Fiat, Alfa Romeo, Lancia, Abarth, Fiat Professional, CNH - Case New Holland and Iveco. *Unetversity* has been in operation at Group level

since 2008 and its purpose is to share best practice developed in different Sectors. As such, it generates synergies and provides a comprehensive training offer, standardised yet flexible, which enhances and leverages the particular qualities of each brand.

The 330 people who make up *Unetversity* continue to work within their Sector, thereby ensuring specific content and benefitting from the rapidity of response and economies of scale that the new organisation offers.

This cross-sector training initiative means that the core competencies that in the past were often managed with the support of external companies are now managed internally.

As well as providing training when new products are launched, *Unetversity* aims to create a kind of content "library"; a catalogue that is always available for every need and applicable to all Sectors.



## Targets for 2009

**+15%** in  
training to sales force  
on safety and  
environmental issues

**+10%** in  
training to technicians  
in the service network  
on maintenance and  
repair of eco-friendly  
engines



One of the most important synergies created was the implementation of a single IT training platform, the *Learning Management System*, in which all phases of the process are web-based, including planning, registration of participants, conducting distance courses and gathering feedback. This platform has also been adopted by Ferrari and will soon be extended to Maserati.

**Key words: environment and safety**

During 2008, safety and the environment took centre stage, with a total of approximately 240,000 hours of training provided.

The more technical training, geared towards service mechanics, focused on the development of repair and maintenance skills for eco-friendly engines, which are essential in ensuring emissions compliant with established standards. The sales force attended sessions to enhance their awareness and receive training on safety and environmental issues so that they could inform customers of the advantages offered by the Group's range of products.

Specifically, **Fiat Group Automobiles (FGA)** organised training courses for dealers for the launch of the natural gas Grande Punto, new Lancia Delta and Alfa MiTo, focusing on, in addition to the specific features of these new products, issues relating to the environment, alternative fuel systems, the advantages of natural gas and the functioning of the eco:Drive and Start&Stop systems. Fiat Professional sales staff were also involved in driver safety sessions for commercial vehicles, while 183,000 hours of technical training were provided to mechanics of all FGA brands.

With the **Case CE** and **New Holland CE** construction equipment brands, CNH concentrated its training efforts on safety, both for the operator of earth moving vehicles and those who find themselves in the vicinity. Operators of the Case IH, New Holland and Steyr agricultural brands attended courses to increase the efficiency and productivity of machines, reducing fuel consumption and waste.

In 2008, **Iveco** launched a comprehensive structured training programme for economic and safe driving of heavy vehicles. In two days of classroom training and road tests, the demo-drivers from dealerships received specific training on handling vehicles to ensure maximum safety, economy and respect for the environment.

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**2.5** million hours of training, including  
**240,000** hours on the environment and safety

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**Children in cars**

In September 2008, the Keep Children Safe initiative (*Bimbi Sicuramente*) was staged at 600 Fiat dealerships throughout Italy: a week dedicated to raising awareness and providing information about child safety in the car. Under the initiative, all sales staff took part in a training course on the correct use of restraint systems for children in cars and on ESP®, providing them with important knowledge to pass on to their customers.