

2009 SUSTAINABILITY REPORT

Economic, Environmental and Social Responsibility

FIAT
GROUP

*"Grow into your
ideas so that
life cannot rob
you of them."
Albert Schweizer*



2009 SUSTAINABILITY REPORT

Economic, Environmental and Social Responsibility

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LETTER TO STAKEHOLDERS

The facts and figures that you will find on the following pages, the images and words that have been used to illustrate what Fiat has done and how it has done it only go part way to showing what sustainability means to our Group.

Behind these figures is a serious commitment, an entire corporate culture and a responsible approach to management all based on a conviction that this is the only path which guarantees merit and dignity to the results achieved.

The commitment is not an arbitrary one but rather an approach to management which has become increasingly central to the Group, with top management leading the way. In fact, the Group Executive Council - the decision-making body consisting of the CEOs of the operating Sectors and the heads of several key departments - is responsible for establishing the strategic approach to sustainability and, in 2009, the Board of Directors expanded the role of the Nominating and Corporate Governance Committee to also include responsibility for sustainability issues.

To further underscore our clear and unwavering adherence to a culture of responsibility, which goes beyond economic considerations, we have aligned the Group's Code of Conduct - an integral part of the employment contract for everyone at Fiat worldwide - to international best practice for sustainability issues.

Notwithstanding the challenging market environment we faced in 2009, the Group continued to invest in environmental and social sustainability and successfully achieved the targets published last year in our first Sustainability Plan.

During the year, Fiat received recognition for its commitment with admission to the Dow Jones Sustainability World and Dow Jones Sustainability STOXX Indexes, the two most prestigious equity indexes which only admit companies that are judged best-in-class in the sustainable management of their business.

We were also recognised by SAM, the group specialised in sustainability investing, as the automaker which most improved its sustainability performance in 2009, placing us within 5% of the sector leader and earning Fiat both the "Sector Mover" and "Gold Class" distinctions.

We were extremely gratified by this recognition, because it demonstrates that our sense of responsibility is part of a mentality that has spread throughout the entire organisation. It is a way of doing business which guides us daily toward the development of sustainable practices.

We exercise this responsibility on several fronts: the environment and sustainable mobility; attention to the needs of individuals, both inside and outside the company; and, conduct guided by ethics and transparency.

In 2009, significant results were achieved in all areas of activity.

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

With the MultiAir system for gasoline engines and the MultiJet II for diesel engines, Fiat Powertrain Technologies confirmed its position as a pace-setter in the powertrain field with innovative technologies targeted at reducing CO₂ and polluting emissions.

As of 2009, Iveco's entire range of medium and heavy trucks and commercial vehicles is compliant with the Enhanced Environmentally-friendly Vehicles (EEV) emissions standard, the strictest in Europe.

CNH - Case New Holland completed development on the ABS SuperSteer™, the first application of ABS technology on tractors, that provides improved manoeuvrability and significantly enhanced safety, even on the steepest gradients.

Magneti Marelli's position as a leader in sustainable mobility was confirmed with major advances in telematic technologies, particularly in the area of infomobility.

Centro Ricerche Fiat continued in its role as the Group's centre for scientific development working intensely on various projects and international research platforms, filing 29 new patent applications during the year.

At the same time, the Group continued work to reduce the environmental impact of its production processes. As an example, Fiat Group Automobiles plants worldwide reduced CO₂ emissions per vehicle produced by 12.6% over the previous year.

Our concept of sustainability doesn't stop at the front gate either.

During the year, suppliers were also sensitised toward a more responsible management of their businesses through the dissemination of sustainability guidelines and an assessment of their level of conformity to those guidelines.

With regard to our social commitment, 2009 was a very intense year as a result of the impacts of the international crisis on the real economy. Fiat Group strived to manage the effects of those difficult economic circumstances on employees with a profound sense of responsibility, even in the most critical situations. In Europe, the Group utilised the temporary mechanisms available to avoid permanent layoffs. Elsewhere in the world, we also worked to mitigate the social impact of the crisis to the greatest extent possible.

We have always sought to find the right equilibrium point between industrial logic and social responsibility, in the conviction that industrial development only has value when it is also sustainable.

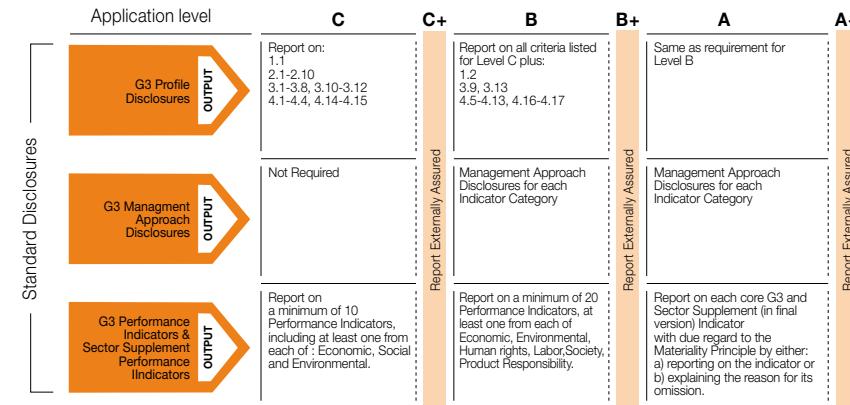
/f/ Luca Cordero di Montezemolo
THE CHAIRMAN
Luca Cordero di Montezemolo

/f/ Sergio Marchionne
THE CHIEF EXECUTIVE OFFICER
Sergio Marchionne

GUIDE TO THE REPORT

Now in its sixth edition, the Sustainability Report is used by the Group to report on its sustainability-related activities and performance, providing stakeholders, internal and external, information on the results achieved and commitments made, not only in the economic, but also in the environmental and social areas.

This voluntary annual publication is distributed at Fiat S.p.A.'s Annual General Meeting and can also be downloaded from the Group's sustainability website (<http://sustainability.fiatgroup.com>). The Sustainability Report is prepared in conformity with the guidelines of the Global Reporting Initiative, GRI-G3⁽¹⁾, and this year it has reached the maximum application level: A+.



		2002 in accordance					
		C	C+	B	B+	A	A+
Mandatory	Self Declared						
	Third Party Checked						
	GRI Checked						

⁽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 organisation in the preparation of the Sustainability Report, enabling comparability over time and between similar organisations. In addition to establishing principles for the preparation of sustainability reports, the GRI-G3 guidelines define content which is developed under strategy and analysis, profile of the organisation, report parameters, governance, stakeholder inclusiveness and economic, environmental and social performance indicators.

As confirmation of the fact that, for the Fiat Group, sustainability is a way of doing business, that it guides our daily choices and that it is supported and promoted at the very highest level within the organisation, the Sustainability Report was approved by the Group Executive Council (the decision-making body headed by the Group Chief Executive, the CEOs of the operating Sectors and the heads of certain central functions) and reviewed by the Nominating, Corporate Governance and Sustainability Committee of the Board of Directors.

The document was also subject to an assurance audit by SGS Italia S.p.A., an independent certification body, in accordance with the **Sustainability Reporting Assurance** procedure (SRA), which is in line with the **GRI-G3** guidelines and the **AA1000APS-2008** standard. SGS is officially authorised to conduct AA1000 assurance audits. The statement of assurance, which describes the activities carried out and the opinion expressed, is provided on page 168.

CONTENTS

The Report describes the activities and strategies of the Fiat Group in response to the global challenge for an ever more sustainable development. In particular, the areas discussed include corporate governance, sustainable mobility, low environmental impact manufacturing processes, human resource management and relationships with local communities, the dealer and service network, customers, and suppliers. The choices of areas covered in the document was the result of an analysis that took into account the expectations of stakeholders and elements specific to the automotive sector. All Group functions and Sectors were involved in the reporting, planning and preparation of the final document which was coordinated centrally by the Sustainability Unit within Group Control.

To render the extensive information contained in this document accessible to the reader, it has been organised into three principal sections: the first illustrates the Group's strategic approach to sustainability; the second reports on initiatives implemented in 2009; and the last section provides information on additional economic, environmental and social indicators.

The 2009 Sustainability Report contains certain improvements over previous editions. In particular:

- the map of Key Performance Indicators for monitoring the Group's sustainability performance has been expanded and aligned with the requirements of the principal reporting standards and major rating agencies (GRI-G3⁽¹⁾, CDP, SAM, Vigeo, Oekom, etc.).
For the first year, the environmental performance indicators have been presented in a normalised format to give the reader a better understanding of the trend of various phenomena. Environmental indicators for energy and greenhouse gases relating, respectively, to indirect consumption and indirect emissions have also been reported for the first time. For emissions, and environmental impacts more generally, information is also provided for logistics and non-manufacturing processes, and a greater focus has been placed on renewable energy sources. A more detailed analysis of climate change has been made possible due to updates to the risk management model. Beginning this year, information on water also includes a recycling index
- as a result of activities carried out within the supply chain, it was possible to provide more complete information than past years on the awareness and conformity of Group suppliers to sustainability issues
- a calculation of economic value generated has been provided
- the areas of commitment contained in the Sustainability Plan have been extended to include risk management, logistics and non-manufacturing processes.

MATERIALITY AND STAKEHOLDER INCLUSIVENESS

An analysis of the importance of issues presented in the Report, which constitute the priority areas of focus for the Sustainability Plan, takes into consideration not only the expectations of stakeholders and the global challenge of sustainable mobility faced by the automotive sector, but also recommendations from international reporting standards, such as the GRI guidelines, as well as information requested by financial analysts and non-traditional investors. Stakeholder expectations were determined through an internal survey of entities charged with managing day-to-day relationships with the respective categories of stakeholders. The materiality table which follows identifies the issues addressed in the 2009 Sustainability Report.

⁽¹⁾ Includes the automotive sector supplement.

MAP OF STAKEHOLDERS



MATERIALITY INDEX

Within the Group, specific functions have responsibility for maintaining continuous dialogue with the various stakeholders.

Following is a list of those entities, the tools/channels used to interact with stakeholders, the principal expectations that emerged and reference to the section of the Sustainability Report that addresses each issue.

Corporate function ⁽¹⁾	Stakeholder	Tools and channels for interaction with Stakeholders	Stakeholder expectations	Reference
Purchasing	■ Suppliers, commercial partners	■ daily relationship through buyers ■ conventions ■ technology day	■ continuity of supply ■ respect of contractual conditions	pages 57-58 147-149
Environment	■ the Environment	■ dialogue with institutions and environmental associations	■ inclusion of environmental aspects in business strategies (fight climate change) ■ strengthen environmental management through: dedicated organizational structure, systems for monitoring environmental performance, management objectives and action plans	pages 39-44 47-51, 56 62-76 82-88 92-111, 143 160-164
Communications	■ Journalists and media	■ daily dialogue ■ presentations and press conferences ■ meetings ■ Group and Sector websites	■ availability, timeliness and accuracy of information, transparency	—
Marketing and Customer Care	■ Prospective and existing customers ■ Opinion leaders	■ 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	■ quality, reliability and safety of products ■ competitive prices and availability of credit ■ sustainability of business choices and in product development (reduction of consumptions and emissions, access to restricted areas, possible utilisation of state and regional incentives) ■ speed and efficiency of assistance ■ professionalism and courteousness in direct contact and through dealers ■ increase in products and services offered to customers (including financial services)	pages 57 144-146

⁽¹⁾ The names provided in the table 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 attributed to the corresponding activity or area of responsibility.

Corporate function	Stakeholder	Tools and channels for interaction with Stakeholders	Stakeholder expectations	Reference
Investor Relations and Corporate Affairs	<ul style="list-style-type: none"> ■ Financial community: <ul style="list-style-type: none"> • institutional investors • financial and sustainability analysts • private investors 	<ul style="list-style-type: none"> ■ price sensitive communications and information ■ quarterly conference calls ■ seminars, industry conferences, roadshows and meetings ■ daily dialogue (meetings, telephone, email) ■ Annual General Meeting ■ investor relations section of Fiat Group website 	<ul style="list-style-type: none"> ■ expand and reinforce awareness of the Group and its businesses ■ value creation (return on investment, sustainability of the business) ■ transparent and responsible management 	pages 36-59
Industrial Relations	<ul style="list-style-type: none"> ■ Trade unions and employee representatives 	<ul style="list-style-type: none"> ■ institutional meetings (EWC-European Works Council) 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 dialogue 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 dialogue - trade unions or employee representatives have the right to information, consultation and/or negotiation 	pages 133-137
Institutional Relations	<ul style="list-style-type: none"> ■ Public institutions: government, local authorities, public agencies, regulatory bodies, EU institutions, trade associations and non-governmental organisations 	<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 in R&D projects ■ initiatives to promote environmental issues 	<ul style="list-style-type: none"> ■ reactivity and pro-positiveness for projects presented ■ collaboration and access to information ■ response to calls for tender for R&D projects ■ technical support on specific sector-related issues 	pages 31-33 40 46-47 64, 73 84-85 88-93
Human Resources	<ul style="list-style-type: none"> ■ Employees ■ Professional organisations and associations ■ Employees' families 	<ul style="list-style-type: none"> ■ daily dialogue ■ people satisfaction survey ■ meetings to communicate expected and actual performance level and professional development path ■ meetings to share and align with corporate objectives and decisions ■ participation initiatives (Children's Christmas, Family Day, Open Day, etc.) ■ targeted initiatives (Nursery School, Academic Scholarships, FASIFIAT) 	<ul style="list-style-type: none"> ■ clarity of organisation and protection in period of market uncertainty ■ clarity of objectives and reward system ■ information on Group strategies and results ■ training and professional development ■ stimulating and safe work environment ■ indirect participation in the decision-making process ■ develop sense of belonging ■ access to information ■ safety in the workplace ■ indirect participation in corporate life 	pages 51-55 112-139 159 164-166 — — 54-55 127-132 138-139
Sales	<ul style="list-style-type: none"> ■ Dealer and service network, associations 	<ul style="list-style-type: none"> ■ daily contacts and periodic meetings with the network ■ two-way communication through the web and dedicated phone line ■ individuals responsible for monitoring the network and ensuring respect of contractual standards ■ dealer development programmes ■ programmes to support dealers, including training, definition of standards, financing and promotional campaigns 	<ul style="list-style-type: none"> ■ completeness and speed of accessibility of product information ■ business profitability ■ develop sense of belonging ■ quality and availability of products/parts/service ■ competitive prices ■ expansion of product lines ■ expansion of services offered to customers, including financial services ■ support services for dealers and rapid response to breakdowns 	pages 56 140-143
Miscellaneous entities	<ul style="list-style-type: none"> ■ Local communities: religious, cultural, socio-political, scientific and technological research, health system, schools and universities, non-governmental organisations, non-profit organisations 	<ul style="list-style-type: none"> ■ meetings with representatives of associations, organisations or local communities ■ definition of actions or projects, managed directly or in partnership ■ collaboration on R&D projects ■ cultural exchange programmes 	<ul style="list-style-type: none"> ■ reaction to project proposals and individual requests for assistance ■ contributions and support for initiatives over medium-to-long term ■ response to calls for tender for R&D projects ■ access to information 	pages 58-59 82-84, 93 150-155 166

**SCOPE
OF REPORTING**

Except as otherwise indicated, information and data contained in the 2009 Sustainability Report (which covers the calendar year) relate to the 2009 financial year and to all Group companies worldwide falling within the scope of consolidation at 31 December 2009.

To enable comparison over time, 3 years of data (2007-2009) are normally presented.

The exclusion of any geographic area or company from the scope of reporting is attributable to the relative immateriality compared to the Group as a whole or the inability to obtain data of a satisfactory quality, as is often the case for newly acquired entities. The scope of reporting may be expanded from year to year, and, for new reporting indicators in particular, any geographic and/or sectoral limitations are gradually resolved in subsequent Sustainability Reports.

In some cases, entities which are not fully consolidated in the Group financial statements have been included in the scope of reporting for sustainability purposes.

In particular, data relating to health and safety in the workplace (e.g. accidents, costs and training) covers some 91% of Group employees of fully consolidated entities, in addition to those of other entities which, although not fully consolidated, are considered significant in terms of the social impacts they generate. These include, for example, Sevel (Società Europea Veicoli Leggeri - the joint venture between Fiat Group Automobiles and the PSA Group). A similar approach is also taken for environmental data which, in addition to Sevel, also includes Tofas, the joint venture between Fiat Group Automobiles and the Turkish Koç Group.

Additionally, in relation to environmental performance all of the Group's principal production sites worldwide have been included. "Production site" is defined as a production area subject to the control of a single environmental management system. This definition does not always coincide with the definition of plant used for the purposes of the Consolidated Financial Statements.

The exclusion or only partial reporting of certain indicators is due to the non-applicability of those indicators to the nature of Group's business activities.

**PRINCIPLES FOR
ENSURING REPORT
QUALITY**

The report was prepared in accordance with the principles of materiality (inclusion of all information deemed to be of interest to stakeholders because of 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 organisations), accuracy, reliability, timeliness and clarity (the language used is directed at all stakeholders).

The Sustainability Report and the Consolidated Financial Statements are both presented at Fiat S.p.A.'s Annual General Meeting to ensure stakeholders are provided with a complete, up-to-date overview of the Group's financial, environmental and social performance. The 2008 Sustainability Report was issued at Fiat S.p.A.'s Annual General Meeting on 27 March 2009.

The data and information provided in the Sustainability Report are obtained through a reporting process which was planned in collaboration with the appropriate corporate entities. Where present, management control and information systems already in place within the Group are used to ensure the reliability of information flows and correct monitoring of sustainability performance. For certain indicators, a specific reporting process was established using electronic databases or files which are populated directly by the individual or entity responsible for each subject area globally.

**CALCULATION
METHODOLOGY**

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



"Great men, geniuses and
saints only achieved great
things because they
were inspired by a great
ideal. We need to hitch
our plough to the stars."

Ralph Waldo Emerson

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THE GROUP
AND
SUSTAINABILITY

A YEAR OF
SUSTAINABILITY:
FACTS AND
FIGURES

A YEAR OF SUSTAINABILITY: FACTS AND FIGURES

FIAT S.P.A. ENTERS DOW JONES
WORLD AND STOXX
SUSTAINABILITY
INDEXES



**Dow Jones
Sustainability Indexes**
Member 2009/10

CENTRO RICERCHE FIAT: PATENTS FILED FOR
29 INVENTIONS
AND APPROXIMATELY 360 NEW
PATENTS OBTAINED
WORLDWIDE

THE NOMINATING
AND CORPORATE
GOVERNANCE COMMITTEE
IS ASSIGNED RESPONSIBILITY FOR
SUSTAINABILITY ISSUES

FOR THE THIRD YEAR RUNNING FIAT IS NAMED
**LEADER FOR THE
LOWEST CO₂
EMISSIONS** IN EUROPE AT
127.8 G/KM



FIAT S.P.A. RECEIVES SPECIAL MENTION AS
SAM GOLD CLASS AND
SAM SECTOR MOVER

THE GROUP'S
**SUSTAINABILITY
INTERNET** SITE NAMED
BEST IMPROVER
IN ITALY AT CSR ONLINE AWARD

MULTIAIR
PRESENTED ON ALFA MITO AND
FIAT PUNTO EVO:
-10% CO₂ EMISSIONS

€1.7 BILLION SPENT
ON RESEARCH AND
DEVELOPMENT WITH 14,000
PEOPLE LOCATED IN 117 R&D CENTRES



123 ISO 14001
ENVIRONMENTAL CERTIFICATIONS



FIAT AND IVECO **EUROPEAN LEADERS** IN SALE OF NATURAL GAS VEHICLES

11% OF ENERGY
CONSUMED BY THE GROUP IS FROM
RENEWABLE SOURCES

-12.6% OVER 2008
IN CO₂ EMISSIONS
PER VEHICLE PRODUCED AT
FIAT GROUP AUTOMOBILES PLANTS
WORLDWIDE



ABS SUPERSTEER™
FROM NEW HOLLAND AWARDED
SILVER MEDAL FOR INNOVATION

2,150 YOUTH
TRAINED THROUGH
TECHPRO² PROJECT



-9.7% OVER 2008
IN WATER CONSUMED PER VEHICLE
PRODUCED AT **FIAT GROUP AUTOMOBILES**
PLANTS WORLDWIDE

FOR THE ARVORE DA VIDA PROJECT, FIAT WINS
AWARD IN BRAZIL FOR
BEST COMPANY MANAGEMENT OF
SOCIAL AND ENVIRONMENTAL
RESPONSIBILITY

MORE **431,000 HOURS**
OF TRAINING TO THE NETWORK
ON **SAFETY** AND THE
ENVIRONMENT:
+80% OVER 2008

91% OF THE VALUE OF DIRECT
MATERIALS PURCHASED BY FIAT
GROUP AUTOMOBILES COMES FROM
ISO 14001 CERTIFIED
SUPPLIERS SITES



€225 MILLION
SPENT ON
HEALTH AND SAFETY
IN THE **WORKPLACE**

GROUP PROFILE

The Fiat Group is Italy's largest private industrial enterprise and one of the founders of the European automotive industry. It has commercial relationships in more than 190 countries and designs, produces and sells cars, trucks, agricultural and construction equipment, engines, transmissions and components, with an emphasis on technological innovation and eco-compatibility. The Group has 188 plants and more than 190 thousand employees worldwide, in addition to 117 R&D centres on five continents staffed by approximately 14,000 highly qualified personnel. For 2009, revenues of €50.1 billion were down 16% over the previous year's record level, but up 3.6% for the fourth quarter compared to the same period in 2008. Trading profit was €1.1 billion, with a strong contribution from the Automobiles business.

FIAT GROUP

(€ million)

	2009	2008	2007
Net revenues	50,102	59,564 ⁽¹⁾	58,529
Trading profit/(loss)	1,058	3,362	3,233
Profit/(loss) for the year	(848)	1,721	2,054
No. of employees at year end	190,014	198,348	185,227
Investments in tangible and intangible assets	3,386	4,979 ⁽¹⁾	3,985
R&D expenditure ⁽²⁾	1,692	1,986	1,741
Net industrial (debt)/cash	(4,418)	(5,949)	355
Cash and cash equivalents	12,226	3,683	6,639

GROUP STRUCTURE: PRINCIPAL SECTORS



⁽¹⁾ Following adoption of the improvement to IAS 16 in 2009, as described in the Notes to the 2009 Consolidated Financial Statements, 2008 net revenues were increased by €184 million and investments in tangible and intangible assets were reduced by €284 million.

⁽²⁾ Includes capitalised R&D and R&D charged directly to the income statement.



AUTOMOBILES

Fiat is one of the founders of the European automotive industry. Operating for more than a century, it has produced approximately 95 million passenger cars and light commercial vehicles and its models have been named "Car of the Year" 12 times.

The Automobiles business includes Fiat Group Automobiles, Maserati and Ferrari.

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

Practical, versatile and responsive. Suited to customers who are increasingly in tune with environmental issues and technological innovation. The brand has always produced models which offer practical and affordable technological solutions, while remaining faithful to the tradition of Italian design.

In recent years, the brand has also focused increasing attention on the ecological profile of its products. A constant commitment to the pursuit of concrete solutions, deployable now, has led to Fiat having the lowest average CO₂ emissions among the top selling brands in Europe for three consecutive years (source: JATO Dynamics).

During 2009, Fiat presented the 500C, the

convertible version of the latest icon of Fiat's success; the Punto Evo, successor to the Grande Punto, and the new Doblo, an MPV designed for the modern family. These three models further enlarged an extensive product range which extends from the agile Panda and 500 city cars to modern, versatile models such as the Grande Punto, Bravo and new Croma, the Multipla, the ideal vehicle for travelling in company, as well as the original Fiat Qubo. Through its *Natural Power* line, Fiat also offers the most extensive range of bifuel vehicles (7 models).

Alfa Romeo

Sportiness, technology, comfort and elegance come together in the unique design and personality characteristic of Alfa Romeo, the historic Italian marque that in 2009 celebrated a century of success. It continues to embody the distinctive values recognised by generations of car enthusiasts: agility, spirit, allure. That allure comes from the combination of sensual proportions with state-of-the-art technology that offers optimum power and fuel consumption and ecological performance. The iconic styling and technical specifications of the brand's 8C Competizione supercar served as the inspiration for the "baby" MiTo, named "Auto Europa 2009", and the new Giulietta, which debuted in Geneva in March 2010. These models accompany the spirited 159, Spider, the all-time classic of Italian motoring, Brera, the true embodiment of style, and the sporty GT.

Lancia

More than a century of class and exclusivity: the hallmarks of Lancia. Its models have an elegance which adapts to everyday life. Cars which personify an unmistakable Italian style: the compact Ypsilon, the Musa city limousine, the Delta, an historic name symbolic of distinctiveness and difference, in addition to the strength of an offering which blends alluring style with an audacious and innovative temperament.

These values are also reflected in the new bifuel (LPG/gasoline) ECOchic version available for all Lancia models beginning in 2009. This line represents an innovative concept in automobiles which are eco-friendly, luxurious but affordable, responsive yet fuel efficient.

Abarth

From its relaunch in 2007, Abarth again became immediately synonymous with sporting emotion and grit, returning with a modern interpretation of all of its traditional products. In addition to cars such as the Grande Punto and the 500 Abarth, packed with technology and performance derived from the world of motor racing, the line up also includes conversion kits and exclusive versions for racing enthusiasts. Abarth has made competition racing more accessible with spirited cars such as the 500 Abarth Assetto Corse, single-make championships and an

extensive distribution network. Competitive racing took centre stage in 2009 with the launch of the Abarth 500 Trophy, the victory in the European Rally Championship with the Abarth Grande Punto S 2000 and the presentation of the Abarth 500 R3T, created for the world of rally driving.

Fiat Professional

The relationship between Fiat Professional and its customers is one of partnership. The mission of Fiat Group Automobiles' light commercial vehicles brand, in fact, is to work side-by-side with 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, an ally for businesses as they confront 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. These vehicles have achieved both market success and critical acclaim. In 2009, in fact, the brand reconfirmed its position as leader in Italy and achieved second place in Europe. In the past four years, it has also been awarded the title of "International Van of the Year" three times for the Doblò Cargo (2006), Scudo (2008) and Fiorino (2009).

FIAT GROUP AUTOMOBILES

(€ million)

	2009	2008	2007
Net revenues	26,293	26,937	26,812
Trading profit/(loss)	470	691	803
No. of employees at year end	54,038	52,634	50,542
Investments in tangible and intangible assets	1,495	2,288	1,865
Total R&D expenditure ⁽¹⁾	669	843	751
Passenger cars and light commercial vehicles delivered to the network (no. of units)	2,150,700	2,152,500	2,233,800

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

MASERATI

A marque which has always produced captivating and technologically advanced saloons, often derived from the experience gained on the racetrack. In fact, Maserati has a long racing tradition which continues today with the MC12, winner of 12 international titles over the last 5 years in the FIA GT Championship series. In January 2009, Maserati presented the Quattroporte Sport

GT S, the best optimization ever achieved by Maserati between a luxury sedan and a sports car. March saw the debut of the GranTurismo S Automatic, a powerful 8-cylinder with self-adapting automatic transmission and, in September, the brand's first ever 4-seater cabriolet was released. The versatile, exclusive GranCabrio joins the Quattroporte and GranTurismo to complete the Maserati range.

MASERATI

(€ million)

	2009	2008	2007
Net revenues	448	825	694
Trading profit/(loss)	11	72	24
No. of employees at year end	723	767	695
Investments in tangible and intangible assets	65	73	97
Total R&D expenditure ⁽¹⁾	33	47	54
Vehicles delivered to the network (no. of units)	4,489	8,759	7,496

FERRARI

The road cars produced by the Maranello-based company are, by definition, the most prestigious examples of Italian technology and craftsmanship: exclusive cars without equal. Their genealogy is inextricably linked to the carmaker's experience in competitive racing: Formula 1, in particular, where the Scuderia Ferrari is the only team to have participated in every world championship and is also winner of the greatest number of

titles (16 times winner of the Constructors' Championship and 15 times winner of the Drivers' Championship).

Faithful to its vocation as maker of sports cars which represent excellence in both technology and style, in 2009 Ferrari presented a new mid-rear mounted 8-cylinder model. The 458 Italia evokes Italy not only in name, but also in the values it embodies: creativity and a capacity to innovate.

FERRARI

(€ million)

	2009	2008	2007
Net revenues	1,778	1,921	1,668
Trading profit/(loss)	238	339	266
No. of employees at year end	2,835	3,017	2,926
Investments in tangible and intangible assets	290	311	246
Total R&D expenditure ⁽¹⁾	156	164	147
Type-approved vehicles delivered to the network (no. of units)	6,193	6,452	6,368

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

AGRICULTURAL AND CONSTRUCTION EQUIPMENT

CNH - CASE NEW HOLLAND

Through its various brands, this company has been a major participant in the development of the agricultural and construction equipment industries in Europe and the United States.

That is why today Case New Holland (CNH) is able to offer its customers the best technology available in these two sectors.

Agricultural equipment is sold under the **New Holland Agriculture** and **Case IH** brands and, in the premium segment, **Steyr**.

Construction equipment is sold under the **New Holland Construction** and **Case Construction** brands, as well as the **Kobelco** brand in North America.

CNH operates globally and is present in around 170 countries through its commercial network of 11,600 dealers and distributors. The company not only provides its customers

products of the highest quality that adapt flexibly to individual needs and guarantee the maximum productivity, it also offers comprehensive service support (CNH Parts & Service) and financing solutions tailored to the customer's profile (CNH Capital). Among CNH's strong points are continuous product upgrades in the form of quality improvements, enhancements in performance - and, therefore, productivity - and reduced fuel consumption and environmental impacts.

In 2009, technical experts and the trade press recognised this commitment, awarding the CNH brands numerous international awards for innovation and technological development. Among the products receiving awards were the New Holland T7070 Auto Command™ tractor, the Case IH Puma CVX tractor and the new joystick control introduced on Case Construction's wheel loaders.

CNH - CASE NEW HOLLAND

(€ million)

	2009	2008	2007
Net revenues	10,107	12,781 ⁽¹⁾	11,843
Trading profit/(loss)	337	1,122	990
No. of employees at year end	28,466	31,521	28,173
Investments in tangible and intangible assets ⁽²⁾	330	451 ⁽¹⁾	648
Total R&D expenditure ⁽³⁾	283	286	308



⁽¹⁾ Following adoption of the improvement to IAS 16 in 2009, as described in the Notes to the 2009 Consolidated Financial Statements, 2008 net revenues were increased by €58 million and investments in tangible and intangible assets were reduced by €225 million.

⁽²⁾ Net of vehicles leased out.

⁽³⁾ Includes capitalised R&D and R&D charged directly to the income statement.



TRUCKS AND COMMERCIAL VEHICLES

IVECO

A range of light, medium and heavy commercial and industrial vehicles for the transportation and distribution of goods, which are cost efficient for customers and minimize environmental impacts (**Iveco**). Buses and coaches for commuting and tourism designed to have the maximum respect for the environment (**Iveco Irisbus**). Highly reliable quarry and construction equipment for the movement of heavy materials in any terrain (**Iveco Astra**). Special vehicles which can be deployed rapidly and effectively for firefighting (**Iveco Magirus**), as well as civil defence and peace-keeping missions (**Iveco Defence Vehicles**).

All of the above activities make up Iveco, the Group company which operates internationally in the development, production and sale of a vast range of trucks, buses and other commercial vehicles. Iveco also guarantees

its customers the highest level of post-sales support and offers advanced financial services activities for purchase, lease or rental.

In 2009, Iveco launched the EcoDaily. With enhancements to both look and comfort, it is now available with 4 eco-friendly engines: 2 diesel engines which meet the strict Enhanced Environmentally-Friendly Vehicle (EEV) standard, a natural gas/gasoline bifuel engine and an electric engine. The electric engine is developed and produced by Iveco Altra which has significant experience in the production of electric and hybrid transportation systems. Iveco Irisbus presented the Magelys HDH, a coach belonging to an elite class of sophisticated vehicles designed for the luxury tourist market. Finally, the Daily won numerous awards in England, Germany, Ireland and France last year in recognition of its technological and environmental excellence.

IVECO (€ million)

	2009	2008	2007
Net revenues	7,183	10,894 ⁽¹⁾	11,196
Trading profit/(loss)	105	838	813
No of employees at year end ⁽²⁾	24,917	27,108	26,461
Investments in tangible and intangible assets ⁽³⁾	217	367 ⁽¹⁾	347
Total R&D expenditure ⁽⁴⁾	169	246	207
Vehicles delivered to the network (no. of units)	103,866	192,143	211,700

⁽¹⁾ Following adoption of the improvement to IAS 16 in 2009, as described in the Notes to the 2009 Consolidated Financial Statements, 2008 net revenues were increased by €126 million and investments in tangible and intangible assets were reduced by €59 million.

⁽²⁾ Excludes employees of the powertrain businesses transferred to FPT Powertrain Technologies (7,685 at year-end 2009, 8,335 at year-end 2008 and 8,218 at year-end 2007).

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

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

**COMPONENTS AND
PRODUCTION SYSTEMS****FPT POWERTRAIN TECHNOLOGIES**

The vehicles and equipment produced by the Group - whether they be passenger cars, tractors, trucks, buses or construction equipment - are powered by the engines of FPT Powertrain Technologies.

FPT designs and produces engines and transmissions and also has significant experience in non-automotive sectors such as marine, industrial, rail and power generation. Technological excellence, a wide product range and an extensive worldwide presence make FPT a global leader in the powertrain sector. The company has always sought solutions for sustainable mobility aimed at achieving reduced pollution and consumption through the evolution of

conventional engines (gasoline and diesel), as well as engines which use alternative fuels, such as bifuel natural gas/gasoline or natural gas only. It also has a major focus on hybrid propulsion systems which have already been tested on fleets of commercial vehicles used in urban areas.

During 2009, FPT presented several major new developments. One of the most notable was the MultiAir system, which offers enhancements in performance and reductions in fuel consumption and polluting emissions. Developments in diesel engines for passenger cars included the innovative MultiJet II injection system, which offers reduced NOx emissions and noise levels. This new system made its debut on the Punto Evo.

FPT POWERTRAIN TECHNOLOGIES

(€ million)

	2009	2008	2007
Net revenues	4,952	7,000	7,075
Trading profit/(loss)	(25)	166	271
No of employees at year end ⁽¹⁾	19,638	20,507	19,876
Investments in tangible and intangible assets	562	898	365
Total R&D expenditure ⁽²⁾	140	141	70

MAGNETI MARELLI

The company is an international leader in the design and production of state-of-the-art automotive systems and components: from lighting to engine control systems, from suspensions to electronic 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 skill base in the electronics field to develop intelligent systems and solutions which contribute to the evolution of safe and environmentally-

sustainable mobility and also offer an enhanced passenger environment. The company has been a major participant in the enormous technological development of the automotive sector in recent years, as demonstrated by the numerous leading edge components developed for all of the Group's new models (from the 500 to the Delta, MiTo, Punto Evo and Giulietta), as well as those of other major automakers. These products are the result of significant investment in research and close collaboration with universities and research centres around the world.

MAGNETI MARELLI

(€ million)

	2009	2008	2007
Net revenues	4,528	5,447	5,000
Trading profit/(loss)	25	174	214
No. of employees at year end	31,628	33,216	27,962
Investments in tangible and intangible assets	356	474	319
Total R&D expenditure ⁽²⁾	245	268	221

⁽¹⁾ Also includes Iveco personnel employed at powertrain product lines transferred to FPT Powertrain Technologies (7,685 employees at year-end 2009, 8,335 at year-end 2008 and 8,218 at year-end 2007).

⁽²⁾ Includes capitalised R&D and R&D charged directly to the income statement.

TEKSID

Today, Teksid is the world's largest producer of grey and nodular iron castings. The company is constantly upgrading and improving the quality of production to meet the increasingly demanding needs of the global automotive industry. Teksid produces approximately 600 thousand tonnes per year of engine blocks, cylinder heads, engine components, parts for transmissions, gearboxes and suspensions.

In addition, Teksid Aluminum is a world leader in production technologies for aluminum cylinder heads and engine components. Teksid's competitive advantages are based on: 80 years of experience; a high level of automation; continuous technology upgrades to improve quality standards; and close integration with the product development activities of customers, which include the major global producers of cars, trucks, tractors and diesel engines.

TEKSID

(€ million)

	2009	2008	2007
Net revenues	578	837	783
Trading profit/(loss)	(12)	41	47
No. of employees at year end	6,194	7,600	7,826
Investments in tangible and intangible assets	33	41	32
Total R&D expenditure ⁽¹⁾	2	3	1

COMAU

This company makes "the machines that make machines": body welding and assembly robots, and machining and assembly for mechanical systems. Customers are delivered a turnkey solution which includes design, production, installation, production startup and, subsequently, maintenance. With 25 sites in more than 15 countries and 40 years of experience in the automotive sector, Comau is a leader in the search for innovative technologies to continuously

improve processes. Constant investment in R&D has enabled the company to position itself internationally as a comprehensive provider of engineering solutions to the automotive industry, as well as the aerospace, petrochemical, steel and foundry industries. Through its Ecomau solutions, it supports customers in the application of production technologies to save energy both through modification of existing plant and equipment, as well as the provision of new plant and equipment.

COMAU

(€ million)

	2009	2008	2007
Net revenues	728	1,123	1,089
Trading profit/(loss)	(28)	21	(23)
No. of employees at year end	11,708	11,445	11,960
Investments in tangible and intangible assets	13	17	33
Total R&D expenditure ⁽¹⁾	10	13	12

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

MAP OF PRINCIPAL INTERNATIONAL AGREEMENTS



ITALY**FPT Powertrain Technologies and Daimler Group**

Strategic collaboration and supply of light diesel engines

ITALY AND FRANCE**Fiat Group Automobiles and PSA Peugeot Citroën Group**

Sevel JV (50%) for the production of three vehicle families:

- high-end MPV for Fiat, Lancia, Peugeot and Citroën
- compact commercial van for Fiat, Peugeot and Citroën
- combi vehicle for Fiat, Peugeot and Citroën

ITALY, FRANCE, GERMANY, UK AND SWITZERLAND**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, Jaguar, Land Rover and Chrysler in Europe

CNH - Case New Holland (CNH) and BNP Paribas

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

CHINA**Iveco and Nanjing Automotive Corporation**

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

Iveco and SAIC

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

Iveco, FPT Powertrain Technologies, SAIC and Chongqing

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

Fiat Group Automobiles, FPT Powertrain Technologies 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**FPT Powertrain Technologies and Suzuki Motor Corporation**

Licensing agreement for the production of MultiJet diesel engines

INDIA**Fiat Group Automobiles, FPT Powertrain Technologies 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

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 Al Futtaim**

JV (listed company Al-Ghazi: 43.2% CNH and 50% Al Futtaim Group) for the production and distribution of New Holland 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**Fiat Group Automobiles and Sollers**

Letter of intent for a global alliance in the form of a JV for the production of passenger cars and SUVs

CNH - Case New Holland and Kamaz JSC

Letter of intent for an industrial and commercial JV in the agricultural and construction equipment segments

SERBIA**Fiat Group Automobiles (FGA) and Serbian Government**

JV (67% FGA and 33% 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**

JV (listed company: 37.86% FGA and 37.86% Koç Group) for the development and production of passenger cars and light commercial vehicles

CNH - Case New Holland and Koç Holding

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

CORPORATE GOVERNANCE

The Fiat Group considers its system of Corporate Governance as indispensable to creating value for all stakeholders, by guaranteeing an ethical, transparent and responsible management of the business. For many years, Fiat has had a system of Corporate Governance which is aligned with international best practice and the principles endorsed by the Corporate Governance Code for listed companies (issued in March 2006 by Borsa Italiana S.p.A.) with modifications adopted to address the specific characteristics of the Group. Over time, Fiat's Corporate Governance system has been amplified to incorporate a set of values, rules and procedures which reflect regulatory changes and improvements in Corporate Governance practice.

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	■ Establishment and adoption of Internal Dealing Regulation relating to disclosure and behaviour requirements for "Relevant Persons". The Regulation remained in effect until March 2006, when this area became subject to Italian law implementing the European Directive on Market Abuse
2003	■ Approval of the first Compliance Program (Legislative Decree 231/2001) which was updated in subsequent years to reflect developments in legislation and interpretation which expanded the scope of Legislative Decree 231/2001 to cover new categories of crimes ■ Approval of Guidelines for the Internal Control System ■ Issue of Guidelines for Significant Transactions and Transactions with Related Parties
2004	■ Publication of first Annual Report on Corporate Governance, prepared in accordance with guidelines issued by Assonime and Emissenti Titoli S.p.A. and endorsed by Borsa Italiana S.p.A. ■ Implementation of an Enterprise Risk Management process which follows 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	<ul style="list-style-type: none"> ■ Issue of the Whistleblowing Procedures which govern reporting of alleged violations of the Code of Conduct ■ Approval by the shareholders of Fiat S.p.A. of requirements for the annual assessment of the independence of members of the Board of Directors ■ Approval of the Group Procedure for the Engagement of Audit Firms to ensure the independence of the external audit firm appointed
2006	<ul style="list-style-type: none"> ■ Certification of the System of Internal Control over Financial Reporting (ICFR) pursuant to Section 404 of the U.S. Sarbanes-Oxley Act. Despite the delisting from the New York Stock Exchange (NYSE), management and Internal Audit continued their respective activities in relation to the 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 as of 2007
2008	<ul style="list-style-type: none"> ■ Creation of the Sustainability Unit within Group Control and publication of the first Sustainability Plan
2009	<ul style="list-style-type: none"> ■ 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 Health and Safety, the Environment, Business Ethics and Anti-corruption, Suppliers, Human Resource Management and the Respect of Human Rights ■ Training courses on Corporate Governance and Sustainability conducted in Italy for all management personnel, 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

CODE OF CONDUCT

The Code of Conduct is one of the pillars of the Group's governance system. In fact, the Code represents the charter of principles which regulate the decision-making processes and operating approach of the Group and its employees toward stakeholders, defining in a clear, transparent manner the **values which guide the organisation in the achievement of its objectives**. Adopted in 2003, in replacement of the 1993 Code of Ethics, the Code of Conduct was revised in 2009 to further emphasize the importance of a sustainable approach to doing business, which takes into account the legitimate interests of all stakeholders. The Code of Conduct was also amplified to include **specific Guidelines** on Health and Safety, the Environment, Business Ethics and Anti-

corruption, Suppliers, Human Resource Management and the Respect of Human Rights.

Translated into eight languages in addition to Italian (English, French, German, Spanish, Polish, Dutch, Portuguese and Chinese), the Code is made available to all employees in the manner most appropriate to local regulation and practice and 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 individuals or companies that act in the name and on behalf of one or more Group companies. Fiat acts to ensure that

CODE OF CONDUCT UPDATED TO UNDERSCORE IMPORTANCE OF SUSTAINABILITY

A CODE OF SUSTAINABILITY

Introduced in February 2010, the latest revision of the Group's Code of Conduct is the result of a collaboration between the principal corporate functions in close contact with the Group's top management. The Code amplifies ethical considerations related to economic, social and environmental issues, underscoring the importance of dialogue with stakeholders.

- *Explicit reference has been made to the UN's Universal Declaration on Human Rights, the principal Conventions of the International Labour Organisation (ILO), the OECD Guidelines for multinational organisations and U.S. legislation against bribery of foreign public officials (the Foreign Corrupt Practices Act or "FCPA").*
- *Principles of business conduct aimed at combating corruption, both in the public and private sectors, have been reinforced and explicit reference made to the rejection of the use of forced labour and recognition of the right to freedom of association.*
- *Greater emphasis has been given to health and safety in the workplace, underscoring the importance of preventive evaluation of potential risks, together with identification of the specific responsibilities of employees.*
- *Aspects relating to protection of the environment were reformulated with the introduction of references to environmental management systems certified to international standards and the promotion of products with high standards in terms of health, active and passive safety, and environmental impacts.*
- *Collaboration with public entities, the academic world and other organisations focuses particularly on the research and development of solutions for sustainable mobility.*
- *Promotion of the social and economic development of local communities is ensured through open dialogue which takes all legitimate expectations into consideration.*

the Code is considered a best practice standard of business conduct by those with whom it undertakes long-term business relationships such as partners, suppliers, consultants, agents and dealers. In fact, worldwide the Group's new standard form contracts include specific clauses relating to the recognition of and adherence to the principles underlying the Group's Code of Conduct and Sustainability Guidelines, together with compliance with regulations applicable in each country, particularly those relating to corruption, money-laundering, terrorism and other crimes constituting liability for legal persons (in Italy, defined under Legislative Decree 231/2001). In addition, during the startup, conduct and closure of business activities, it is standard practice for the Group to evaluate the economic, social and environmental impacts through the relevant corporate functions and established operating procedures.

EMPLOYEE TRAINING ON GOVERNANCE AND SUSTAINABILITY

The Group periodically organises **training courses** for employees of every level and function, including security personnel, **to disseminate the principles enunciated in the Code of Conduct**, in addition to values of good Corporate Governance. In 2009, a campaign of mandatory training on Corporate Governance and Sustainability was initiated for all management personnel of Italian companies, as well as Supply Quality Engineers and buyers at Fiat Group Purchasing⁽¹⁾ (approximately 2,000 employees in total).

In 2010, the course will be extended to all managers of Group companies outside Italy. In addition, a further course will be held for all managers relating to discrimination in the workplace (ILO Convention 111).

⁽¹⁾ The Group company which conducts purchasing activities for all major Sectors, managing policies and relationships with suppliers worldwide.

Training on Corporate Governance and Sustainability

	2009 ⁽¹⁾	2008	2007
Employees (number)	4,044	6,887	2,656
Hours (number)	17,120	39,241	4,936

MONITORING VIOLATIONS OF THE CODE OF CONDUCT

Verification of adherence to the Code of Conduct is carried out by **Internal Audit**, the **Compliance Officers** of Group Sectors and through reports received pursuant to the **Whistleblowing Procedures**.

During 2009, 74 reports were received leading to 5 cases of disciplinary action.

In 2010, the Business Ethics Audits will be amplified to incorporate additional aspects of Sustainability included in the revised Code of Conduct.

For all violations of the Code, disciplinary measures taken were commensurate with the seriousness of the case and complied with legislation in the individual countries concerned.

The principal types of violation verified in 2009 included misuse of company assets and inappropriate behaviour of employees.

No cases emerged that involved corruption or discrimination in any form. The normal activities of Compliance Officers ensure that the risk of corruption is continuously monitored at all Group companies worldwide.

Furthermore, to the Group's knowledge, there is no use of child or forced labour at its plants or at the plants of its suppliers. During 2009, an analysis of approximately 90% of employees outside Italy was conducted.

No company was found to have personnel under the minimum age established by local legislation to start work or an apprenticeship or, in any event, under fifteen, even in countries where the minimum legal age is lower.

Violations of the Code of Conduct

	2009	2008	2007
Reports received (number)	74	69	57
of which violations confirmed			
with disciplinary action taken (%)	7%	7%	12%
of which violations confirmed and action taken to strengthen the Internal Control System (%)	16%	20%	23%
Other violations of the Code not subject to reports received (number)	272	- ⁽²⁾	- ⁽²⁾

In 12 cases, the corrective actions were procedural and led to the strengthening of the Internal Control System.

Fiat Revi, the Group's internal audit company, still has 30 reports under investigation.

For the remaining 27, no further action was taken as they were found to be groundless or without corroborating evidence.

Violations of the Code of Conduct relating to 272 employees, which were not the subject of whistleblowing reports, were determined by Group companies and Internal Audit, including through specific Business Ethics Audits (26 conducted in 2009).

⁽¹⁾ The figure includes courses on Corporate Governance, Sustainability, the Compliance Program (Legislative Decree 231/2001) and Safety pursuant to Legislative Decree 81/2008 (414 hours of training for 230 employees) taken online during 2009. With reference to courses on Corporate Governance and Sustainability, the figure includes mandatory courses expected to be completed in the first few months of 2010.

⁽²⁾ Data not available for 2008 and 2007 due to a change in reporting criteria.

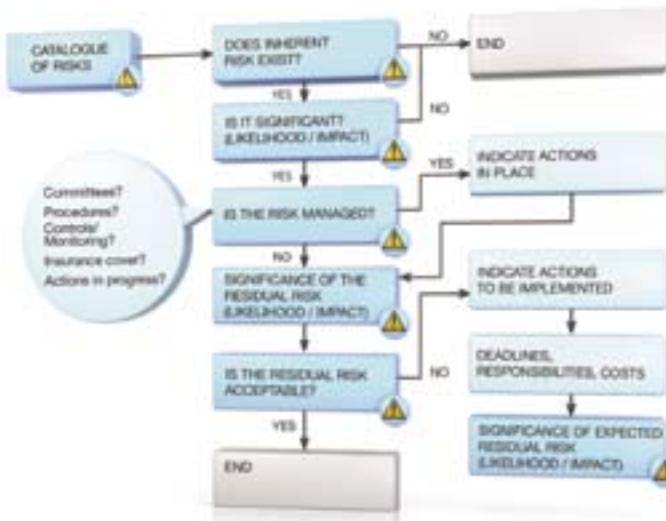
ENTERPRISE RISK MANAGEMENT MODEL

Risk is presented by any event that could prejudice the achievement of an organisation's established goals and objectives. This gives rise to the need to identify, assess the materiality, and mitigate those risks, covering them where possible and eliminating them where necessary. For this purpose, the Fiat Group has for some time had an Enterprise Risk Management model (ERM) in place to ensure prudent management of risks.

Financial Officers (CFOs).

Risk mapping was centrally in close collaboration with the individual Sectors. A top-down approach was adopted by the Fiat Group which, beginning with process objectives, resulted in the identification of 80 standard risk drivers in various key areas/processes, ranging from strategic planning, to production, commercial activities, financial, etc.

For more detail on financial risk



The 2005 model is the result of the adaptation of the September 2004 **COSO** framework (formulated by the Committee of Sponsoring Organizations of the Treadway Commission, formed by five major American professional associations active in the areas of financial reporting and audit) to the Group's specific requirements.

The ERM is structured as a corporate process with objectives and roles being defined for the entire organisation, enabling not only the constant monitoring of risks but also opportunities to be pursued.

This process is coordinated at Group level by Group Control, while at Sector level responsibility is attributed to the Chief

management, see http://www.fiatgroup.com/en-us/shai/main_risks.

The **risk assessment** process, on the other hand, follows a bottom-up approach: starting at the individual company or business unit level, each risk is evaluated for the likelihood of occurrence and impact (economic, business continuity or impact on corporate image), both on a scale of high/medium/low, to obtain an evaluation for the Sector as a whole.

The model requires that existing measures be described and that future measures to contain unacceptable risks, action plans and individuals responsible be defined.

The entire process is supported by a dedicated IT system.

Upon completion of the process, the risk reports sent by the CEOs and CFOs of each Sector to Group Control are consolidated to form a Group Risk Report. On an annual basis, the **Group Risk Report** and related countermeasures are presented to the Internal Control Committee, whose duties include assisting the Board of Directors in verifying the adequacy and effective functioning of the Internal Control System. In 2009, as part of the continuous alignment with international standards and practice, an analysis of the existing ERM model was initiated (still in the finalization phase) to identify potential improvements. In particular, additional risks and opportunities were included linked to **climate change**, consisting of physical, regulatory or market risks linked to the potential demand for

eco-compatible products.

The process for analysing seismic risk was redefined and the existing risk management tools and methodologies were updated to include new possible and potential scenarios created by climate change. Also in 2009, Risk Management, the Fiat Group company which manages **static risks** (fire, explosion, natural events) and the associated insurance cover, adopted the innovative risk monitoring software VisioRisk (developed on the Google Earth platform), adapting it to Fiat's industrial profile.

With this application, it is possible to share, in real time within the Group, all static risks to which company assets and production continuity are exposed. In 2010, the software will be used by Magneti Marelli in a pilot project.

PUBLIC POLICY POSITION

The Code of Conduct also regulates **relationships** with public entities, which require **transparency and the application of ethical values**.

All collaborative activities require authorisation and must always be conducted in the strictest observance of the laws and regulations which apply.

On the basis of those principles, the Group conducts relationships with public entities in Italy, including both government agencies and local authorities. Dialogue focuses on issues of an economic nature, such as the performance of Group companies in Italy and the markets in which they operate, issues related to growth and development and, more generally, labour policies (flexibility, training, pension systems), and specific needs related to manufacturing and commercial activities (technical, commercial and tax regulation).

Dialogue also focused on issues connected to the complex relationship between the quality of life in urban areas and the world of transport (sustainable mobility, the environment), in addition to interaction with public authorities for the promotion and management of initiatives on specific



environmental and social issues having national or international relevance.

At the European level, the Group belongs to industry associations such as **ACEA** (the European Automobile Manufacturers' Association), **CEMA** (the European Agricultural Machinery association) and **ERT** (the European Round Table).

The European Commission instituted the Register of Interest Representatives in which the Fiat Group was entered at the end of 2008.

Very often, collaboration with public entities takes the form of contribution by the Group to experimental activities or laboratory testing aimed at defining the content of specific legislation or regulations. With that objective, environmentally-focused projects have been set up with public authorities, trade associations and local authorities, such as, for example, plans for a network for the collection and treatment of vehicles at the end of their life cycle, removal of the oldest and most polluting vehicles from use, transport of personnel to and from work, and development of the natural gas car park and distribution network.

Iveco also worked with **ANFIA** (Associazione Nazionale Filiera Industria Automobilistica) on testing articulated vehicles up to 18 metres in length (1.5 metres longer than the standard admitted by European legislation) with the objective of contributing, with actual data and information, to the review process for the Directive on the Masses and Dimensions of vehicles used for the transportation of goods launched by the European Commission. It also participated in the ACEA project to define methodologies for measuring CO₂ emissions for heavy vehicles and the development of global regulations - in collaboration with European, Japanese and U.S. regulators - relating in particular to the cycles for measurement and control of polluting emissions from heavy duty engines.

With regard to social issues, lobbying activities are carried out through the industrial and employers' associations of

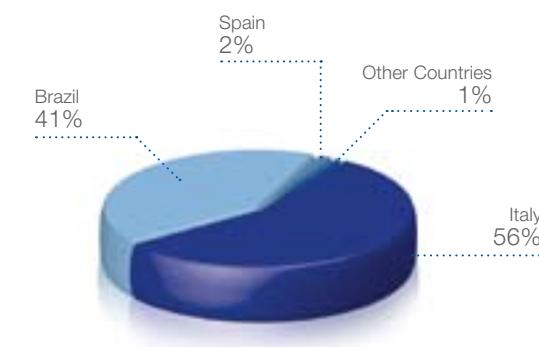
which Group companies are members such as, for example, **Confindustria** in Italy, **Bundesvereinigung der Deutschen Arbeitgeberverbände** (BDA) in Germany, and **Mouvement des Entreprises de France** (MEDEF) in France. These associations act to protect the interests of and represent their members in social dialogue, both at the national and local level, with principal political and administrative institutions, trade unions and other social protagonists. During 2009, the employers' associations participated actively in social dialogue with their respective governments and trade unions to obtain emergency legislation, principally in relation to social benefits, to mitigate the impacts of the economic crisis being 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 recognised partner, qualified to participate in social

Public funding received by Fiat Group

(€ million)	2009	2008	2007
Grants	66	50	58
Subsidised loans	361	706	407
EIB financing ⁽¹⁾	400	-	-
Total	827	756	465

Public funding received by Fiat Group



⁽¹⁾ European Investment Bank.

dialogue at the European Community level. Finally, any relationship between the Fiat Group and **political parties** and their representatives or candidates is conducted according to the highest standards of transparency and integrity. Any financial contributions made by the Group are admissible only where permitted by law and must be authorised by the appropriate corporate body(ies) within each Group company. In 2009, no contributions were made to political parties. Any political association or financial contribution made by Group employees

should be 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 Case New Holland Excellence in Government Committee (PAC) which collects voluntary personal contributions from CNH - Case New Holland 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).

EVOLUTION OF THE COMPLIANCE PROGRAM

Italian Legislative Decree 231/2001 implements Article 2 of the OECD Convention of 1997 on the bribery of foreign public officials in international financial transactions, introducing liability for legal entities for certain categories of crimes. It also provides for exemption from liability where the adoption and effective implementation of a Compliance Program can be demonstrated, including through the establishment of a specific Supervisory Body.

Fiat S.p.A. has had a Compliance Program (pursuant to Italian Legislative Decree 231/2001) in place since 2003. The Program has been updated to incorporate recently introduced legislation relating to organised crime, falsification or alteration of instruments or distinguishing marks, crimes against commerce and industry, inducement to withhold information from or make false statements to judicial authorities and violation of intellectual property rights. In addition, the section of the Program relating to the crimes of manslaughter and serious personal injury or grievous bodily harm committed in violation of accident prevention and safety regulations was revised and updated following introduction of Legislative Decree 106/2009 which modified the provisions of Legislative Decree 81/08 (the Italian

legislation on workplace safety). Fiat S.p.A. has also updated the Guidelines on the adoption and updating of the Compliance Program for Group companies and distributed information on the content of the Program to employees. An extract from the Program has been published on the Group website (www.fiatgroup.com) in both Italian and English, and the entire document has been made available on the Group intranet, together with the Guidelines. The content of the Program document was based on analyses undertaken to identify processes sensitive to the new crimes addressed in Legislative Decree 231/2001. In particular, in relation to the provisions on organised crime, the processes for selecting suppliers were examined, with particular reference to their ethical profile, and undertakings to combat corruption, abusive labour practices (including employment of minors), and respect safety in the workplace. Processes deemed sensitive to the crimes addressed in Legislative Decree 231/2001 are subject to constant oversight and monitoring by the Compliance Program Supervisory Body within each Group company in Italy which has a Compliance Program in place and, more generally, by the Compliance Officer for each Sector during audits of compliance with the principles of the Code of Conduct.

SUSTAINABILITY GOVERNANCE

The success of an organisation over time is closely tied to its capacity to respond to the needs and expectations of all stakeholders. Lasting 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 interaction with local communities which is positive and mutually beneficial.

At Fiat Group, the **integration of economic decisions** with those of a **social and environmental** nature constitutes a commitment which is fundamental to the long term creation of 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 which guides the business.

Fiat's approach to business is, in fact, shaped

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

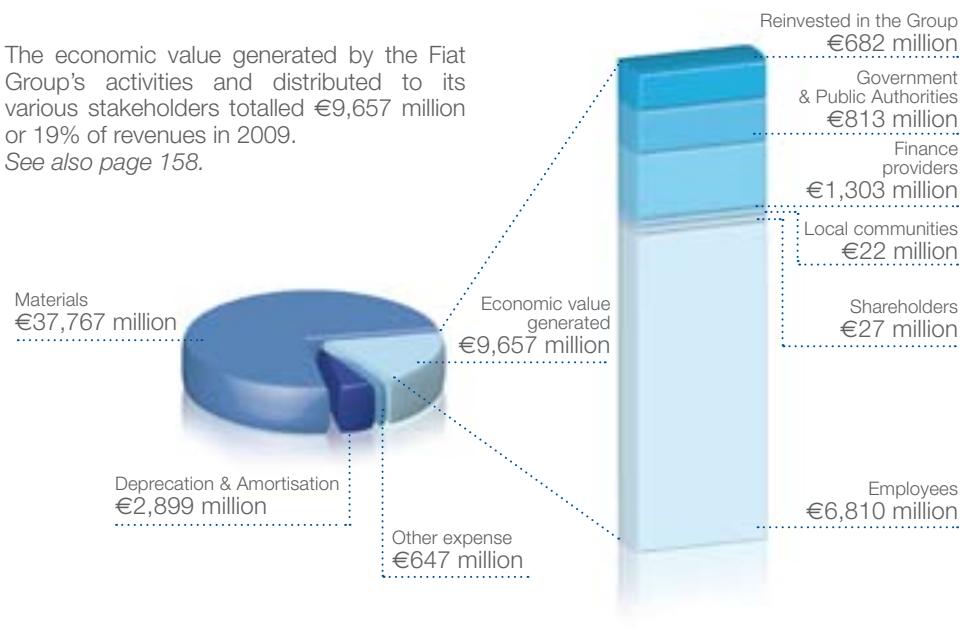
The Group's sustainability strategy has become an increasingly integral part of our business activities and is developed each year in a manner consistent with the principles contained in the Code of Conduct that, together with stakeholder expectations, represents the key reference guide.

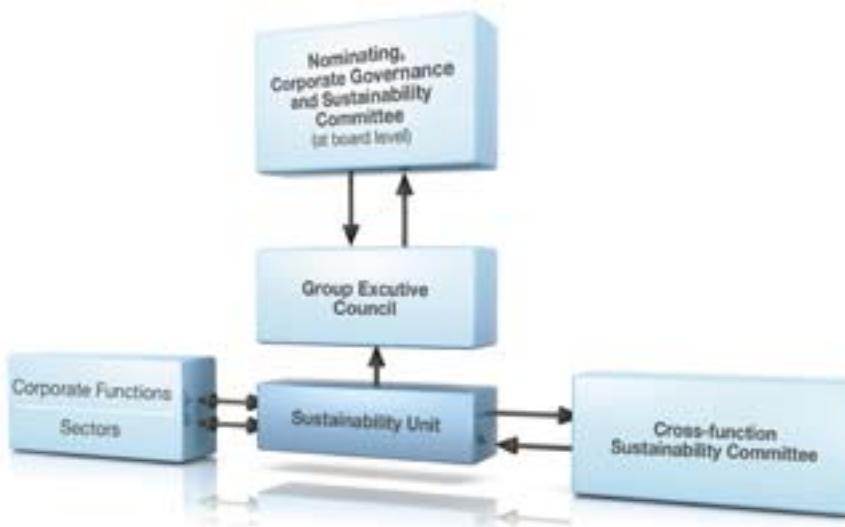
**THE FIAT
BUSINESS
APPROACH
IS SHAPED BY A
CULTURE
OF ACTING
RESPONSIBLY**

BREAKDOWN OF ECONOMIC VALUE GENERATED

**€ 9.7 BILLION
ECONOMIC
VALUE
GENERATED
BY THE GROUP:
19% OF REVENUES**

The economic value generated by the Fiat Group's activities and distributed to its various stakeholders totalled €9,657 million or 19% of revenues in 2009.
See also page 158.





SUSTAINABILITY-FOCUSED ENTITIES

During 2009, the **Sustainability Unit** (SU), created within Group Control, continued to promote a process of improvement in support of sustainable development, contributing to the management of risks, optimisation of costs while at the same time enhancing the perception of stakeholders. Continued benchmarking against best competitors and analysis of the assessments made by the principal sustainability rating agencies led to the identification of additional areas for improvement and, in collaboration with the Sectors and/or Corporate Functions, establishment of projects included in the Sustainability Plan. As further confirmation that sustainability is an approach endorsed at the highest level in the organisation, in 2009 the Board of Directors expanded the remit of the Nominating and Corporate Governance Committee to also cover sustainability-related issues. In addition to evaluating proposals related to the strategic guidelines on sustainability, formulating opinions for the Board where necessary, the **Nominating, Corporate Governance and Sustainability Committee** also reviews the

Sustainability Report.

The Cross-function Sustainability Committee (CSC) promotes and evaluates operational decisions and plays an advisory role for proposals submitted to the Group Executive Council (GEC) by the SU.

Members of the Committee are continuously consulted on an individual basis and, where necessary, collectively. The CSC is composed of representatives of Corporate Functions at both Group 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 and Treasurer.

Group Executive Council, the decision-making body headed by the Group Chief Executive Officer 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.

PROCESS FOR THE SUSTAINABILITY PLAN

In collaboration with the Sectors and Corporate Functions, the Sustainability Unit identifies areas for improvement and establishes projects/targets, formulating a draft Sustainability Plan (planning phase). The Plan is then submitted to the approval of GEC, which evaluates its consistency with Group strategy. In the final phase, the Plan is 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 GEC (control phase).

RATINGS

*In September, following the assessment by SAM, the Group specialised in sustainability investing, Fiat S.p.A. was recognised as a sustainability leader and admitted to the **Dow Jones Sustainability World** and **Dow Jones Sustainability STOXX** Indexes, receiving a score of 90/100 compared with the average of 72/100 for all companies in the sector that were assessed. The DJSI World and DJSI STOXX are the most prestigious stock market indexes which only admit companies that are best-in-class in managing their businesses according to sustainability criteria, including economic as well as social and environmental. Fiat was recognised as best-in-class in the economic dimension and, for the environmental and social dimensions, obtained the maximum score for reporting, product stewardship, climate strategy, management of human capital development, corporate citizenship and stakeholder engagement. In addition, SAM awarded Fiat S.p.A. both the **Sector Mover** and **Gold Class** distinctions. In fact, in 2009 Fiat achieved the greatest relative improvement in sustainability performance within the Automobile sector (SAM Sector Mover) and the gap with the sector leader was less than 5% (SAM Gold Class).*



*During the year, Fiat S.p.A. participated in other assessments including the **Carbon Disclosure Project**, an international initiative supported by 475 institutional investors which is focused on climate change. The company achieved a final score of 70/100, with the average score for the sector equivalent to 70 and the maximum at 86 (source: CDP 2009 Europe report).*

CARBON DISCLOSURE PROJECT

the European rating agency which analyses companies for admission to the Aspi and Ethibel Indexes - reported above average performance for three of the six areas analysed: Environment, Business Behaviour and Community Relations.

*The Fiat Group also participated in the assessment conducted by **Oekom Research**, the German rating agency specialised in Socially Responsible Investing (SRI), achieving a rating of C while the best rating achieved in the automotive sector was B. In addition, the Fiat Group sustainability website was named "**Best improver in Italy**" at the CSR Online Awards 2009, a recognition established by Lundquist (the strategic communications consultancy) for content and ease of use of sustainability information published online.*



CSR
ONLINE
AWARDS

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SUSTAINABILITY PLAN

Fiat's desire to contribute to a development which is in harmony with people and the environment is embodied in the Sustainability Plan. Through actions, results and targets, the Group provides a transparent communication of its commitment to stakeholders. The Plan focuses on certain priority areas and is updated annually to report the status of existing projects and establish new targets to ensure continuous improvement.

CORPORATE GOVERNANCE AND SUSTAINABILITY

page 38

- Maintain a system of Governance and risk management which is aligned with international best practice

PRODUCT

pages 39-47

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

PLANTS

pages 47-49

- Further promote environmental awareness within the Group
- Continue to reduce energy consumption, and emissions of CO₂ and Volatile Organic Compounds

LOGISTICS

pages 49-50

- Reduce environmental impact of logistics

NON-MANUFACTURING PROCESSES

page 51

- Reduce waste and energy consumption

HUMAN RESOURCES

pages 51-55

- Offer equal opportunities
- Promote development of human capital
- Attract and retain the best talent
- Develop know-how and raise awareness of employees on sustainability issues
- Promote and safeguard health and safety

DEALER AND SERVICE NETWORK

page 56

- Provide training to network on specific environmental and safety issues

CUSTOMERS

page 57

- Improve the customer experience

SUPPLY CHAIN

pages 57-58

- Promote social and environmental responsibility among suppliers

COMMUNITY

pages 58-59

- Support local communities
- Support training and education for young people

- 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

	Action	2009 Results	Target
Fiat Group	► Implementation of an integrated sustainability management system which incorporates environmental and social issues in business decisions	<ul style="list-style-type: none"> Nominating, Corporate Governance and Sustainability Committee created at Board level and tasks defined <small>(see page 35)</small> Fiat S.p.A. recognised as a sustainability leader and admitted to Dow Jones Sustainability World and STOXX Indexes, receiving score of 90/100. Distinctions of SAM Sector Mover and SAM Gold Class also received <small>(see page 36)</small> 	
	► Increase in the number of Key Performance Indicators (KPI) monitored on the basis of information requested by Sustainability rating agencies	<ul style="list-style-type: none"> Monitoring of more than 50 new KPIs initiated (more than 150 KPIs monitored in total) A+ level of compliance (externally assured) with GRI-G3 Global Reporting Initiative guidelines achieved <small>(see pages 6-7)</small> 	► 2011: further additions to KPIs monitored
	► Update Code of Conduct	<ul style="list-style-type: none"> Approval of updated Code of Conduct by the Group Executive Council <small>(see pages 27-28)</small> 	<ul style="list-style-type: none"> ► February 2010: updated Code of Conduct takes effect following approval by Board of Directors ► 2010: review of the internal Business Ethics Audit system to include additional sustainability-related elements introduced in updated Code of Conduct
	► Introduction of a specific anti-fraud programme and formulation of Business Ethics and Anti-corruption Guidelines	<ul style="list-style-type: none"> Anti-fraud programme approved and disseminated at all Group companies worldwide Business Ethics and Anti-corruption Guidelines formulated 	► 2010: dissemination of Guidelines

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

	Action	2009 Results	Target
Fiat Group	► Increase the number of climate change risk factors evaluated in the Enterprise Risk Management system (ERM)	<ul style="list-style-type: none"> ERM updated to incorporate additional risk factors related to climate change Start of alignment with guidelines from Australian Government on "Climate Change Impacts and Risk Management" for static risks 	<ul style="list-style-type: none"> ► 2010: complete process of alignment with guidelines from Australian Government for static risks
	► Use of innovative software to provide real-time information within the Group on all static risks (fire, explosion, natural disasters) to which corporate assets and continuity of production are exposed	<ul style="list-style-type: none"> Adapted VisioRisk software (developed on Google Earth platform) to the Group's industrial structure <small>(see pages 30-31)</small> 	► 2010: pilot project at Magneti Marelli

PRODUCT

CO₂ EMISSIONS

COMMITMENT: Reduce CO₂ emissions using a 360° approach

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Introduction and development of a portfolio of technology solutions for: <ul style="list-style-type: none"> ▶ ENGINES • roll-out of MultiAir technology • application of second-generation MultiJet • evolution of Start&Stop system • two-cylinder engine (TwinAir) in small car segment ▶ TRANSMISSIONS • introduction of Automated Manual Transmission (AMT) on small cars and light commercial vehicles • introduction of highly efficient Dual Dry Clutch Transmission (DDCT) on midsize cars ▶ VEHICLES • -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 Gear Shift Indicator (GSI) on all new models • development of systems for recovery of kinetic energy 	<p>For the third year, Fiat brand had the lowest weighted average emissions (127.8g CO₂/km) among the top selling brands in Europe (source: Jato Dynamics)</p> <p>51% of FGA cars sold in Europe had emissions at or below 120g CO₂/km and 59% at or below 130g CO₂/km</p> <p>+82% in Fiat Pur-O₂® vehicles sold in Europe vs 2008</p> <p>(see pages 64-65)</p>	<ul style="list-style-type: none"> ▶ 2012: maintain leadership among principal carmakers in Europe for cars with lowest weighted average CO₂ emissions
Maserati	<ul style="list-style-type: none"> ▶ Introduction and development of a portfolio of technology solutions for: <ul style="list-style-type: none"> ▶ ENGINES • new family of engines (research in downsizing and/or turbo) • Start&Stop system ▶ TRANSMISSIONS • increase gearbox efficiency ▶ VEHICLES • “green” tyres (reduction in rolling resistance) • lighter and ultra-light materials • improve aerodynamic efficiency on 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"> ▶ 2012: -30% in CO₂ emissions on new Quattroporte vs 2008 version

Key

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

	Action	2009 Results	Target
Ferrari	<ul style="list-style-type: none"> ▶ Introduction and development of a portfolio of technology solutions for: <ul style="list-style-type: none"> ► ENGINES • Start&Stop system • continuous fuel pump control • optimisation of combustion • deactivation of cylinders • research on turbo engines ► TRANSMISSIONS • high-efficiency gearbox lubrication pump ► VEHICLES • brake optimization to minimize energy loss and increase efficiency • continuous radiator fan control • electronic control of compressor for climate control system • smart alternator 	-27% in CO ₂ emissions for 458 Italia vs F430 (2004), through friction and weight reduction and enhanced aerodynamics (mutable aeroelastic winglets)	<ul style="list-style-type: none"> ▶ 2012: -40% 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 	+3% in efficiency for tractors equipped with new Continuously Variable Transmission (CVT) <small>(see page 71)</small>	<ul style="list-style-type: none"> ▶ 2011: -20% in fuel consumption for new "Green" wheel loader vs existing version
Iveco	<ul style="list-style-type: none"> ▶ Introduction and development of a portfolio of technology solutions for: <ul style="list-style-type: none"> ► ENGINES • Common Rail engines for heavy vehicle range • improve efficiency of Selective Catalytic Reduction system (SCR) • ultra-high fuel economy oils for Cursor engines ► VEHICLES • improve efficiency of auxiliary systems (e.g. air conditioning, engine cooling) ▶ Promote use of longer vehicles to increase goods transport capacity 	Continued activity of working group with other truck makers and EU Commission to develop a methodology for the measurement of CO ₂ emissions from heavy commercial vehicles <small>(see page 32)</small>	<ul style="list-style-type: none"> ▶ 2012: define effective method for measuring CO₂ emissions from heavy commercial vehicles
		14 vehicles 18 metres long (combination of tractor/ semitrailers) delivered for testing in Italy as a part of the DICOTTO project (duration: 3 years) <small>(see page 64)</small>	<ul style="list-style-type: none"> ▶ 2011: continue field test with 16 additional units (combination of 18m-long tractor/semitrailers)

COMMITMENT: Promote use of alternative and renewable energy sources

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Promote at least one alternative energy model in major markets, in line with local socio-economic and energy situation: <ul style="list-style-type: none"> ▶ natural gas (<i>Natural Power</i> brand) and LPG in Europe ▶ Flexfuel and TetraFuel® in Latin America 	<ul style="list-style-type: none"> ● Market leadership maintained for natural gas vehicles in Europe: 80% market share for Fiat for natural gas passenger cars and 55% for Fiat Professional for light commercial vehicles (with a total 127,000 natural gas vehicles sold in Europe: +70% vs 2008) ● Largest natural gas range in EU with Fiat and Fiat Professional offering a total of 14 models ● Natural gas versions of Qubo, Ducato and Fiorino launched ● Complete range of LPG vehicles introduced ● 727,000 Fiat Flexfuel and TetraFuel® vehicles sold in Brazil (representing 99% of total sales) <p>(see pages 66-68)</p>	<ul style="list-style-type: none"> ▶ 2010: maintain leadership in the natural gas vehicles market ▶ 2010: launch of new Doblò <i>Natural Power</i>
	<ul style="list-style-type: none"> ▶ 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"> ● 10 hydrogen/natural gas Pandas delivered to the Region of Lombardy <p>(see page 87)</p>	<ul style="list-style-type: none"> ▶ 2010: provision of a further 10 hydrogen/natural gas Pandas to the Region of Lombardy for road testing
Maserati	<ul style="list-style-type: none"> ▶ Extend the range of models that can use alternative or renewable fuels ▶ Increase compatibility of range with use of higher percentage biofuel mixes 	<ul style="list-style-type: none"> ● All gasoline engines capable of using 10% bioethanol mix (E10) 	
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"> ▶ 2010: presentation of HY-KERS experimental vehicle ▶ 2014: start of production
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"> ● 85% of New Holland Agriculture models in Europe capable of using up to 100% biofuel mix ● 15 new models capable of using pure biodiesel (B100) launched <p>(see page 68)</p>	<ul style="list-style-type: none"> ▶ 2011: further increase number of models capable of using 100% biofuel mix ▶ 2010: initial testing of first generation of prototype hydrogen tractor by energy-independent farm

Key

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

	Action	2009 Results	Target
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 engines for minibuses and urban delivery vans 	<ul style="list-style-type: none"> Natural gas version of Eurocargo launched Leader in Europe with full range of natural gas vehicles and approx. 10,000 vehicles already on the road <p>(see page 67)</p>	In progress
	<ul style="list-style-type: none"> ▶ Evaluate and test other sustainable solutions for the future: <ul style="list-style-type: none"> ▶ diesel/electric hybrid technology for buses and urban delivery vans ▶ second-generation biofuels (Hydrotreated Vegetable Oil, Biomass To Liquid) 	<ul style="list-style-type: none"> Road testing of Eurocargo Hybrid in collaboration with TNT and Coca-Cola Enterprises completed <p>(see pages 69-70)</p>	<ul style="list-style-type: none"> ▶ 2010: complete road testing of Daily Hybrid in collaboration with FedEx ▶ 2011: first road tests of second-generation biofuel vehicles

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

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Provide customers with information on eco-friendly use and maintenance of vehicles 	<ul style="list-style-type: none"> Continued distribution of eco:Drive software which aids in improving driving style: 30,000 users registered with a 2,500-tonne reduction in CO₂ emissions <p>(see pages 72-73)</p>	<ul style="list-style-type: none"> ▶ 2010: gradual extension of eco:Drive software for application to natural gas cars and to light commercial vehicles ▶ 2010: presentation of eco:Drive Fleet, version of eco:Drive designed for corporate fleets
	<ul style="list-style-type: none"> ▶ Promote projects to educate young learner drivers toward more eco-responsible driving 	<ul style="list-style-type: none"> greenCHECK-UP maintenance programme extended to Spain, Portugal and Poland and educational campaign on responsible driving launched <p>(see page 73)</p>	▶ 2013: continuation of the programme
		<ul style="list-style-type: none"> Fiat, together with Magneti Marelli, participated in EcoPatente, the project promoted by the Italian NGO Legambiente to educate young people attending Italian driving schools toward a more eco-responsible use of cars <p>(see page 73)</p>	<ul style="list-style-type: none"> ▶ 2010: renewal of participation in EcoPatente project in Italy

POLLUTING AND NOISE EMISSIONS**COMMITMENT: Minimisation of polluting emissions**

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<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"> 63% of models available with Euro 5 compliant engines 	<ul style="list-style-type: none"> ▶ By 2010: all vehicles produced to be Euro 5 compliant <p><i>Note: compliance deadlines for implementation of Euro 5 regulation are 1 Sep 2009 for new type-approvals and 1 Jan 2011 for all new vehicle registrations</i></p>

	Action	2009 Results	Target
Maserati		All vehicles produced conform to Euro 5 standard (see page 65)	
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"> ▶ Before 2011: gradual introduction of new models which are Interim Tier 4 compliant <i>Note: compliance deadlines for implementation of Interim Tier 4 regulation are 1 Jan 2011 engine >130 kW and 1 Jan 2012 engine <130 kW</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) ▶ widespread use of Diesel Particulate Filters (DPF) 	Completed EEV (Enhanced Environmentally-Friendly Vehicles) type approval for medium and heavy commercial vehicles (see page 65)	<ul style="list-style-type: none"> ▶ From beginning 2012: gradual introduction of new models which are Euro VI compliant <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

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Improve acoustic emissions from powertrain (engine noise, transmission and auxiliary systems) and tires (maintaining dynamic performance) 		<ul style="list-style-type: none"> ▶ 2010: -4% powertrain noise vs 2008 (equal to -3 to -4 dBA) ▶ 2010: -3% rolling noise at mid-high frequencies for new models vs 2008 (equal to -2 dBA)

COMMITMENT: Contribute to improving traffic management

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Make traffic information systems more readily available to customers, improving the quality of information 	1 million vehicles equipped with Blue&Me™ sold worldwide (+80% vs 2008)	<ul style="list-style-type: none"> ▶ 2010: Blue&Me™ available on entire new range in Europe ▶ 2010: introduction of real-time traffic information services
Maserati		Bluetooth introduced on the entire range (except for the GranTurismo sold in Japan)	<ul style="list-style-type: none"> ▶ 2010: 100% of vehicles produced equipped with bluetooth or integrated mobile phone

RECOVERY RECYCLING REUSE

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

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Analyse environmental impacts of components and/or production processes 	LCA analysis applied to air conditioning systems to evaluate environmental impacts of alternative systems under study LCA analysis applied to soldering process for electric/electronic cards with and without lead (see page 76)	<ul style="list-style-type: none"> ▶ 2010: continue LCA analysis of air conditioning systems to evaluate environmental impact of refrigerant fluid in production processes ▶ 2010: LCA analysis of body pre-painting process

Key

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

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

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Define operational management procedures and identify critical areas ▶ Implement IT system for management of REACH and a customer information system for SVHC issues ▶ Increase controls for the elimination or reduction of SVHCs 	IT systems (IMDS and FELIS) developed to manage REACH and "customer desk" created to provide detailed information on SVHCs (see page 76)	<ul style="list-style-type: none"> ▶ 2010: integrated management of substance safety cards and preliminary activities for SVHC reporting ▶ 2010: develop IT system (on FELIS platform) for management of SVHCs

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

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Identify components which could be made of recycled materials ▶ Monitor recycled materials present in components through IMDS ▶ Increase use of natural/renewable materials 	Completed mapping of vehicle components made from recycled materials (see page 74)	<ul style="list-style-type: none"> ▶ 2010: +5% use of recycled polymer materials vs 2009 ▶ 2010: develop standard for monitoring use of recycled materials in components for new models on IMDS platform ▶ 2010: verify feasibility of using renewable raw materials in components
CNH - Case New Holland	<ul style="list-style-type: none"> ▶ Increase number and distribution of remanufactured components in North America 	In North America, CNH Reman (a JV with Springfield Remanufacturing Corp.) was established to develop remanufactured spare parts business on a full scale	<ul style="list-style-type: none"> ▶ 2013: triple the number of remanufactured spare parts offered in the market

COMMITMENT: Increase recovery rate of vehicles in circulation

	Action	2009 Results	Target
Fiat Group Automobiles (FGA) and Iveco	<ul style="list-style-type: none"> ▶ Lead all industry associations that manage End-of-Life Vehicles (ELV) to set up a framework agreement with the Italian government ▶ Create a network of qualified, authorized vehicle demolition agents 	Disseminated information on dismantling using various media channels Developed dedicated website to promote contact between companies engaged in reuse of recyclable materials from ELVs (see page 74)	<ul style="list-style-type: none"> ▶ 2010: +10% vs 2009 in number of demolition agents in the FGA network to over 270 in Italy
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Improve energy recovery management at end of vehicle life cycle 	Public financing for <i>Target Fluff</i> finalized: the first project of the Italian innovation programme Industria 2015 to be launched (see pages 74-75)	<ul style="list-style-type: none"> ▶ 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

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Offer range of driver assistant systems ▶ Utilisation of on-board equipment using new human-machine interface ▶ Provide customers with information on safety-related maintenance 	 Synaptic Damping Control introduced on Lancia Delta	<ul style="list-style-type: none"> ▶ 2012: introduction of Voice Control on all new models ▶ 2010: roadshows in Italy, France and Germany to sensitise customers on correct maintenance
Maserati	<ul style="list-style-type: none"> ▶ Offer range of driver assistant systems <ul style="list-style-type: none"> ▶ latest generation of Vehicle Dynamic Controls (VDC) ▶ Skyhook - dynamic damping control for suspension systems ▶ adaptive front light systems and xenon headlights ▶ Brake Prefill ▶ Active Roll Bar 	 Brake Prefill and Active Roll Bar introduced on GranCabrio <small>(see page 80)</small>	In progress
Ferrari	<ul style="list-style-type: none"> ▶ Technology transfer from Formula 1 experience to on-road vehicles ▶ Research projects in collaboration with soon-to-be/recent graduates for the development of an upgraded human-machine interface 	 Introduced on 458 Italia: <ul style="list-style-type: none"> • E-Diff3 software, which integrates E-Diff (electronic differential) and F1-Trac (traction control) • ABS integrated with E-Diff • second-generation Magnetorheological Suspension Control • upgraded Brake Prefill  +15% torsional rigidity and +5% beam stiffness of the 458 Italia vs F430 <small>(see page 79)</small>	In progress <ul style="list-style-type: none"> ▶ 2013: driver's biometric data reported in real time
Iveco	<ul style="list-style-type: none"> ▶ Offer range of driver assistant systems: <ul style="list-style-type: none"> ▶ Electronic Stability Control (ESC) ▶ Lane Departure Warning (LDW) ▶ Adaptive Cruise Control (ACC) ▶ Evaluate other safety features for future application: <ul style="list-style-type: none"> ▶ Driver Attention Support 	 Evaluation of Lane Change Assistant, Turning Assistant and Front Collision Warning concluded <small>(see page 78)</small>	<ul style="list-style-type: none"> ▶ By the end of 2010: all tourist coaches equipped with ESC as standard <i>Note: compliance deadlines for ESC in the EU depends on the coach's class and type of braking system and it is from 1 November 2014 to 11 July 2016 for new registrations</i> ▶ 2010: first results from testing of Driver Attention Support

Key

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

COMMITMENT: Continue to improve air quality inside passenger compartment

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► Minimize emissions of Volatile Organic Compounds (VOC) inside passenger compartment		► 2010: reduction/elimination of formaldehyde emissions from certain components (e.g. acoustic insulators) and monitoring of plastics to eliminate low molecular mass phthalates

COMMITMENT: Continue to improve conditions for machine operators

	Action	2009 Results	Target
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 cabin and axle suspension systems (agricultural equipment) ► high level of ergonomics for tractor loader backhoes and wheel excavators (construction equipment) ► Improve ergonomics of operator controls and reduce operator stress and enhance comfort 	<ul style="list-style-type: none"> Development of an innovative cab for "all purpose light" and "utility" tractors which leads to a reduction of 6 dBA Launched new T7000 Auto Command tractor, recipient of the Tractor of the Year 2010 and Golden Design awards for its ergonomics and design Electronic joystick introduced on wheel loader to enhance vehicle steering 	<ul style="list-style-type: none"> ► 2010-2011: S-Track available on most crawler tractors ► 2012: average reduction of 2 dBA in operator cab for all new models vs 2008 models (agricultural and construction equipment) ► 2010-2011: several products in range will offer: touch screen displays, automation of complex operations, simplified diagnostic messaging, intelligent thermic control

COMMITMENT: Continue to improve safety for machine operators

	Action	2009 Results	Target
CNH - Case New Holland	<ul style="list-style-type: none"> ► Increase safety requirements for electronically-controlled functions on construction equipment ► Increase driveability and safety for agricultural tractors at high speed 	<ul style="list-style-type: none"> ABS SuperSteer™ system on T7000 tractors received award at Agritechnica, the agricultural machinery and equipment exhibition (see page 90) 	<ul style="list-style-type: none"> ► 2011: introduction of advanced steering, automated braking and vehicle stability controls for agricultural tractors

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

	Action	2009 Results	Target
Centro Ricerche Fiat	<ul style="list-style-type: none"> ► Increase in integration between sensor technology and second-generation preventive safety devices to optimise their effectiveness ► Development of wireless Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) communication technologies to enhance road safety 	<ul style="list-style-type: none"> Developed systems to recognise obstacles and imminent accidents, to optimise response of pre-crash systems and avoid low-speed collisions 2 prototypes presented in Stockholm, as part of the European SAFESPOT project, to show the initial results of the application of V2V communication to Rear End Collision (see pages 88-90) 	<ul style="list-style-type: none"> ► Beginning 2010: development of 4 prototypes as part of Italian (Industria 2015) and European projects (Citylog, CityMove) ► 2010: presentation of final results with prototypes that implement all safety features based on V2V communication (Head On Collision Warning, Lane Change Assistant, Safety Distance Warning) ► Beginning 2011: assessment of the application of certain V2V and V2I functions in areas with high average accident rates (black spots)

	Action	2009 Results	Target
Magneti Marelli	<ul style="list-style-type: none"> ► Increase in road safety performance through use of telematic and infomobility technologies: <ul style="list-style-type: none"> ► warning when vehicle is approaching frequent accident points and roadworks ► visualisation of road signs via on-board systems 	 Launch of <i>Easy Rider</i> project as part of Industria 2015, an Italian innovation programme <small>(see page 89)</small>	<ul style="list-style-type: none"> ► 2011: first demo installations in Turin which visualise road signs, in particular road works and signal frequent accident points using V2I based communication technology

PLANTS

ENVIRONMENTAL AWARENESS

COMMITMENT: Promote environmental awareness within the Group

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Formulate and disseminate new environmental Guidelines ► Activation of a Group-wide intranet platform to share information and best practice across Sectors and deliver training ► Preparation and distribution of a training kit for specialised personnel working on the environmental management system 	 New Guidelines formulated and reviewed by the Group Executive Council  Intranet platform developed and activated <small>(see pages 94-96)</small>	<ul style="list-style-type: none"> ► February 2010: dissemination of Guidelines ► 2010: continue activity ► 2010: preparation of training kit ► 2011: distribution to all plants in Italy ► 2012: distribution to all plants worldwide

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

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Development and improvement of the environmental KPI management system (monitoring and reporting) to make it more effective and in line with information requirements of stakeholders 	 Fiat Group Automobiles (FGA) management system for KPIs extended to all Group Sectors  Number of KPIs monitored increased  Normalisation parameters for the monitoring of environmental KPIs and related trends defined <small>(see page 96)</small>	<ul style="list-style-type: none"> ► 2010: provision of specific training related to the new environmental KPI management system

ENVIRONMENTAL IMPACT

COMMITMENT: Optimize the Group's environmental management system

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Extend ISO 14001 certification ► Adoption of World Class Manufacturing (WCM) system, considered one of the highest standards globally 	 123 ISO 14001 certifications obtained covering 76% of Group turnover <small>(see page 96)</small>  114 plants of the Group adopted the WCM system: 17 plants reached bronze level, 6 silver level <small>(see pages 97-98)</small>	<ul style="list-style-type: none"> ► 2010: extension to 100% of existing European plants ► 2012: extension to 100% of existing plants worldwide ► 2010: extension of WCM programme to 100% of existing plants

Key

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

	Action	2009 Results	Target
Fiat Group	► Optimisation of waste management based on the specific characteristics of the country in which Group plants operate	<p> Implemented more effective waste management system at plants where WCM has been adopted (114 plants)</p> <p> 90.3% of waste recovered at Fiat Group Automobiles plants worldwide (see pages 104, 160)</p>	<p>► 2010: extension to 100% of existing plants</p> <p>► 2012: 95% of waste recovered at Fiat Group Automobiles plants worldwide</p>
	► Optimisation of management system for the withdrawal and discharge of water based on the specific characteristics of the country in which Group plants operate	<p> Implemented more effective water management system at plants where WCM has been adopted (114 plants)</p> <p> -19.8% vs 2006 of water consumption per car produced at Fiat Group Automobiles plants worldwide (from 7.28 to 5.84 m³/car) (see page 103)</p>	<p>► 2010: extension to 100% of existing plants</p> <p>► 2010: -20% vs 2006 of water consumption per car produced at Fiat Group Automobiles plants worldwide (from 7.28 to 5.82 m³/car)</p> <p>► 2010: mapping of plants located in areas where water resources are scarce</p> <p>► 2010: study plan to improve indices for reuse and recycling of water in areas shown by mapping to be sensitive</p>
	<p>► Limitation of external noise produced by plants</p> <p>► Formulation of Guidelines to know and safeguard protected species and biodiversity</p>		<p>► 2010: establishment of cross-Sector working group</p> <p>► 2010: mapping of plants located in sensitive areas</p> <p>► 2011: definition and dissemination of specific Guidelines for the design and purchase of new equipment</p> <p>► 2010: formulation of Guidelines and development of the <i>Fiat Group Biodiversity Value Index</i></p> <p>► 2010: pilot project for application of Guidelines</p> <p>► 2011: extension of application of Guidelines</p>

COMMITMENT: Reduce emissions of Volatile Organic Compounds (VOCs)

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► Application of the Best Available Techniques (BAT) at paint lines	<p> -3.1% vs 2008 in VOC emissions levels at FGA European plants (from 38.7 to 37.5 g/m²); -5.9% vs 2008 worldwide (from 47.1 to 44.3 g/m²) (see page 102)</p>	<p>► 2010: -44.6% vs 2007 in VOC emissions levels from body car painting process at FGA European plants (from 50.2 to 27.8 g/m²)</p> <p>Note: Target takes current market uncertainty into account. VOC emissions in fact are influenced by capacity utilisation level at plants and repeated starting and stopping of production</p>

COMMITMENT: Optimise the Group's energy performance

	Action	2009 Results	Target
Fiat Group	► Implementation and roll out of an energy management system and certification of plants under European regulation UNI CEI EN 16001	<p> Fiat Group Automobiles (FGA) energy management system optimized (see page 98)</p>	<p>► 2013: roll out of FGA's energy management system to all Group plants where energy consumption is significant and their certification pursuant to UNI CEI EN 16001</p>

Action	2009 Results	Target
► Definition of actions and technologies to reduce energy consumption and CO ₂ emissions per unit values	<ul style="list-style-type: none"> ➊ -6.3% vs 2008 (from 5.5 to 5.15 GJ/car) in energy consumption per car produced at Fiat Group Automobiles (FGA) plants worldwide through technical-management measures ➋ -19.6% vs 2008 in CO₂ emissions at FGA plants in Italy and -12% vs 2008 at FGA plants worldwide <i>(see pages 98-101)</i> 	<ul style="list-style-type: none"> ► 2014: -15% vs 2009 in energy consumption and CO₂ emissions per unit values at every Group Sector, with individual performance varying (Iveco -30%; CNH -10% and Teksid -5%) <i>Note: for detail by Sector, go to http://sustainability.flatgroup.com/</i>
	<ul style="list-style-type: none"> ➌ -15% vs 2008 levels in CO₂ emissions at Ferrari's Italian plants through a trigeneration system <i>(see page 100)</i> 	<ul style="list-style-type: none"> ► 2010: -40% vs 2008 levels in CO₂ emissions at Ferrari's Italian plants through a trigeneration system and purchase of renewable energy
	<ul style="list-style-type: none"> ➍ Green Factories laboratory (reduction in energy consumption and CO₂ emissions) extended to following Italian plants: - Magneti Marelli Automotive Lighting at Venaria (Turin) - FGA Mirafiori (Turin) - Fiat Powertrain Technology NEF Iveco (Turin) 	<ul style="list-style-type: none"> ► 2010: continuation of laboratory of study

LOGISTICS

ENVIRONMENTAL IMPACT

COMMITMENT: Reduce environmental impact of logistics

Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Formulation and dissemination of Green Logistics Guidelines ► Definition of a standard set of environmental KPIs ► Increase use of low-emissions transport 	<ul style="list-style-type: none"> ► 2010: formulation and dissemination of Guidelines ► 2010: definition of a standard set of environmental KPIs and launch of monitoring process at FGA ► 2011: extension of monitoring process to other Group Sectors
	<p><i>Inbound</i></p> <ul style="list-style-type: none"> ➊ Euro III-V vehicles only authorised to enter Fiat Group Automobiles plants (for transport of materials managed directly by FGA) <i>(see page 107)</i> 	<p><i>Inbound</i></p> <ul style="list-style-type: none"> ► 2010: extension to all Group plants ► 2011: for Group transport contracts, gradually phase in clause authorising use of low emissions vehicles only (at least 50% of fleet compliant with Euro IV or stricter standard)

Key

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

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► Increase use of low-emissions transport	<p><i>Outbound</i> For outbound transport, FGA used fleets of Euro III-V vehicles only (owned fleet: 80% Euro V; +19.4 vs 2007) <small>(see page 107)</small></p>	<p><i>Outbound</i> 2010: commitment to purchase only Iveco Euro V vehicles for outbound transport managed directly by FGA, in the case of fleet extension</p>
Fiat Group Automobiles (FGA) and Iveco	► Optimisation of transport capacity	<p><i>Inbound</i> -21,000 tonnes of CO₂ for the period 2008-2009 (compared to equivalent volumes transported using previous methods) for FGA transport inbound to European plants under the <i>Streamlined Delivery</i> project <small>(see pages 108-109)</small></p>	<p><i>Inbound</i> 2010: extension of <i>Streamlined Delivery</i> project to Iveco for transport inbound to European plants</p>
Fiat Group Automobiles (FGA)	► Use of intermodal transport	<p><i>Inbound</i> -13,000 tonnes of CO₂ vs 2008 due to: <i>Inbound</i> Shift from road to rail transport for the Villanova d'Asti (Italy)-Kragujevac (Serbia) route</p> <p><i>Outbound</i> Increased used of rail transport on the Tychy (Poland)-Antwerp (Belgium), Tychy-Corbas (France) and Tychy-La Norville (France) routes</p> <p>With implementation of these initiatives, in Europe rail transport accounts for a total of 12% of inbound transport managed directly by FGA and 37% of outbound transport</p> <small>(see pages 107-108)</small>	<p><i>Outbound</i> 2010: -18,700 tonnes of total CO₂ vs 2008 due to extension of use of rail transport to the Val di Sangro-Savona Italian route</p>
CNH - Case New Holland		<p><i>Outbound</i> -4,400 tonnes of CO₂ for the period 2006-2009 (compared to equivalent volumes transported using previous methods) due to further extension of outbound intermodal sea transport (replacing road transport) to Iberian peninsula <small>(see pages 107-108)</small></p>	<p><i>Inbound/Outbound</i> 2010: -3,400 tonnes of CO₂ vs 2009 due to use of rail for inbound and outbound transport combination (replacing road transport) on the Parma-Lecce Italian route</p> <p><i>Outbound</i> 2010: -4,500 tonnes of CO₂ for the period 2006-2010 (compared to equivalent volumes transported using previous methods) due to further extension of outbound intermodal sea transport to Iberian peninsula</p>
Fiat Group Automobiles (FGA)	► Reduction in packaging and protective materials for transport	<p><i>Inbound</i> -10% vs 2008 in disposable cardboard packaging for car components (from 6.9 kg cardboard/car in 2008 to 6.2 in 2009) representing a total reduction of approx. 500 tonnes <small>(see page 109)</small></p>	<p><i>Inbound</i> 2010: -5% vs 2009 in disposable cardboard packaging for car components (5.9 kg cardboard/vehicle)</p>
Iveco		<p><i>Inbound</i> -30% vs 2008 in disposable wood crates equivalent to 620 tonnes (from 11.2 wood crates/container in 2008 to 8 in 2009) through progressive replacement of disposable wood crates with reusable metal racks for shipments to Latin American plants <small>(see page 109)</small></p>	<p><i>Inbound</i> 2010 -19% vs 2009 in disposable wood packaging (6.5 wood crates/container)</p>

NON-MANUFACTURING PROCESSES

ENVIRONMENTAL IMPACT

COMMITMENT: Reduce waste

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Extension of World Class Manufacturing (WCM) principles to Fiat Services (the company which manages all Group administrative activities globally) through the World Class Administration (WCA) programme 	<p> 5 Fiat Services sites, where 85% of its employees are located, involved in the programme:</p> <ul style="list-style-type: none"> • -25% vs 2008 (-40 tonnes) in paper consumption through a more efficient use of printers and digitalisation of documentation; • -25% vs 2008 (-550 kg) in toner consumption through adoption of an "ecological" method of printing and shift from personal printers to more efficient printing bays <p>(see page 110)</p>	<ul style="list-style-type: none"> ► 2010: extension of WCA to 100% of Fiat Services sites worldwide (10 sites with 4,600 employees); -50% vs 2008 in paper and toner consumption through further digitalisation of documentation

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

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Introduction of new high-efficiency power supply units for PCs ► Introduction of servers with new, more efficient technologies at IBM Data Centres which manage Fiat Group data ► Consolidation and virtualisation of servers 	<p> -16 MWh in energy consumed vs 2008 (approx. 8.4 tonnes of CO₂) due to initial introduction of high-efficiency power supply units</p> <p> Project defined and servers to be replaced identified</p> <p> -3,450 MWh of energy consumed vs 2008 (equal to more than 1,700 tonnes of CO₂) through elimination of 210 servers and virtualisation of 150 servers</p> <p>(see pages 110-111)</p>	<ul style="list-style-type: none"> ► 2012: -400 MWh vs 2008 (approx. 210 tonnes of CO₂) through introduction of additional high-efficiency power supply units ► 2010: -455 MWh in energy consumed vs 2009 (approx. 228 tonnes of CO₂) through replacement of about 200 servers ► 2014: completion of server replacement ► 2012: -3,700 MWh of energy consumed vs 2009 (equal to more than 1,850 tonnes of CO₂) through reduction from 300 physical servers to 80 physical and 20 virtual servers, elimination of a further 35 servers and virtualisation of a further 115 servers

HUMAN RESOURCES

EQUAL OPPORTUNITY

COMMITMENT: Guarantee equal opportunity for career development

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Monitor implementation of the principles of equal opportunity (men/women) globally in relation to: salary levels, annual salary review plan, performance and leadership appraisal and promotions 	<p> Monitoring process applied to all managers worldwide</p> <p>(see page 118)</p>	<ul style="list-style-type: none"> ► 2010: extension of analysis to all professionals worldwide



Key
■ Target exceeded
■ Target achieved or in line with plan
■ Target partially achieved
■ Target postponed

COMMITMENT: Enhance internal professional path

	Action	2009 Results	Target
Fiat Group	► Internal Job Posting programme for white-collar and professional positions	Pilot project implemented at CNH - Case New Holland in North America (330 positions managed and 30,000 applications received) Feasibility study conducted at Group level in Latin America <small>(see page 114)</small>	► 2011: extension and consolidation of the programme globally <i>Note: achievement of target contingent on market recovery</i>

HUMAN CAPITAL DEVELOPMENT

COMMITMENT: Skill enhancement within the Group

	Action	2009 Results	Target
Fiat Group	► Assessment of employees through performance and leadership mapping	Assessment of 34,000 employees (100% of managers and professionals and 17.3% of white-collars) <small>(see page 122)</small>	► 2010: continue assessment of 100% of managers and professionals and part of white-collars <i>Note: gradual extension to all white-collar staff contingent on market recovery</i>

COMMITMENT: Manage succession plans and intragroup personnel transfers

	Action	2009 Results	Target
Fiat Group	► Implementation of Talent Review programme	Global Talent Review conducted of 25 professional families/Sectors/functions (involving 90% of professionals and managers) to identify those having the characteristics necessary to cover key positions <small>(see page 122)</small>	► 2010: to continue

RAISE AWARENESS ON SUSTAINABILITY ISSUES

COMMITMENT: Maintain Sustainability as a corporate target

	Action	2009 Results	Target
Fiat Group	► Include environmental and social targets as components of variable compensation	Implemented for members of Group Executive Council and extended to first level and majority of second level reports to CEOs of operating Sectors	► 2010: extension of the process to individuals responsible for projects forming part of the Sustainability Plan
	► Formulation and dissemination of new Guidelines for management of human capital and respect of human rights	New Guidelines formulated and reviewed by the Group Executive Council	► February 2010: dissemination of Guidelines

COMMITMENT: Promote an environment consistent with the highest principles and rights fundamental to the workplace

	Action	2009 Results	Target
Fiat Group	► Design of course to promote a work environment which embodies the highest principles and rights fundamental to the workplace		► 2010: design and provision of course on non-discrimination in the workplace (ILO Convention 111) for all managers

COMMITMENT: Improve employee commuting

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► Develop a mobility plan to improve commute to and from Mirafiori (Turin, Italy) and Maserati (Modena, Italy) industrial facilities through increased use of public transport, car pooling, alternative mobility (cycling), improvements to entrances, loading and parking areas	● Mobility plan implemented to improve employee commute to and from Mirafiori facility (around 18,500 employees) with the involvement of local authorities	► 2010: implementation of further initiatives to improve commuting ► 2011: evaluate effectiveness of plan
Maserati		● Target postponed	► 2010: distribution of questionnaire to employees and analysis of data collected ► 2010: preparation and delivery of plan to local authorities

ATTRACTION AND RETENTION OF EMPLOYEES

COMMITMENT: Survey level of satisfaction, needs and requests of employees

	Action	2009 Results	Target
Fiat Group	► Conduct a people satisfaction survey		► 2010: preparation of questionnaire, distribution to a sample of Group employees and analysis of results

EMPLOYEE INVOLVEMENT

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

	Action	2009 Results	Target
Fiat Group	► Encourage improvement proposals from workers	● 13 improvement proposals received per person for a total of 890,000 at plants involved in the World Class Manufacturing programme <small>(see page 98)</small>	► 2010: increase number of improvement proposals per person to 18

TRAINING AND KNOWLEDGE MANAGEMENT ⁽¹⁾

COMMITMENT: Develop a Group-wide culture of continuous change

	Action	2009 Results	Target
Fiat Group		● 2 specialised training units focused on production and product processes established: the Manufacturing Training Unit and the Product Development Training Unit <small>(see page 126)</small>	► 2010: expand number of Key Performance Indicators (KPI) to be used for the evaluation and management of training available worldwide ► 2010: development of a platform for gathering and viewing aggregate data
Fiat Group Automobiles (FGA)	► Redefinition of the training model and management process to make it more effective and responsive to both strategic and tactical training needs in line with the uncertain economic circumstances	● 1 st edition of the <i>Effect</i> masters course in dealership management for Italian employees who work closely with the distribution network to enable them to support dealers in managing the crisis and promote an entrepreneurial culture capable of responding effectively to the sudden changes in the market	► 2010: 2 new streams, 1 international, of the <i>Effect</i> masters course

⁽¹⁾ Targets for "Training and knowledge management" section were modified during the year to align them with needs arising in relation to the difficult economic environment and, as such, differ from those published in the 2008 Sustainability Report.



Key
■ Target exceeded
■ Target achieved or in line with plan
■ Target partially achieved
■ Target postponed

COMMITMENT: Promote culture of Sustainability

	Action	2009 Results	Target
Fiat Group	► Provision of online training on Corporate Governance and Sustainability	● Courses provided to all Group managers, all Supplier Quality Engineers and buyers (approx. 2,000 employees) in Italy. Completion of course mandatory (see pages 28, 149)	► 2010: course to be attended by all Group managers (approx. 800 employees) outside Italy

COMMITMENT: Increase employees' knowledge of Group products

	Action	2009 Results	Target
Fiat Group	► Offering of specific courses on the ecological, safety and technological features of Group products	● 110 online training modules offered on unrestricted basis via the E-dotto platform	► 2010: continuous updating of training offered

OCCUPATIONAL HEALTH AND SAFETY

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

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Optimise standardised Group-wide system for management of occupational health and safety ► Extension of OHSAS 18001 certification ► Audit of safety management procedures at plants 	<p>● External assessment of compliance with UNI-INAIL 2001 Guidelines for 85% of Italian plants obtained <i>Note: the remaining Italian plants will be certified OHSAS 18001 (see below)</i></p> <p>● 15 OHSAS 18001 certifications obtained covering approximately 25,000 employees</p> <p>● 85 internal audits (covering approx. 80,000 employees) and 64 external audits (covering approx. 80,000 employees) conducted</p>	<ul style="list-style-type: none"> ► 2010: extension of certification to 100% of existing Group plants ► 2012: extension of certification to 100% of existing joint venture plants ► 2010: +20% internal audits vs 2009

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

	Action	2009 Results	Target
Fiat Group	<ul style="list-style-type: none"> ► Formulation and dissemination of new health and safety Guidelines ► Upgrade of the Group-wide monitoring system for accidents in the workplace 	<p>● New Guidelines approved and disseminated (see page 127)</p> <p>● Consolidation of upgraded accident monitoring system</p>	<ul style="list-style-type: none"> ► 2010: launch of new Standard Aggregation Data (SAD) application for monitoring of occupational health and safety Key Performance Indicators (KPI) worldwide

	Action	2009 Results	Target
Fiat Group	► New Group-wide <i>Health & Safety First</i> training initiative	Pilot project launched at 7 plants in Italy	► 2011: progressive extension of <i>Health & Safety First</i> training initiative to 100% of Italian plants
	► <i>Top Ten Safety</i> project: 10 key initiatives for health and safety	Pilot project launched at 44 plants in Italy	► 2010: extension of <i>Top Ten Safety</i> project to 100% of Italian plants
	► 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)	Course designed and pilot project launched at CNH – Case New Holland Italy <small>(see page 129)</small>	► 2010: extension of project to 100% of Group white-collar employees in Italy

HEALTHCARE

COMMITMENT: Promote healthcare

	Action	2009 Results	Target
Fiat Group	► Monitoring of work-related stress levels and definition of prevention plan	Levels of work-related stress monitored at Iveco plant at Vénissieux (France) Results of monitoring analysed and prevention plan implemented	► 2010: extension of stress monitoring and implementation of action plan to Trappes and Annonay sites (France) of Iveco (approx. 1,800 employees involved) and initiation of negotiations with unions for French sites of CNH - Case New Holland and FPT Powertrain Technologies ► 2010: definition of standard monitoring methodology at global level for work-related stress ► 2011: launch of monitoring and related action plans at Group sites considered most susceptible to the issue
	► Distribution of information to employees, offer of vaccination and medical support to prevent spread of infectious diseases and promote personal hygiene	Information on prevention of the H1N1 flu virus distributed to 100% of employees worldwide Information campaign at CNH - Case New Holland, Magneti Marelli, Teksid, Fiat Group Automobiles, Comau and Iveco plants in Brazil (approx. 25,000 employees) on HIV/AIDS infection <small>(see pages 131-132)</small>	► 2010: to continue

COMMITMENT: Facilitate access to the best healthcare services

	Action	2009 Results	Target
Fiat Group	► Establishment in Italy of a supplementary health plan (FASIFIAT) for blue-collar and white-collar staff of the Fiat Group as established by agreements between Fiat Group and trade unions	67,000 white-collar and blue-collar employees and their families subscribed to the plan <small>(see page 132)</small>	► 2010: to continue

DEALER AND SERVICE NETWORK

TRAINING

COMMITMENT: Improve the skills of the sales force and promote customer awareness of the environmental and safety-related features of products

	Action	2009 Results	Target
Fiat Group	► Design and provision of specific training courses which leverage best practice and explore all potential synergies within the Group	⌚ 207,450 hours of training (+275% vs 2008) given to the sales forces of Fiat Group Automobiles, CNH - Case New Holland and Iveco worldwide <small>(see pages 140-142)</small>	► 2010: maintain volume of training hours provided in 2009

COMMITMENT: Improve the network technicians' skills to diagnose, repair and maintain environmentally-friendly engines

	Action	2009 Results	Target
Fiat Group	► Design and provision of specific training courses which leverage best practice and explore all potential synergies within the Group	⌚ 224,150 hours of training (+22% vs 2008) given to the technicians of Fiat Group Automobiles, CNH - Case New Holland and Iveco worldwide <small>(see pages 140-142)</small>	► 2010: maintain volume of training hours provided in 2009

COMMITMENT: Promote ecological and safe driving among end-users of vehicles

	Action	2009 Results	Target
Iveco			► 2010: launch and roll-out of the <i>ECOnomic Driving</i> initiative offered free of charge to all fleet drivers and dealer demo drivers
CNH - Case New Holland	► Design and provision of courses specifically targeted at fleet drivers and demo drivers at commercial vehicle dealers and construction equipment operators		► 2010: develop a training programme for operators of construction equipment

COMMITMENT: Support dealer network in development of management skills to handle market crisis

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► Launch of <i>Effect</i> , the master in dealership management targeted at owners and managers of dealerships		► 2010: launch of masters course: - 3 streams for Italian dealers - 2 streams for international dealers

ENVIRONMENTAL IMPACT

COMMITMENT: Promote environmental responsibility within dealer and authorised service network

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► Formulation and dissemination of environmental Guidelines on materials, equipment and management processes to promote a reduction in environmental impacts for the dealer network		► 2010: formulation and dissemination of environmental Guidelines ► 2010: begin application of Guidelines for design of new premises for corporate-owned dealerships
Iveco	► Use of materials which enable energy savings and reduce maintenance activities	⌚ <i>New Dealer Identity</i> initiative launched for the use of more environmentally-friendly materials at 30 premises <small>(see page 143)</small>	► 2010: partial renovation of 10 additional premises

CUSTOMERS

CUSTOMER EXPERIENCE

COMMITMENT: Improve customer relationship

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	<ul style="list-style-type: none"> ▶ Implementation of stakeholder engagement activities by increasing collection of customer feed-back and expectations and replying as appropriate 	<p> Increased customer feed-back and expectations collected during the pre-sales, sales, after-sales in the warranty period, complaints management, front-end and test drive phases:</p> <ul style="list-style-type: none"> • implemented new multi-channel approach to gathering customer feed-back (Web and Interactive Voice response - IVR) • 340,000 customers interviewed (+50% vs 2008) • 3,370 dealers involved (+5% vs 2008) <p>(see pages 144-146)</p>	<ul style="list-style-type: none"> ▶ 2010: further increase customer feed-back and expectations received ▶ 2010: initiate stakeholder engagement activities with FGA customers and dealership network through collection of customer feed-back and expectations and e-mail communication on improvements achieved as appropriate

SUPPLY CHAIN

SUSTAINABILITY IN THE SUPPLY CHAIN

COMMITMENT: Raise the awareness of employees that manage supplier relationships to the value of Sustainability

	Action	2009 Results	Target
Fiat Group Purchasing	<ul style="list-style-type: none"> ▶ Provision of training on Corporate Governance and Sustainability to buyers and Supplier Quality Engineers (SQEs) ▶ Inclusion of sustainability targets in the variable compensation system 	<p> Online courses on Sustainability and Corporate Governance given to SQEs and buyers in Italy (approx. 500 people). Participation mandatory</p> <p>(see page 149)</p>	<ul style="list-style-type: none"> ▶ 2010: inclusion of sustainability targets (sustainability audits and management of further self-assessment questionnaires for select suppliers) in system of assessment for SQE Managers and their collaborators

COMMITMENT: Promote social and environmental responsibility among suppliers

	Action	2009 Results	Target
Fiat Group Purchasing	<ul style="list-style-type: none"> ▶ Formulation and dissemination of specific Sustainability Guidelines for suppliers ▶ Introduction of environmental and social performance indicators in the assessment process for suppliers (existing and new) of new components ▶ Distribution to select suppliers of a self-assessment questionnaire on environmental and social performance 	<p> Guidelines approved and disseminated to all Group suppliers with their gradual introduction in new purchase agreements clauses</p> <p> New evaluation process established and testing initiated</p> <p> Questionnaire distributed to select suppliers (162 representing 54% of purchase invoices managed by Fiat Group Purchasing, with 90% of questionnaires returned and an average rating of 78/100)</p> <p> Analysis of questionnaire results begun</p> <p>(see pages 147-149)</p>	<ul style="list-style-type: none"> ▶ 2010: continue introduction of contractual clauses on adherence to Sustainability Guidelines in new purchase agreements ▶ 2010: consolidation of new evaluation process with determination of the ratings system and inclusion of results in supplier database ▶ 2010: complete collection of questionnaires and send questionnaire to other select suppliers ▶ 2010: complete analysis of results

Key

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

	Action	2009 Results	Target
Fiat Group Purchasing	▶ Preparation of a risk map for supply chain to determine where to concentrate audits		▶ 2011: definition of criteria and preparation of risk map for supply chain
	▶ Conduct environmental and social audits	<p>Far East 2 supplier audits conducted in China and 2 in India by Fiat Group Purchasing's SQEs</p> <p>Europe 22 audits of European suppliers (representing approximately 11% of purchase invoices managed by Fiat Group Purchasing) conducted by Fiat Group Purchasing's SQEs <small>(see pages 148-149)</small></p>	▶ 2010: 10 audits in total to be conducted in China and India by Fiat Group Purchasing's SQEs
Fiat Group	▶ Promote involvement of supply chain in World Class Manufacturing programme	100 supplier plants involved in the programme <small>(see page 149)</small>	▶ 2010: involvement of 200 supplier plants

COMMUNITY

LOCAL COMMUNITY

COMMITMENT: Promote social and economic development of local communities

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	▶ Árvore da Vida: project of Fiat Automóveis S.A. to improve the quality of life of the Brazilian community in Jardim Teresópolis through: ▶ development of social and educational activities ▶ training courses ▶ establishment of Cooperárvore cooperative ▶ support and counselling centre for community families	From 2004 to 2009, approx. 11,000 beneficiaries Fiat Automóveis invested more than €1,500,000 for 2009 The Árvore da Vida project won: • the Aberje 2009 award from Associação Brasileira de Comunicação Empresarial in the "Relations with the Community" category; • the award for best company in the management of "Social and Environmental Responsibility" from the magazine <i>Istoé Dinheiro</i> <small>(see pages 152-153)</small>	▶ 2010: continue support for the initiative
CNH - Case New Holland	▶ Support to the <i>Habitat for Humanity</i> initiative for families in need	In the 2007-2009 period, a total of \$255,000 donated and over 100 employees offered their time for the construction of houses as part of programmes involving Case Construction dealers and CNH employees <small>(see pages 151-152)</small>	▶ 2010: continue support for the initiative
	▶ Support for <i>United Way</i> initiative for the improvement of healthcare, education and literacy in disadvantaged communities	Company and employees donated a total of \$1.4 million <small>(see page 152)</small>	▶ 2010: continue support for the initiative
Iveco	▶ Support for <i>Transaid</i> initiative to help women's commercial cooperatives in Ghana with logistics management	Fund raising organised	▶ 2010: driving courses for women of cooperatives and support for transport management system

COMMITMENT: Support populations hit by natural disasters

	Action	2009 Results	Target
Fiat Group	► Provide technical, financial and humanitarian support to the population hit by the earthquake in Abruzzo (Italy)	● A total of more than €4,280,000 in cash contributions and vehicles donated <small>(see page 155)</small>	► 2010-2011: construction of a nursery school for around 100 children

TRAINING FOR YOUNG PEOPLE

COMMITMENT: Support the professional and social development of young people, to facilitate their entry into the working world and respond to needs for specialised personnel

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► TechPro ² initiative: technical training project developed in cooperation with Salesian Technical Institutes	<ul style="list-style-type: none"> ● Project expanded to include: 19 locations in Spain 1 location in Poland 1 location in Brazil in addition to the 10 locations in Italy already operational In 2009: <ul style="list-style-type: none"> • 2,150 young people trained • 700,000 hours of training provided • 750 dealers offered apprenticeship opportunities ● Manpower requirements for the body-welding department analysed <p><small>(see page 154)</small></p>	<ul style="list-style-type: none"> ► 2010: transfer of knowledge from FGA technicians to instructors: <ul style="list-style-type: none"> • specific "Train the trainers" courses • standardisation of the training programme (70% classroom, 25% field, 5% apprenticeship with service network) ► 2010: measurement and verification of results and opportunities (students involved, academic results, needs of the service network and training school offering) ► 2010: geographic extension of the project to new underprivileged areas with a strong demand for manpower: 2 locations in Argentina, 4 locations in Italy and 2 locations in Brazil ► 2010: extension of the project to include new training initiatives through activation of a programme focused on body-welding at 1 location in Italy
Iveco	<ul style="list-style-type: none"> ► Support to <i>Don Bosco Technical Schools</i> in Cairo (Egypt) and Darfur (Sudan) for development of mechanical and technical skills in the automotive sector ► Promote the educational values of rugby at the "C. Beccaria" Juvenile Detention Centre in Milan and offer apprenticeship opportunities to help former detainees reintegrate into the working world 	<ul style="list-style-type: none"> ● Local instructors trained, technical equipment, educational material, two minibuses and one Eurocargo provided <small>(see page 154)</small> ● Personnel trained and sports equipment purchased ● Apprenticeship offered by the Iveco dealer Milanocarri (Milan) to help development of mechanical and technical skills <p><small>(see page 155)</small></p>	<ul style="list-style-type: none"> ► 2010: continue support for the initiative ► 2010: continuation of the apprenticeship programme

COMMITMENT: Offer the opportunity to young people in disadvantaged areas to practice sports, contributing to their education

	Action	2009 Results	Target
Fiat Group Automobiles (FGA)	► Support for the Soweto School Games project (South Africa)	● Sports centre renovated	► 2010: continue support for the initiative

"progress is the realization
of utopias." Oscar Wilde

AN INTEGRATED APPROACH TO SUSTAINABLE DEVELOPMENT

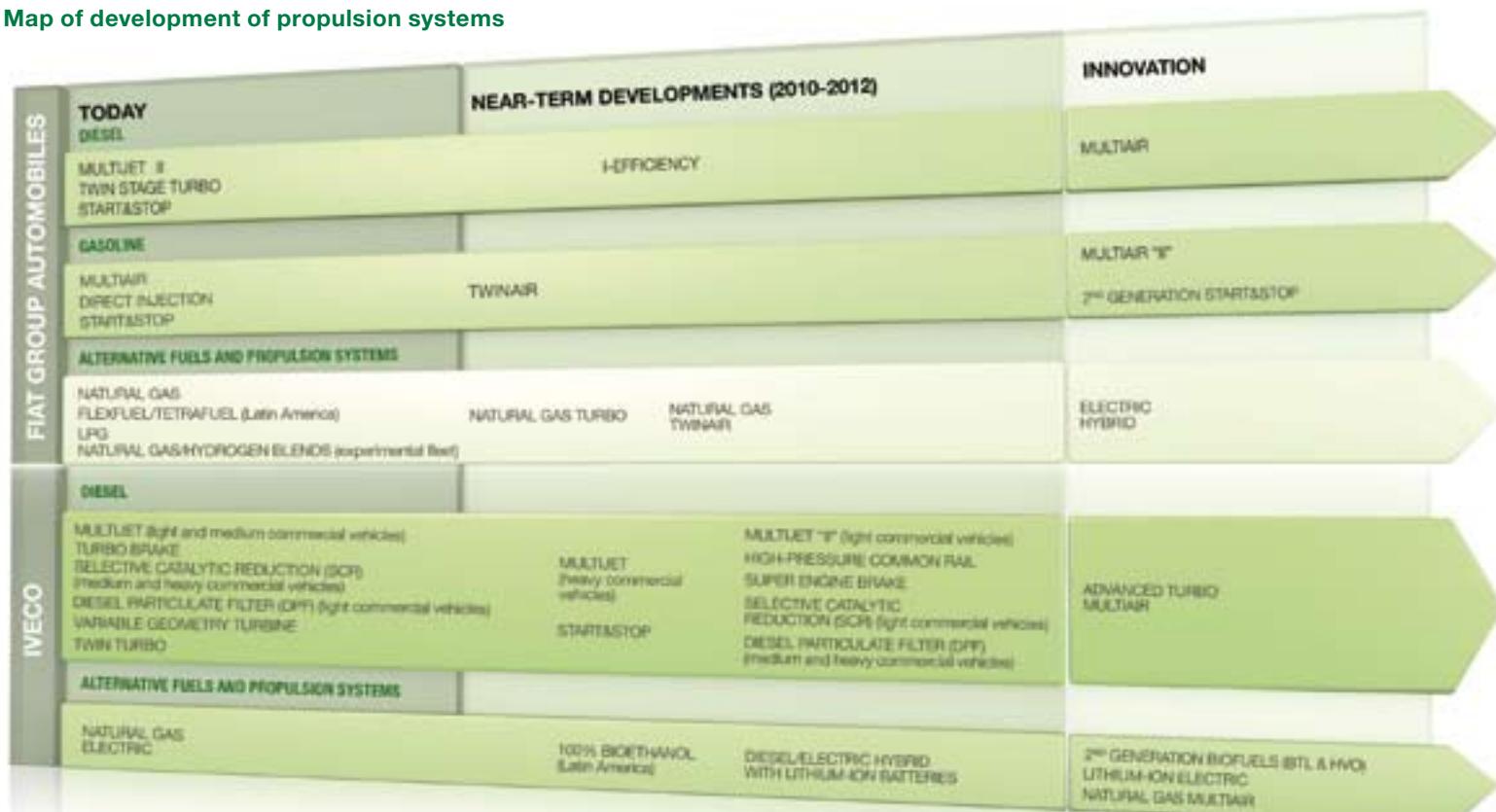
- 62 Safe and ecological mobility
- 82 Sustainable innovation
- 94 Factories and non-manufacturing processes
- 112 Our people
- 140 Dealer and service network
- 144 Customers: the company's future
- 147 Suppliers as partners
- 150 Development in harmony with local communities

SAFE AND ECOLOGICAL MOBILITY

Advanced diesel engines, such as the second-generation MultiJet for the Punto Evo and Alfa MiTo. For gasoline-powered vehicles, the innovative MultiAir engines, which offer enhanced performance with dramatically reduced emissions and fuel consumption.

Bifuel vehicles (natural gas/gasoline and LPG/gasoline), which provide a readily-available alternative to traditional fuels. These are just some of the results of the Group's constant commitment to continuous product innovation and increasingly sustainable mobility.

Map of development of propulsion systems



OUR CONTRIBUTION TO THE FIGHT AGAINST CLIMATE CHANGE

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

Over the past 50 years, there has been a trend of constant growth in mobility for both people and goods.

Climate change and the energy crisis have however made a rethinking of the concept of mobility itself essential. Today, in fact, the automotive industry is being called upon to make its contribution to keep emissions of greenhouse gases at a stable level and to play an active role in the research and development of solutions for a more sustainable mobility.

The Fiat Group believes that only an integrated approach - which must also involve energy producers, consumers and government - can guarantee that effective, long-lasting results are achieved.

Consistent with this, in the development of new products the Group is committed to further reducing CO₂ emissions and fuel consumption, as well as promoting the use of energy from alternative and renewable sources.

These objectives represent the guiding principles behind the Group's new environmental Guidelines.

The following pages provide details of the areas where the Group has focused its efforts and research, such as technological solutions proposed to help develop a mobility which is more respectful of the environment.



SUSTAINABLE MOBILITY AT 360°

AT 127.8 G/KM,
THE FIAT BRAND
HAS THE LOWEST
CO₂ EMISSIONS
FOR THE THIRD
YEAR IN A ROW

Satisfying the growing demand for mobility, while reducing the impact a vehicle can have on society and the environment throughout its life cycle, is a strategic necessity.

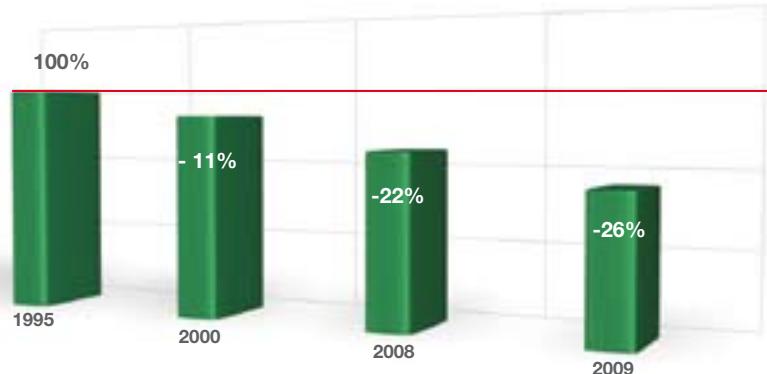
To meet this objective, the Group's researchers are focused on the development of innovative solutions to increase product recyclability and reduce polluting and noise emissions, traffic congestion and accidents.

But **there is no one-size-fits-all solution for sustainable mobility**. Rather, a combination of conventional and alternative technologies is necessary to accommodate the varying economic conditions, geography and fuel types available in different markets. The Fiat Group is therefore working to:

- optimise the ecological performance of conventional powertrains
- increase the use of alternative fuels
- develop non-conventional powertrains
- design systems to cut emissions
- develop technologies to increase energy efficiency
- engage with customers and raise their awareness of these issues

The result of these choices was the confirmation, for the third consecutive year, that Fiat has the lowest average CO₂ emissions amongst the best-selling automotive brands in Europe (source:

Reduction in CO₂ emissions for Fiat Group Automobiles



"DICIOTTO" PROJECT ARTICULATED VEHICLES UP TO 18 METRES LONG

The aim of the DICIOTTO project, launched by the motor vehicle and trailer manufacturing industry, is to conduct trials to determine whether the efficiency of transportation in Italy can be improved by lengthening articulated vehicles to 18 metres from the current standard length of 16.50 metres. IVECO is an active participant in the project, responsible for defining the main testing requirements, with Italian transport companies responsible for setting up pilot routes. Under the programme, which was approved by the Ministry of Infrastructure and Transport in July 2008, a total of 30 articulated vehicles of up to 18 metres in length will conduct operating trials for a period of three years, after which there is the option of extending the project for a further two years. The first 14 experimental vehicles took to the road in the spring and summer of 2009 and are currently in service with transport companies partners in the initiative.

The aim of the trial is to use real missions to determine the reduction in average cost per unit of goods transported, the compatibility of the 18-metre articulated vehicles with the existing road infrastructure (bridges, interchanges, etc.), manoeuvrability in parking (access and positioning in loading areas, docks, etc.) and the reduction in fuel consumption and corresponding CO₂ emissions per unit of goods transported.



51% OF FGA VEHICLES⁽¹⁾ HAVE CO₂ EMISSIONS AT OR BELOW 120 G/KM AND 59% AT OR BELOW 130 G/KM

JATO Dynamics, the world's leading provider of automotive intelligence).

Fiat is, in fact, one of the automotive brands most strongly committed to reducing the impact of transportation on the environment, offering **solutions that are concrete, affordable and deployable now**. At the same time, the company is also working for the future as demonstrated by its product offering, its Research and Development programmes, initiatives for sustainable mobility developed in collaboration with public authorities and investment in new product development. Between 1995 and 2009, in fact, the average CO₂ emissions for Fiat Group Automobiles (FGA) vehicles sold in Europe dropped 26%.

CONVENTIONAL ENGINES

FPT Powertrain Technologies produces engines which offer innovative technological solutions for reducing consumption and emissions. During 2009, two innovative technologies were presented: MultiAir for gasoline engines and MultiJet II for diesel engines. Both offer improved combustion, helping to reduce emissions of substances that are harmful to people and the environment.

These technologies have already been presented by Fiat Group Automobiles and are in use on the Alfa MiTo and Fiat Punto Evo.

The new 1.4 MultiAir and 1.3 MultiJet II engines are available on both models, which are Euro 5 compliant and equipped with the Start&Stop system as standard.

The core of the **MultiAir** is the new electro-hydraulic system for management of the air intake valves, which directly controls the quantity of air introduced into the cylinders without using the throttle, **helping to reduce fuel consumption and polluting emissions**, while improving performance with increased torque and power.

In conventional engines, the air mass introduced into the cylinders is controlled by maintaining the opening of the intake valves

REDUCING POLLUTING EMISSIONS

As part of an environmental policy aimed at the progressive reduction of pollution, the Fiat Group puts every effort into designing devices that will reduce emissions. All vehicles produced by Maserati, for example, are already Euro 5-compliant, well before the regulatory deadline (1 January 2011 for all new vehicle registrations).

Iveco is also dedicated to the development of low-emission vehicles, in particular to meet the specific needs of local public transport, where air quality is of prime importance. Constant research and application of advanced technologies, not only engine technologies, is the most important contribution the brand can make to a safer, more efficient and environmentally-sustainable mobility. For years, in fact, Iveco has led the way with the production of natural gas city buses that comply with EEV (Enhanced Environmentally-Friendly Vehicles) emission limits, the strictest emissions standard in the European Union.

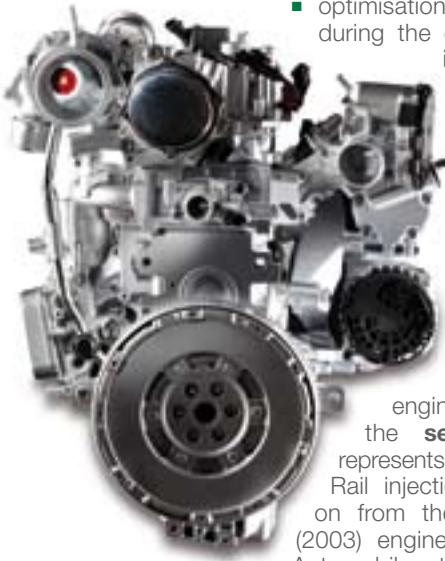
More recently, through experience gained with Selective Catalytic Reduction (SCR) technology, for the after-treatment of exhaust gases, as well as advances in particulate filters, Iveco has been able to meet these limits on diesel-powered models as well: Iveco vehicles equipped with SCRT systems (SCR catalytic converters combined with particulate filters) are, in fact, EEV certified.

constant while modifying the upstream pressure via a throttle valve, resulting in about 10% of usable energy being wasted. The technological leap achieved with the MultiAir is based on direct control of the air mass as it enters the cylinders through an advanced electronic actuation system which regulates the intake valves while a constant upstream pressure is maintained in the intake ducts.

The main advantages of MultiAir technology compared to Fiat's traditional gasoline engines, such as the Fire family, are:

- a 10% increase in maximum power through the adoption of a power-oriented mechanical cam profile
- a 15% improvement in low-end torque using a strategy of early closure of the intake valve, which maximises the volume of air introduced into the cylinders
- elimination of pumping loss which **reduces** fuel consumption and **CO₂ emissions by 10%** in both naturally-aspirated and supercharged engines with the same displacement

⁽¹⁾ Vehicles sold in Europe in 2009.



- optimisation of valve control strategies during the engine warm-up phase and internal recirculation of exhaust gases (achieved by reopening the intake valves during the exhaust stroke), allowing a reduction in HC/CO and NOx emissions.

The versatile MultiAir technology is easily applied to all gasoline and natural gas engines, and will also be developed for diesel engines.

Also in relation to diesel engines, the introduction of the **second-generation MultiJet** represents an evolution of the Common

Rail injection system which, following on from the JTD (1997) and MultiJet (2003) engines, has enabled Fiat Group Automobiles to achieve yet another first in this field and **stay ahead of future regulation on emissions levels**. MultiJet II engines use increasingly advanced strategies to improve combustion. Injection Rate Shaping (two consecutive injections with no hydraulic interval), for example, can reduce noise, fuel consumption and, in anticipation of the Euro 6 standard, harmful emissions (a potential 30% reduction in nitrogen oxides).

ALTERNATIVE FUELS

The Fiat Group is also committed to expanding the use of alternative fuels and is increasingly directing its research towards various environmentally-friendly fuels, in line with each market's socio-economic and energy situation.

Natural Gas

For over a decade, Fiat has been **Europe's foremost producer of OEM** (Original Equipment Manufacturer) **natural gas vehicles**. Natural gas propulsion is the best near-term answer to pollution in our towns and cities. Natural gas or compressed natural gas (CNG) is, in fact, **currently the only real alternative to gasoline and**

diesel and the cleanest fuel available today.

Natural gas:

- produces fewer harmful emissions, from particulate matter to aromatic compounds such as benzene
- minimises emissions that are most damaging to air quality, such as nitrogen oxides and the more reactive hydrocarbons, which can form ground-level ozone and subsequently photochemical smog
- has CO₂ emissions which are 23% lower than for gasoline combustion, with clear benefits in terms of global warming
- is transported using existing pipelines rather than tankers, meaning less surface traffic, lower emissions and increased road safety.

Furthermore, according to a study by the prestigious Bocconi University in Italy, the use of natural gas-powered vehicles and the associated reduction in nitrogen oxides (NOx), particulate matter (PM), non-methane hydrocarbons (NMHC) and carbon dioxide (CO₂) also generates savings in social and environmental costs attributable to air pollution.

NATURAL GAS VEHICLES EMIT 23% LESS CO₂ THAN GASOLINE EQUIVALENTS



CLIMATE LABEL FOR LANCIA DELTA LPG

The Lancia Delta Turbo LPG was the first car to obtain the climate label from the Italian environmental association Legambiente, which informs consumers on the amount of gases generated by products or services during one or more stages of their life cycle.

The Lancia Delta Turbo LPG, unveiled in October and equipped with the 120 hp bifuel (LPG/gasoline) 1.4 Turbo Jet engine, further expands the Lancia ECOCHIC range, which also includes the Musa LPG and Ypsilon LPG, joining the range of LPG vehicles launched by Fiat and Alfa Romeo during 2009. The environmental advantages of LPG compared to gasoline and diesel include a reduction in particulate emissions and curbing of other polluting emissions.



Fiat Group Automobiles and FPT Powertrain Technologies (FPT) have focused on bifuel vehicles which combine the environmental advantages of natural gas with the wide availability of gasoline, without restricting the driver.

A simple and yet sophisticated solution:

- the natural gas/gasoline bifuel system ensures that drivers can refuel even in areas where natural gas refuelling stations are less widely available
- the engine control system is specifically designed for bifuel vehicles, guaranteeing full control of emissions, whichever fuel is being used
- 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
- compatibility with biogas, if properly purified, is guaranteed from the outset.

**127,000
NATURAL POWER⁽¹⁾
IN 2009: +70%
COMPARED TO 2008**

version) Grande Punto, Punto Evo, Qubo, Fiorino and Ducato: the Natural Power line meets a vast range of needs, including professional.

Since 1995, Iveco has given significant attention to natural gas propulsion, and is now Europe's leading researcher and producer of natural gas vehicles, with thousands of units operated by private companies and public authorities.

All Iveco vehicles use purpose-built natural gas engines that employ a stoichiometric combustion process, enabling them to achieve consistent high performance and bringing pollutant emissions well below the limits set for low environmental impact vehicles.

The entire range of engines complies with the EEV (Enhanced Environmentally-Friendly Vehicle) standard, the strictest in Europe.

In 2009, Iveco completed this product line-up with the launch of the natural gas-powered Eurocargo, which joins the Daily (in van, cab and minibus versions), the Stralis and city buses such as the Citelis with its 7.8-litre FPT Cursor engine.

IVECO'S EEV-COMPLIANT NATURAL GAS RANGE

⁽¹⁾Fiat and Fiat Professional vehicles sold in Europe.

Biofuels

Fiat and FPT Powertrain Technologies are making significant investment in technologies that are capable of optimising the use of available natural resources. This is a commitment that has propelled Fiat to **leadership in the Brazilian market with a full range of Flexfuel vehicles** that run on varying blends of gasoline and bioethanol.

In Brazil, in fact, there is an extensive distribution network for bioethanol as a result of long-standing government policies and ready availability of the base material.

Magneti Marelli has developed the **SFS® Software Flexfuel Sensor**, a breakthrough technology which recognises the composition of the fuel in the vehicle's tank and adjusts the operating parameters of the engine accordingly. Customers can choose between using Brazilian gasoline (refined crude oil and 22% anhydrous ethanol), pure bioethanol, or both, in any proportion.

Another example of Fiat's technological excellence in this area is **TetraFuel®**, patented by Magneti Marelli and applied by FPT Powertrain Technologies. The technology is based on SFS® and it is **the first engine in the world capable of running on four different fuels**: bioethanol, Brazilian gasoline, gasoline and natural gas.

In addition, all FPT engines sold in Europe are compatible with biofuels (bioethanol and biodiesel) in blends with gasoline of up to 5% (E5), and with diesel of up to 7% (B7). In particular, the majority of vehicles produced by FGA since 2000 are equipped with gasoline engines which 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 use, however, certain engines have been modified to run

on higher percentage biofuel mixes. In keeping with the brand's position as *Clean Energy Leader*, New Holland Agriculture encourages the agricultural industry to use biofuels with its **wide range of equipment which runs on biodiesel**, including Common Rail electronic injection models. Today, approximately 85% of the entire product range of tractors, telehandlers and harvesting equipment can run on blends up to 100% pure biofuel. New Holland is a proponent of the use of second-generation biofuels derived from non-food crops - which do not aggravate hunger problems in the developing world - and follows research in this area with deep concern.

Iveco vehicles are already capable of using biofuels such as biogas (produced from organic waste and vegetable matter) supplementing the natural gas offer, while diesel-powered units can run on blends of up to 5% biodiesel without modification of any kind.

For the future, Iveco is focusing its research on the use of **second-generation biofuels**,

**2.5 MILLION
FLEX FUEL VEHICLES
PRODUCED IN
BRAZIL SINCE 2003**



727,000
FIAT FLEX AND
TETRAFUEL®
VEHICLES SOLD
IN BRAZIL IN 2009



ALL IVECO NATURAL GAS-POWERED VEHICLES CAN RUN ON BIOGAS

which hold enormous promise for sustainable transportation though their market availability is currently quite limited. The future of biofuels is represented by second-generation renewable fuels including HVO (Hydrotreated Vegetable Oil) made from non-edible sources, and BTL (Biomass-to-Liquid), obtained using a multi-step chemical process that reduces gasified biomass to a fuel whose properties are very similar to those of HVO.

FIRST ELECTRIC LIGHT COMMERCIAL VEHICLE IN BRAZIL

In 2009, Iveco presented a prototype of the Daily Electric in Brazil, the first zero-emission light commercial vehicle to be produced in Latin America. The aim of the project, which was the result of a partnership between Iveco and Itaipu Binacional (the company that manages the world's largest hydro-electric powerplant located near the Brazil-Paraguay border), is to conduct tests on the use of electricity for the transportation of goods and passengers, making the two companies pioneers in zero-emission transportation for the Latin American market. The prototype, based on a double-cab Daily 55C, is equipped with three sealed Zebra Z5 sodium/nickel chloride batteries that do not produce gaseous emissions, require no maintenance and are fully recyclable. Fitted with a kinetic energy recovery system similar to the KERS used in Formula 1, which enables the batteries to recharge when braking, the vehicle has a range of around one hundred kilometres and a top speed of 70 kph when fully loaded.

ALTERNATIVE PROPULSION SYSTEMS

The key focus for Fiat Group designers is to reduce CO₂ emissions by developing systems that minimise use of gasoline and diesel. This also means designing alternative propulsion systems, particularly for vehicles used in a predominantly urban setting.

Electric

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

Iveco installed its first all-electric drivetrains on buses back in 1982 and completed development of the first Daily Electric in 1986.

Today, after a steady stream of improvements, the Daily Electric features a three-phase asynchronous motor which is inverter-controlled to provide power to the wheels directly and recover braking energy. It has a range of 120 km, making it perfect for urban uses as city shuttle, taxi or school bus.

This is why in 2009 the **Daily Electric** won the **award for best commercial vehicle** at eCarTec, the International Trade Fair for Electric Mobility in Munich. To date, 47 electric buses have been sold in Europe.

Hybrid

Iveco has been a leader in the hybrid sector since 1994, when it produced its first hybrid Turbocity. Today, there are 140 hybrid Iveco vehicles in use on European roads.

Hybrids provide a quieter, smoother ride than conventional vehicles and also consume significantly less fuel.

In some configurations, they produce zero emissions and can therefore be used in restricted traffic zones in

urban areas.

Iveco's serial and parallel hybrid buses are now in operation in numerous European cities, and the technology is also being extended to freight transport. In 2009, Iveco continued a road testing programme for light and medium commercial vehicles (Daily and Eurocargo) with several major customers (FedEx, TNT, Coca-Cola). Tests on both products have indicated **reductions in fuel consumption and CO₂ emissions** in the order of **25%** compared to traditional vehicles used for urban distribution activities.

The encouraging results achieved so far confirm the significant contribution hybrid technology can make to improving urban mobility.

Case Construction Equipment also began working on solutions to develop alternative propulsion systems.

At Intermat 2009 (International Exhibition of Equipment, Machinery and Techniques for the Construction and Building Materials Industry) it unveiled a prototype hybrid material-handling excavator.

The machine, which has an elevated cab, is capable of reducing fuel consumption up to 40%, thereby cutting polluting emissions.

Key elements of the Case hybrid material-handling excavator include an electric generator, an electric swing motor and a magnet. When the engine is under low load conditions, surplus energy is converted into electricity and stored in high-efficiency capacitors. As loads increase, the electrical system provides power support, ensuring constant engine speed and reduced fuel consumption and noise levels.

START&STOP SYSTEM

A further benefit for the environment is provided by the Start&Stop system developed by Fiat Group Automobiles (FGA) Engineering & Design in collaboration with FPT Powertrain Technologies, Magneti Marelli and Bosch. The Start&Stop system shuts off the engine whenever it is idling

with the vehicle at a standstill, and restarts when the driver engages the clutch to select a gear. The principal beneficial effect is the significant **reduction in fuel consumption and CO₂ emissions when driving in congested conditions with frequent stops at traffic lights**. In typical urban use, fuel consumption is reduced by around 10%.

FGA is already working on second-generation Stop&Start systems with more advanced engine shut-down strategies that will enable double the reduction in carbon dioxide emissions during urban use, cutting emission levels by around 20%.

This new version of Stop&Start will be offered on new models in two to three years.

TRANSMISSIONS

Transmissions also play a vital role in helping reduce fuel consumption and CO₂ emissions. The *Dualogic* automated manual transmission (AMT), developed by Magneti Marelli and manufactured by FPT Powertrain Technologies, is based on electro-hydraulic automation technology for manual transmissions and combines ease of use with a reduction in fuel consumption and emissions. With automated manual transmission, gear selection and clutch activation are replaced by electro-hydraulic components which, by means of an electronic control unit, ensure that the

**- 10% CO₂
EMISSIONS WITH
START&STOP**



GEAR SHIFT INDICATOR ON ALL NEW MODELS

correct gear is selected in any driving condition.

Adopted by Fiat Group Automobiles (FGA), the automated manual transmission enables **a reduction in CO₂ emissions of up to 10% in urban driving conditions**.

FGA also plans to introduce an indicator on all new models with manual transmission to signal when to change gear for a more environmentally-friendly driving style (GSI: *Gear Shift Indicator*).

Another important development was the new *Auto Command™* continuously variable transmission (CVT) unveiled by New Holland in 2009. The CVT technology, coupled with the new *Command Grip™* multifunction control lever, enables fuel consumption to be reduced in the most common agricultural applications.

LUBRICANTS

Lubrication is assuming an increasingly important role in the fight to reduce fuel consumption and vehicle emissions.

By reducing friction and dispersion, it is possible to save energy, increase engine efficiency and reduce fuel consumption. Iveco has a long tradition of developing low-viscosity lubricants and is carrying out tests to introduce advanced oils, which it expects will have completely replaced mineral oils in all engines by 2025.

Low and ultra-low viscosity oils, made on synthetic basis, evaporate less easily, cool more efficiently and maintain constant viscosity at high temperatures.

The latest lubricants also have new formulations capable of reducing substances that would quickly clog the exhaust gas treatment system installed on diesel engines (particulate filter) and require the device to be frequently regenerated. These oils can thus extend the useful life of the filter by 40%.

TECHNOLOGIES TO INCREASE ENERGY EFFICIENCY

The Centro Ricerche Fiat *Best in Class in Fuel Economy* initiative, launched in 2007 in close cooperation with all the technical



units of the Group's Sectors, aims to develop sustainable solutions, technologies and systems to **increase the energy efficiency of the Group's vehicles in the short and medium term**. The project, which supplements developments in engine technology, focuses on more vehicle-related aspects and, in particular, on auxiliary systems, aerodynamics and vehicle energy management (electrical, thermal and hydraulic).

The initiative is geared towards transferring innovations to various Sectors. The most important activities during 2009 included:

- **highly-efficient hydraulic systems.**

The electronic *Load Sensing* system was developed for application on agricultural and construction equipment. The system comprises a variable displacement pump with electro-hydraulic control and computer-controlled distributors. The control logics manage these components synergistically to increase the efficiency of the hydraulic circuit. A prototype based

on a New Holland T7000 tractor was built to test the system's performance. The results and skills gained in this field were the starting point for the design of hydraulic hybrid propulsion systems for commercial vehicles and passenger cars

- **innovative temperature management systems.** These comprise two cooling circuits: one operates at 90°C to cool the engine, oil, etc., while the second operates at 5° above ambient temperature and is used to cool engine and vehicle subsystems (condenser, intercooler, fuel, etc.). The two circuits share the same heat exchange surface and use an innovative control system to enhance the effectiveness of heat dissipation and the efficiency of vehicle systems
- **aero engine bay.** An innovative engine encapsulation and air channelling design that improves the aerodynamic resistance of the engine's cooling system. Better fuel economy is just one of the many advantages the design offers.

CUSTOMER INVOLVEMENT

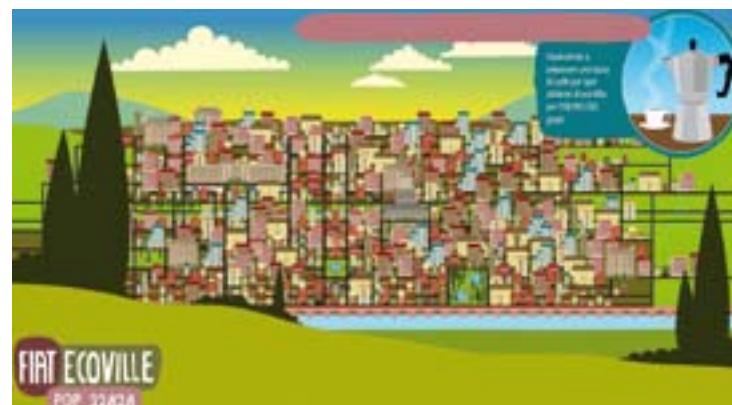
Responding to tomorrow's mobility requirements means being able to combine the need to reduce fuel consumption and pollutant emissions with the free movement of people in a sustainable manner today. This is why Fiat looks beyond the life cycle of its products to also consider, in an integrated approach, driver behaviour and vehicle maintenance in the knowledge that this can make a big contribution to reducing CO₂ emissions. **Correcting certain driving habits can, in fact, cut fuel consumption as much as 15 to 20%.**

Fiat was the world's first automaker to involve drivers in a virtuous process to reduce fuel consumption and emissions. All the driver has to do is follow the tips given by eco:Drive, a system based on the Blue&Me™

platform. Developed jointly by Fiat Group Automobiles and the Microsoft Automotive Business Unit, eco:Drive received several accolades in 2009, including the title of "Green Champion" at the International Green Apple Awards.

To use eco:Drive, just insert a USB pen into the Blue&Me™ port and drive normally. The system then records detailed information about the vehicle and driving style. Once home, simply transfer the information onto a PC, where the eco:Drive software will provide an eco:Index score that shows how efficiently you drive. It will also offer tips on how to adapt your driving style to reduce CO₂ emissions and economise on fuel. But eco:Drive is also a web community. Fiat eco:Ville is an ideal town populated by eco-drivers, where, through virtuous driving, one can contribute to the overall saving achieved by the community. The tons of carbon dioxide that you avoid spewing into the air are translated into simple virtual examples that help demonstrate the significance of the results achieved. The total saving in CO₂ achieved at any given moment is expressed in terms of

ECO:DRIVE IS "GREEN CHAMPION"



the number of meals that could be served to all the inhabitants of eco:Ville, or the number of hours that their houses could be lit. Use of the eco:Drive device is free with most vehicles in the Fiat range (500,

Grande Punto, Punto Evo, Bravo, Qubo, Croma and new Doblo) and the corresponding Fiat Professional commercial versions. A little over a year after its launch, it has already made it possible to save more than 2,500 tonnes of CO₂.

2009 also saw the development of eco:Drive Fleet, a new version of the software for a more efficient management of company fleets.

eco:Drive Fleet functions intuitively with a screen that displays driving data in a fast and clear manner. The device monitors fuel consumption and emissions and works out the savings achieved by an individual vehicle or a group of vehicles, projecting efficiencies for the entire fleet. It also provides an update of operating costs and offers tips on how to improve driving behaviour based on the actual driving data. eco:Drive Fleet is also available free of charge on models in the Fiat and Fiat Professional range that already use eco:Drive.

Again with a view to minimising the emissions of company fleets, Iveco created Blue&Me™ Fleet, a telematic fleet management solution and customer assistance package developed on the Fiat Group Automobiles Blue&Me™ and Qualcomm FleetVisor platforms. The device provides Iveco customers optimised vehicle usage and route planning capabilities, which have an increasingly important role in shrinking their environmental footprint and improving operating costs. The on-board computer dialogues with the vehicle's CAN bus to obtain information on fuel consumption, trip distance, speed, total mileage and other technical information to provide precise data on an individual driver's driving style.

The Group does not limit itself to producing devices and technologies for reducing CO₂ emissions, but **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 and is promoted

by the Italian environmental association Legambiente with the support of the Ministries of the Environment, Labour, Infrastructure and Transport and Youth Affairs. The aim of the project is to teach young people enrolled in Italian driving schools how to drive in an eco-responsible manner.

Finally, the Group also seeks to **focus customer attention** on another aspect that often takes a back seat: **maintenance**. As well as keeping the vehicle in perfect running order and ensuring that all devices are working, the proper maintenance of a vehicle (in particular, tyre pressure, air filter, exhaust emissions and battery) at regular intervals also has an undoubted positive impact on fuel savings and the reduction of emissions.

Convinced of the importance of this issue, in 2009 the **greenCHECK-UP** campaign, an educational/informational project on correct maintenance promoted by the After Sales division of Fiat Group Automobiles, was extended to Spain, Portugal and Poland.



RECOVERY RECYCLING REUSE

Strategies to improve the recycling of end-of-life vehicles (ELV) are a fundamental aspect of Fiat Group Automobiles' (FGA) commitment to ecological mobility.

The experience gained since 1992 through the F.A.RE. (Fiat Auto Recycling) project and the Group's commitment to the end-of-life vehicle Framework Programme Agreement (signed in 2008 with the Italian Ministries for the Environment and for Economic Development and all the major players from Italian industry) have led FGA to assume a leading role for all industry players involved in the recycling and recovery of materials from a vehicle once it has reached the end of its useful life.

In 2009, the first operational results for the progressive increase in vehicle recycling targets were in line with those established by the European ELV Directive 2000/53/EC for 2015.

The activities that have enabled Italy to achieve a final average recycling rate of 82.3% of the weight of vehicles scrapped (as reported by ISPRA – the Institute for Environmental Protection and Research – to the European Commission) focused on:

- increasing the market for materials that are more difficult to reuse (plastics,

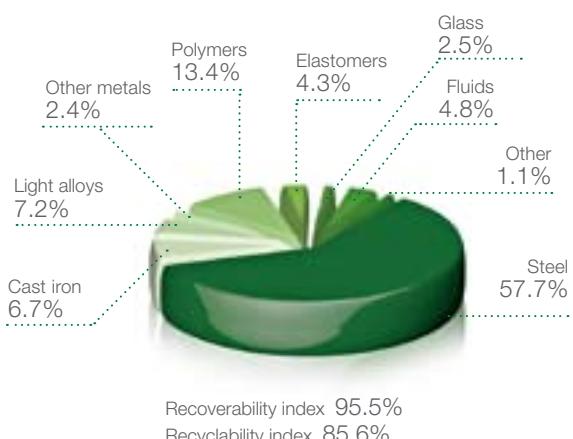
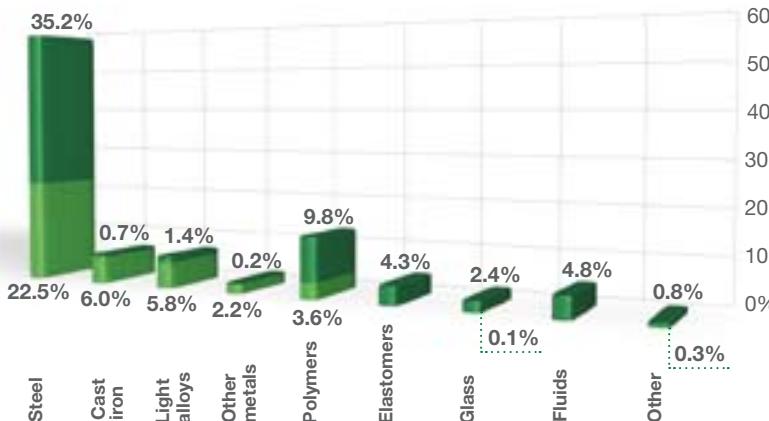
rubber, glass) by making it easier to match supply and demand, including through the establishment of an internet portal operated by FGA and open to any company interested in recovering ELV materials on an industrial scale

- reviewing regulations concerning the treatment of materials, in close collaboration with public authorities
- performing an in-depth analysis with the Ministries concerned of the steps to be taken to increase the market for materials recovered from end-of-life vehicles (Green Procurement)
- channelling the flow of vehicles to be dismantled as a result of scrapping campaigns to dismantling companies capable of recycling a greater proportion of the vehicles received

In recent years, attention has also focused on energy recovery from the residual material which is left over after a vehicle has been shredded and is no longer recyclable mechanically (fluff). Fiat Group Automobiles initiated a major project in this area, which was presented as part of the Italian innovation programme Industria 2015 (see also page 85): *Target Fluff*. Sponsored by Centro Ricerche Fiat on behalf of FGA's End-of-Life

Alfa Romeo Giulietta: percentage of materials and of recycled and virgin raw materials

■ Recycled raw materials ■ Virgin raw materials





ALL VEHICLES
IN THE FGA RANGE
ARE ALREADY 95%
RECOVERABLE
BY WEIGHT

Vehicle (ELV) division, a function dedicated to manage these issues, the project involves three industrial groups which have long been active in the dismantling business.

The project calls for the setting up of three different facilities for **recycling and recovering energy from car fluff using highly-efficient processes**. Over a three-year period, these facilities - the innovation portion of which is funded by the Ministry for Economic Development - will help boost the recycling and recovery process and make a substantial contribution toward achieving the objectives set by the EU.

Service centres also have a role to play in reducing the amount of waste created during the lifespan of a vehicle: with this in mind, the Fiat Group is proposing a line of remanufactured parts ranging from mechanical components (engine, gearbox, cylinder heads) to electrical and electronic components (alternator, ICS, connections, etc.).

FGA has always paid particular attention to environmental issues and recycling even in the material selection phase, giving preference to environmentally-friendly materials and substances

(low environmental impact materials, biopolymers, recycled materials) and studying design solutions to promote vehicle recovery. In fact, all vehicles in the FGA range have been 95% recoverable by weight, well in advance of the recoverability restrictions imposed by Directive 2005/64/EC, also known as RRR (Reuse, Recycle, Recover).

All calculations are performed using a special IT system, the *3R project*, which utilises data from the IMDS (International Material Data System – an online database that enables participating companies throughout the supply chain to enter basic information on the composition of their products) and automatically applies ISO 00256. The system is extremely versatile and also enables simulations to evaluate the impact on vehicle recoverability of a change in materials or design solution, continuously monitoring Fiat's compliance with Directive 2005/64.

In 2009, FGA also explored new applications for recycled materials. In particular, research was conducted into the possibility of increasing the use of recycled PP (polypropylene) and soundproofing materials

MANAGEMENT OF REACH HAS BEEN INTEGRATED INTO FIAT GROUP AUTOMOBILES APPLICATIONS

derived from a separate collection of plastic containers. In Brazil, tests are being carried out on the use of biopolymers in seat upholstery.

Finally, to adequately manage problems associated with the use of critical or hazardous substances within the company, in 2008 Fiat set up a cross-sector working group to coordinate all activities related to this issue, while keeping an eye on the evolution of environmental legislation and potential implications for the automotive industry. In particular, the impacts of two new

European regulations, CLP (Classification, Labelling and Packaging) and REACH (Registration, Evaluation and Authorisation of Chemicals), were analysed. The CLP regulation sets out new criteria for classifying substances and preparations. In 2009, FGA began an assessment (to be concluded in 2010) of possible alternative solutions for some of the components used in the pre-painting process affected by the regulation.

REACH, on the other hand, regulates the manufacture, import, sale and use of chemicals within the European Union

LIFE CYCLE ASSESSMENT

Fiat Group Automobiles has long used the Life Cycle Assessment (LCA) method to assess the environmental impact of new materials, components and vehicle design solutions. In anticipation of the ban on the use of the refrigerant fluid (R134) currently used in vehicle air conditioning systems from 2011, as stipulated under Directive 2006/40/EC, in 2009 the performance of various alternatives were evaluated and the environmental impacts compared, using the LCA methodology, to identify more ecological fluids with the best performance.

The LCA methodology is also applied to manufacturing processes to identify greener alternatives for certain of those processes, such as paint pre-treatment, which are energy-intensive and, therefore, significant factors in the overall environmental impacts from the production of vehicles.

and aims to raise awareness of the risks associated with new or existing chemical products.

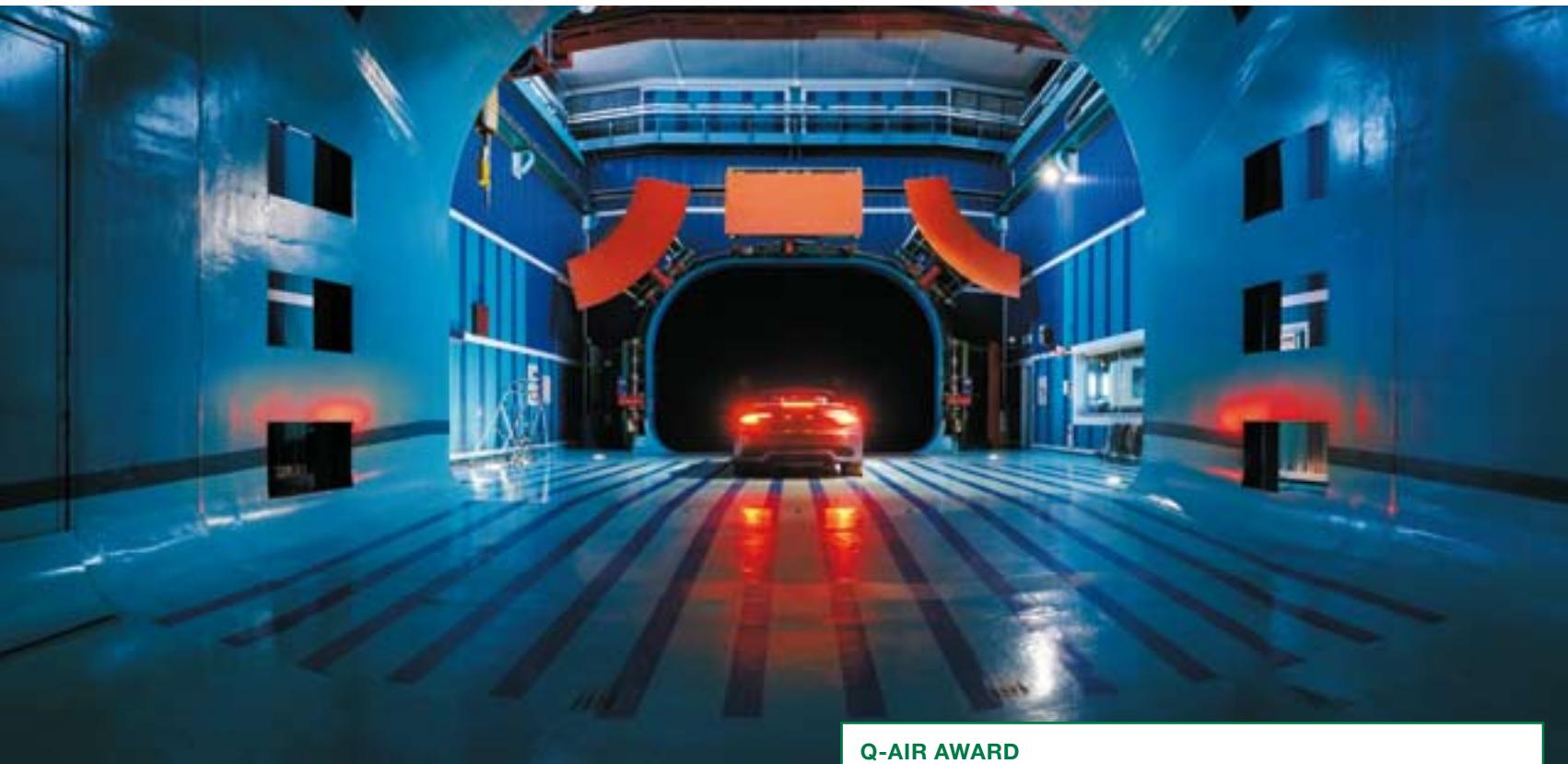
In 2009, the cross-sector working group focused its activities on identifying products containing SVHCs (Substances of Very High Concern), which are to be disclosed at each stage of the supply chain (from supplier to end consumer). To improve the identification process and incentivize suppliers to substitute these hazardous substances, information systems were modified and suppliers monitored through specific questionnaires.

SAFE, INSIDE AND OUT

For the 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 Centre** to bring all activities relating to structural

calculation, design and testing of passive safety and aerodynamics under one roof. Although dedicated to the products of Fiat Group Automobiles, the Centre also serves as a point of reference for Iveco trucks and commercial vehicles. The Centre performs the calculations, assigned to a dedicated team of 40 specialised engineers, conducts tests (crash tests and crash simulations on a HYGE crash sled) and designs passenger restraint systems (airbags, seat belts, child seats) and other vehicle safety equipment. The

**EURO NCAP
5-STARS
FOR 7 MODELS:
FIAT 500, GRANDE
PUNTO, BRAVO,
CROMA, ALFA 159,
MITO AND
LANCIA DELTA**



Q-AIR AWARD

Lancia Delta was the recipient of Q-Air 2009, the international award for vehicle air quality.

The environment inside the car is one of the main factors affecting passenger comfort during a trip and is also important in terms of preventive safety, because temperature, humidity and ventilation affect the driver's well-being and therefore his attention level. The Lancia Delta was recognised for its sophisticated technological content that ensures good air quality inside the vehicle through the automatic bi-zone air conditioning system, which electronically controls air temperature, its flow and distribution, compressor activation and air recirculation, while the system's filter captures particles greater than 0.5 microns in diameter and pollen (which can cause allergic reactions). The Delta's climate control system also employs an "equivalent temperature" strategy using sensors that register the internal and external temperature and evaluate passengers' optimum temperature comfort zone.

Safety Centre 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 sub-systems. **Challenges** which the Group will have to face in the near future, and on which the Centre is already working, relate to aspects of **compatibility between vehicles** of different categories in the event of a collision, protection of the most vulnerable **road users** and **integration between active and passive safety systems**.

ACCIDENT ANALYSIS

Transport safety has also always been an issue of major importance for Iveco, which systematically analyses accidents involving heavy vehicles in order to determine project development priorities.

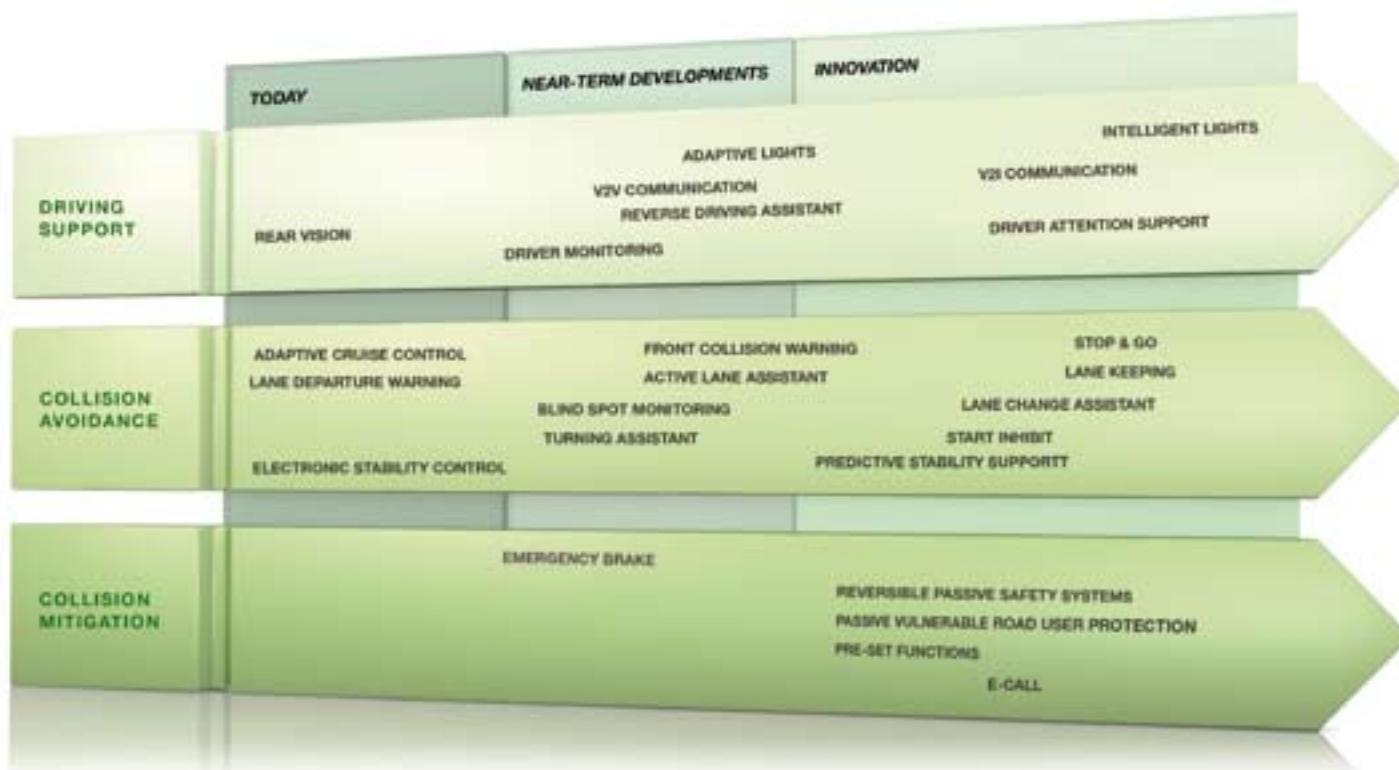
For this purposes, Iveco conducted a detailed analysis of data from accidents occurring in Europe, classifying that data by type of vehicle, manner of impact, and nature and cause of the accident. Using a method developed in collaboration with the University of Catania (Italy), it was possible to identify areas where technological development needs to be focused: longitudinal safety and driver

assist systems.

Based on this information, a map of safety systems was developed which classifies them into three principal categories and defines priority for application for each vehicle type:

- driving support, devices which assist the driver in normal conditions and the warning phases
- collision avoidance, systems that are activated during the emergency phase and which assist the driver in manoeuvring to avoid collision
- collision mitigation, devices that are activated when impact is inevitable in order to minimise the consequences.

Map of development for Iveco safety systems



SAFETY PERFORMANCE

To combine increasingly higher levels of performance with standards of absolute excellence for active and passive safety systems, Ferrari has always leveraged **technologies developed on the race track and transferred them to its on-road cars.** For several years, the company has had a dedicated working group which ensures a continuous sharing of know-how between Gestione Sportiva (Racing Division) and Gestione Industriale (Roadcar Division). An example of this design philosophy is the inclusion of the Manettino switch on the F430 beginning in 2004. Originally developed for Formula 1 but specifically adapted for on-road vehicles, the device integrates all the electronics systems necessary to adjust the car's configuration to road conditions, weather and available grip. Another technology derived from racing cars is the electronic differential (E-Diff), also introduced for the first time on the F430. This system uses numerous sensors installed on the vehicle to gather data and intelligently distributes torque between the two rear wheels, providing greater stability and control in all driving conditions and on all road surfaces.

Ferrari was also the first automaker in the world to introduce a traction control system developed for Formula 1 racing (F1-Trac) on an on-road vehicle. The year was 2006 and the vehicle was the 599 GTB Fiorano. The F1-Trac is able to estimate the level of grip with extremely high precision, ensuring stability and easy handling even in extreme conditions (for example, in the presence of water or ice), without loss of performance or comfort. On the new 458 Italia which was launched in 2009, the integration of E-Diff and F1-Trac into a single unit represents a further evolution of the electronic control systems.

Boasting expertise which is unique among sports car manufacturers, in 2008 Ferrari was the world's first automaker



to fit carbon ceramic (CCM) brake discs as standard on all its models. Compared to traditional systems, brake systems with carbon ceramic discs increase responsiveness, have a virtually unlimited lifespan under normal conditions and lighten the car by about 15 kg. Furthermore, when integrated with electronic control systems as on the new 458 Italia, they significantly increase braking efficiency and effectiveness.

Safety is also a key driver in the study of human-machine interface solutions that allow the driver to keep his attention on the road.

On the 458 Italia, for example, the principal controls are located on the steering wheel, while the secondary controls are located on two satellite pods which extend from either side of the dashboard. The instrument displays are



VIRTUAL SIMULATION MEANT DEVELOPMENT TIME FOR THE GRAN CABRIO WAS JUST 13.5 MONTHS

located directly in front of the driver. Maserati has also been very active in the development of passive safety devices. The GranCabrio, which was unveiled in 2009, was designed to meet the most stringent international standards: 42 in all, in Europe, the US and Australia. To achieve this, the chassis and restraint systems (airbag and seat belt pretensioners) were revised, the windshield frame structure was completely redesigned and two active roll bars (ROPS) were installed behind the backrest of the seats to ensure compliance with the FMVSS 216 standard (necessary to comply with the American "good engineering" standard). Furthermore, the extensive use of virtual technologies in alternative to traditional crash tests enabled Maserati to develop, test and gain type-approval of the model in just 13.5 months, using a very limited number of prototypes (12) and pre-series cars (10).

SAFE DRIVING COURSES

The Fiat Group doesn't just design and develop sophisticated preventive, active and passive safety systems. It also believes that the driver's ability to react is key, and that all drivers have a responsibility to minimise the likelihood of accidents. To this end, Fiat offers **safety driving courses** aimed at teaching drivers to **react effectively in all traffic situations and weather conditions**.

For several years, Alfa Romeo has been in the forefront, promoting traffic safety, accident prevention and driver education through training programmes and communication campaigns. The courses are organised in cooperation with the Dorado International Safety Driving Centre, headed by former Formula 1 champion

IN TROUBLE? JUST PUSH THE SOS BUTTON

The Blue&Me™ telematic platform developed jointly by Fiat Group Automobiles and Microsoft is an in-car infotainment system which provides an array of functions and services, interfacing with personal mobile devices such as cell phones and managing audio content to make every trip safer and more enjoyable. Bluetooth® compatibility, in addition, makes it possible for the driver to use a mobile phone without removing his hands from the steering wheel. The next step in the platform's evolution, Blue&Me™ Nav, combines Blue&Me™ technology with an additional range of multimedia services including SOS calling. In the event of an emergency occurring in Italy, just pressing the Blue&Me™ Nav system's SOS button will send an immediate text message to the operational centre of ACI (the Italian automobile association), signalling the car's location.

Available 24 hours a day, 365 days a year, the service also provides an automatic accident notification if an airbag is activated. The vehicle's location can be traced immediately enabling emergency services to respond quickly. The SOS button can also be used in the event of sudden physical incapacity or other danger. The information provided on the location of the accident helps reduce response times by 50% in rural areas and 40% in urban areas.

Andrea de Adamich, and are primarily focused on improving driving quality and vehicle control in all conceivable everyday situations. In 2009, the *Advanced Safety Driving* and *Sporty Safety Driving* courses, attended by hundreds of participants, were complemented by an important initiative aimed primarily at young, newly-licensed drivers: the "*Stage di Guida*". This dynamic half-day training course consists of two phases: "negative driving", for improving vehicle control in emergency situations, and "positive driving", for learning how to anticipate critical situations.

The Fiorano racetrack is where Ferrari offers driving courses to its customers. The *Pilota Ferrari* driving course was designed to impart the techniques of safe sports driving. Spread over two days, it has a unique teaching method which focuses on the acquisition of a more effective driving position, the progressive handling of the car's controls, on how to take the right line when cornering, braking

techniques and handling power oversteer. The *Advanced course*, on the other hand, offers advanced training in driving at speed and vehicle control, all in complete safety. The practical training is combined with a number of theoretical sessions with highly customised coaching based on the technical skills and driving styles of each participant, identified by means of a continuous data acquisition system in the car (telemetry). Ferrari also offers customers the opportunity to refine their driving technique and vehicle control skills in extreme conditions (on snow and ice) in the *Pilota Ferrari On Ice* course, which takes place every year in Cortina d'Ampezzo (Italy).

Also of note is *BimbiSicuramente*, a joint initiative of Fiat and ICIF (the association of Fiat dealers in Italy) to raise awareness and provide information on child safety in cars. *BimbiSicuramente*, now in its second year, involved thousands of families at over 600 Fiat dealers. See also page 143.



SUSTAINABLE INNOVATION

The Fiat Group believes that innovation which is sustainable and puts people, society and the environment first is fundamental to strengthening its position.

The Group has 14,000 people at 117 Research and Development centres who are dedicated to anticipating and satisfying the needs of customers and transforming creative ideas into innovative products and services that can contribute towards an increasingly sustainable mobility.

To achieve this important objective, all Fiat Group Sectors are equipped with an internal unit dedicated to innovation and engineering.

Centro Ricerche Fiat (CRF) and Elasis work at inter-sector level to develop innovative content that can be shared across the Group.

CENTRO RICERCHE FIAT

Centro Ricerche Fiat (CRF) was established in 1978 as Fiat Group's centre of expertise in innovation and development. Today, recognised as a centre of excellence internationally, CRF's mission is to use innovation as a strategic lever for the Group's business activities.

CRF has operations in Orbassano (Italy) and at three regional sites in Italy (Bari, Trento and Foggia), as well as a controlling interest in the Centro Ricerche Plast-Optica (CRP) in Udine (Italy), which conducts advanced research in optics and plastics for automotive lighting systems. With approximately 800 employees, CRF has achieved significant results, as evidenced by the more than 2,300 patents it holds and the 29 new patent applications filed in 2009. In addition, CRF has had more than 70 projects approved under the EU's Seventh Framework Programme (2007-2013), confirming its status as a well-recognised research centre. CRF has also developed a network of more than 160 universities and research centres, and over 1,500 industrial partners around the world. This network further strengthens the Centre's global innovation strategies, enabling it to implement specific activities locally, as well as developing specialised know-how. Particularly active in the area of sustainable mobility, CRF studies innovative solutions that embody a 360 degree concept of mobility. These include minimizing emissions through innovative engine and transmission technologies (in collaboration with FPT Powertrain Technologies), lowering fuel consumption through downsizing, enhanced aerodynamics, infomobility and the use of ecological and recyclable materials and, finally, reducing traffic congestion and noise pollution.

A range of initiatives and tools are also utilised to constantly promote innovation and the exchange of ideas. These include creating specific cross-sector projects, organising *Innovation Days*, where research results are presented, and *Technology Days*, which offer an opportunity to exchange technical and specialist knowledge with suppliers, as well as collecting employee suggestions for improvements to production processes within the scope of the World Class Manufacturing programme (see also pages 97-98).

The *Open Innovation* initiative, promoted by Iveco, is another example of this philosophy of sharing know-how. The project's aim is to create a global network of international partners from a range of professional fields to increase the effectiveness and efficiency of the idea generation process.

The Group's research is concentrated in the following 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



ELASIS

Established in 1988, at the initiative of the Fiat Group, Elasis is a research centre that is highly specialised in technology innovation, complete vehicle development, mobility and its environmental impacts, and traffic safety. Elasis operates through its Italian research centres located in Pomigliano d'Arco (Italy), Turin and Lecce (Italy) and employs approximately 1,200 people.

It is equipped with sophisticated design and modelling tools, as well as some of the most advanced physical and virtual testing equipment, which are the result of its significant know-how in developing and operating IT systems. At Elasis, as at Centro Ricerche Fiat, engine and transmission related activities form part of the development projects conducted by FPT Powertrain Technologies.

- methodologies, with a focus on virtual analysis and solutions to improve quality and reduce product development times.
- All of this translates into development plans

centred around the creation of vehicles which are better, safer, environmentally-friendly and more comfortable.

PROJECTS AND COLLABORATION IN EUROPE

The Fiat Group has a long tradition of involvement in international working groups and for several years has played an active role in the European Commission's Framework Programmes, which establish priority research issues and related funding. Individual Sectors and Centro Ricerche Fiat (CRF), which represents the Group, are very actively involved in the most important research projects and round table discussions.

Since 1980, CRF has been active as a coordinator or partner in pre-competitive research projects carried out with other groups from the worlds of industry, research, academia and government.

The majority of projects presented by CRF have traditionally been in the following areas:

- *Transport*, with a focus on vehicle safety, fuel efficiency, reduced environmental impact and improved mobility and goods logistics
- *Information and Communication Technologies*, with a focus on telematics, sensors and mobility services, and 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 2009, CRF had 18 international projects approved, bringing the total since the beginning of the Seventh Framework Programme (2007-2013) to 70. CRF is also a participant in the ELSA in Transport working group, organised by the European Commission's Directorate-General for Information, Society and Media to define the key issues in transport research for the Eighth Framework Programme.

CRF's European commitments also consist of active, structured participation in *European Technology Platforms* (ETPs) and *Public Private Partnerships* (PPPs). ETPs bring together the relevant organisations for innovation, and work to define future strategic scenarios and related research requirements. PPPs, recently instituted by the European Commission, focus public and private sector industrial research on themes of Community interest which have an industrial application, such as the *Green Car Initiative* and the *Factories of the Future* programme.

Participation in international working groups enables policies and technological standards to be discussed with all stakeholders in the mobility sector, thereby favouring identification of the most reliable and rapidly deployable solutions. For this reason, CRF is also a member of various European associations that work on priority issues common to several sectors, including *EUCAR* (a European association for research in priority areas in the automotive field, such as propulsion systems, safety, mobility, etc.) and *ERTICO* (an association representing

CRF PARTICIPATED
IN 560
EUROPEAN
PROJECTS
IN 20 YEARS



INDUSTRIA 2015: NATIONAL FUNDING FOR SUSTAINABLE INNOVATION

The Italian Ministry for Economic Development has established strategic priorities for the growth and future competitiveness of Italy's production system through the Industria 2015 programme. Projects for industrial innovation forming part of this programme create new, cross-sector chains of production (integrating manufacturing, advanced services and new technologies) to foster the development of specific types of highly innovative products and services in areas which are strategic for Italy: energy efficiency, sustainable mobility and new technologies for traditional Italian products. In addition to manufacturers, contributors to the programme include local and national government, universities and research organisations and the financial system. The Fiat Group has taken part in many initiatives and projects, most notably in the strategic area of sustainable mobility, with six proposals considered eligible for co-financing. Iveco coordinates three of these projects: LIVE (eco-compatible light commercial vehicles), VECTOR (optimised multi-role medium commercial vehicles), and AUTOBUS (innovative buses for urban mobility). Magneti Marelli is coordinator for the Easy Rider project on telematic services for mobility and safety. See also page 89. Finally, in the area of energy efficiency, the Group was awarded the contract for the Target Fluff project, which centres on recovering energy from residual materials generated by the end-of-life-vehicle recycling process. See also page 74.

the interests of about 100 partners in Europe, dedicated to achieving sustainable mobility via 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, providing information fundamental for the control of a vehicle or intervening directly, where necessary, to avoid or reduce the severity of impact.

Iveco also has a long tradition of taking part in collaborative projects at European,

national and local level. The purpose of these initiatives is to develop intelligent, concrete solutions for optimised and sustainable transportation of goods and people.

At the European level, Iveco participates in projects forming part of the Seventh Framework Programme such as Citylog and CityMove, which, respectively, are designed to integrate urban and intercity transport with vehicle solutions that enhance and improve safety, productivity, energy efficiency and environmental impacts, and the Hybrid Commercial Vehicle (HCV) project, which promotes the development and introduction of concrete solutions for light vehicles and urban buses equipped with second-generation hybrid diesel/electric propulsion systems.

Public funding for Research and Development

(€ million)	2009	2008	2007
Fiat Group R&D expenditure ⁽¹⁾	1,692	1,986	1,741
Grants	29	38	30
Loans	236	19	14
of which subsidised loans	20	19	14
of which EIB loans ⁽²⁾	216	-	-

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

⁽²⁾ European Investment Bank.

**CLEAN
TECHNOLOGY**

FPT Powertrain Technologies (FPT) constantly focuses its research on innovative technologies to improve engine performance while at the same time reducing emissions.

Pursuit of this challenging objective is focused in two principal areas: optimisation of the eco-compatible characteristics of conventional engines and development of alternative propulsion systems. The development plan calls, on the one hand, for the identification of solutions which can be deployed in the near term (2010-2012) and, on the other hand, for experimental work on technologies for the future (see also page 62).

In the area of diesel engines, FPT is working on I-Efficiency, a series of initiatives to reduce engine friction and further optimise efficiency.

For gasoline engines, one of the most important innovations in terms of downsizing, i.e. the reduction in weight and dimension, is the **two-cylinder TwinAir** engine, which **reduces fuel consumption** and consequently **CO₂ emissions**, and complies with future Euro 6 emissions limits, while offering performance to match that of larger engines. This new gasoline engine is based on a traditional four-cylinder design which has been downsized to a two-cylinder unit with a displacement of 900 cc. The engine will be offered in naturally aspirated, turbocharged and bifuel natural gas/gasoline versions, and will also be equipped with the MultiAir electronic air intake valve control system (see also pages 65-66).

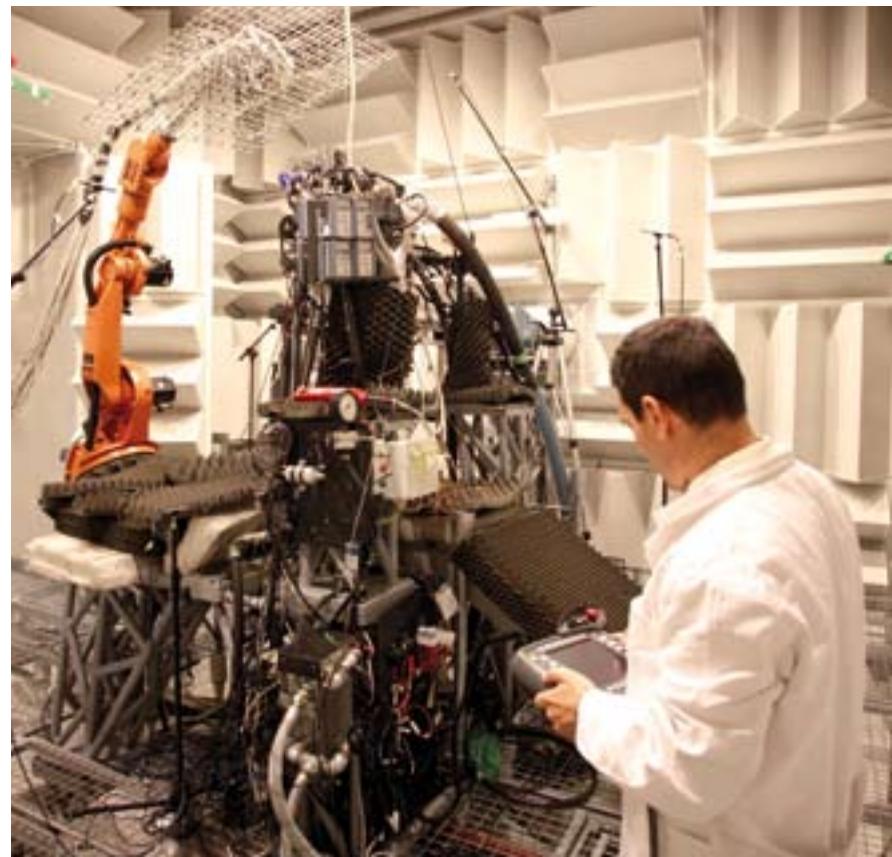
A **further development in two-cylinder research** is the combination of turbocharger with natural gas/gasoline bifuel engine, which provides optimum "fun-to-drive" performance and even lower CO₂ emissions.

In the development of solutions for reduced consumption and, consequently, reduced CO₂ emissions, FPT Powertrain Technologies is also focused on the **evolution of transmission systems**.

An example is the Dual Dry Clutch Transmission (DDCT), now in the final stage of testing, which offers an effective reduction in consumption along with a notable improvement in driving comfort.

In the area of alternative propulsion systems, given the success of natural gas-powered engines, FPT decided to make its existing engines even more ecological (such as the upcoming version of the Cursor CNG engine for buses that already meets the European Union's future emissions limits), and also initiated an evolution of light duty natural gas engines with the application of turbo-charger solutions that provide a considerable increase in power with very moderate emissions levels.

Experimental work conducted by FPT's Powertrain Research & Technology division for future technological innovation is focused on experimentation with a prototype hybrid propulsion system, which is still in the development phase.



**TWINAIR:
-30% IN CO₂
EMISSIONS
COMPARED TO
AN ENGINE
WITH THE SAME
PERFORMANCE**

This solution combines the two-cylinder TwinAir engine with a Dual Dry Clutch Transmission, which features an integrated electric motor on one of its two main shafts. Such an architecture enables construction of a “torque-split” hybrid powertrain, with the torque from the internal combustion engine being combined with that from the electric motor, providing the functionality typical of a hybrid drive, yet in an extremely compact configuration.

FPT's R&D activities are not limited to automobiles, however, but the know-how acquired is also employed in other areas, such as industrial vehicles in particular.

Proven passenger-car technologies (such as the latest-generation Common Rail injection and diesel particulate filters) are **gradually being transferred to heavy duty engines** for commercial and industrial vehicles.

HYDROGEN/NATURAL GAS BLENDS

The Group believes that natural gas offers the best interim solution for the application of hydrogen-based technologies, given the ability to mix it with hydrogen in internal combustion engines. As both are gaseous fuels, 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.

The extensive experience of Centro Ricerche Fiat (CRF) and FPT Powertrain Technologies in the area of natural gas has led to the launch of two major research projects: one for city cars (an hydrogen/ natural gas Panda) and the other for light commercial vehicles (the EcoDaily Hydromethane). In late 2009, the first experimental fleet of hydrogen/natural gas-powered Pandas was delivered to the Region of Lombardy in Italy. The vehicles were built by a consortium formed by CRF, Eni, FAST, NCT and Sapiro. The project also includes plans for the construction of two hydrogen/natural gas refuelling stations in Milan (Italy). The aim of this experimental fleet is to provide the necessary data to verify the advantages in terms of both environmental performance and energy consumption. Also in 2009, Iveco presented the EcoDaily Hydromethane, developed as part the project sponsored by Autostrada del Brennero S.p.A. (operator of the A22 in Italy), which aims to make natural gas and hydrogen available at distribution points located at 100-km intervals on the motorway between Munich (Germany) and Modena (Italy). The first hydrogen production plant will be built in Bolzano (Italy), using power from a hydroelectric generator, and production capacity will be 240 Nm³/h of hydrogen, enough to supply more than 100 Iveco EcoDailys Hydromethane. Fuelled by a blend of natural gas and up to 30% hydrogen (by volume), the Hydromethane EcoDaily is equipped with a control system that alters the engine's operating parameters in real time, based on the actual blend, to ensure efficient engine performance and reduced emissions of CO₂ and other pollutants.

LIGHT AND MODULAR VEHICLE ARCHITECTURE

To achieve continuous improvements in vehicle safety and comfort while also reducing emissions, Fiat Group innovation focuses heavily on the study of vehicle architecture solutions that will satisfy the new needs of mobility.

Fiat Group Automobiles gave a prime example of its efforts in this area with the design and application on the new Alfa Romeo Giulietta of the **most suitable materials for each specific function**.

The vehicle was created on a new platform designed to meet the latest safety rating requirements and provide more interior space, which also adapts to innovative suspension solutions and allows for installation of the latest generation of propulsion systems. To achieve this, the vehicle design makes substantial use of **ultra-high strength steels** (UHSSs), which have strong mechanical properties. Application was extended to all parts of

INNOVATIVE “COMPACT” ARCHITECTURE FOR THE GIULIETTA

the structure where it was possible to reduce the thickness of the sheet metal while maintaining, even increasing, the vehicle's strength and capacity to absorb energy from collisions. Additionally, to ensure optimised front impact deformation, some parts were constructed in aluminium, making them light as well as stable when collapsing under pressure.

Looking ahead, Centro Ricerche Fiat has begun to study solutions for **modular platforms that can be adapted** to various propulsion systems, conventional and alternative, and to the

customisation required for different usage configurations (passenger transportation, goods delivery, etc.). This area of research includes the *MIMOSA* project (Micro vehicles with ecological propulsion, Modular, Safe and high versAtility of use), conducted in collaboration with the University of Catania in Italy and GGG Elettromeccanica, expert in the production of special vehicles. The project involves development of prototypes of compact and safe micro vehicles which, through the utilisation of a modular platform, offer a versatile and eco-friendly solution for the transportation of passengers and goods in urban environments. Modularity is made possible by the use of a split-frame solution, which allows complete separation of the chassis from the bodywork. The rolling chassis provides enhanced performance in terms of safety, comfort and driveability, while the bodywork, which is attached rigidly to the platform, is made from polymer panels and can be dismantled into separate parts for maximum flexibility of use.



INTEGRATED SAFETY

For the Fiat Group, designing products that protect the driver and passengers, while at the same time guaranteeing the safety of all road users, represents a daily challenge and a responsibility to the community. As such, research and development of innovative features is focused in three key, interconnected areas:

- preventive safety - ensuring optimum conditions to avoid the risk of collision or coming off the road
- active safety - contributing actively, when an accident is imminent, to preventing or limiting the impact
- passive safety - providing everybody the best possible protection when a crash is unavoidable

According to ERTRAC (European Road

Transport Research Advisory Council), a methodological approach that integrates all safety measures on board the vehicle can lead to a significant reduction in fatalities from road accidents.

ADVANCED DRIVER-ASSIST SYSTEMS

The Fiat Group is particularly active in seeking solutions for accident prevention and developing systems to support the driver during manoeuvres and in critical situations. With this objective, Centro Ricerche Fiat (CRF) develops and tests new driver-assist systems for the Group's vehicles, as part of the *Preventive Safety Best in Class* initiative, which in 2009 focused on development of *Collision Mitigation* and *Pre-Crash* systems for cars and light and heavy commercial

V2V AND V2I TO PROMOTE SAFETY

vehicles. A prototype based on the Fiat Bravo was built to test these systems in urban conditions.

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 intervening in the braking system to avoid a collision or to reduce the speed of impact. Specifically, 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 that action is inadequate for the situation detected. 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 pre-tensioners) 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 optimise the timing and mode of deployment.

Research conducted on driver assist systems also includes on-board sensors and information exchange with road 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 for Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) exchange of information. The European Commission, which considers road safety and traffic efficiency to be extremely important issues, has decided to give significant support to three major research projects on these systems (SAFESPOT, CVIS and COOPERS), as well as to numerous collateral programmes to develop the telematic technologies and architectures necessary to create a system of information exchange.

Centro Ricerche Fiat coordinates **SAFESPOT**, one of the largest projects

INFOMOBILITY SERVICES: EASY RIDER

The Easy Rider project proposed by Magneti Marelli was ranked as the top sustainable mobility subject under the Italian innovation programme Industria 2015. The project's goal is to implement an interconnected network of vehicles and intelligent road infrastructures that can deliver mobility and safety services for the integrated management of public and private transportation in urban and non-urban areas in order to ease traffic congestion, reduce emissions, increase road safety and cut accident-related costs. The project involves a number of partners and aims to establish a forum on the application of infomobility to transport efficiency and road safety which is representative of the various interests nationally. The partnership, in fact, is made up of representatives of all stakeholders in the sector: operators of road infrastructure and urban transportation, hardware producers, service and content providers. Telematic technologies such as Wi-Fi and WiMax, combined with more conventional technologies such as GPS, GPRS/EDGE and UMTS, will enable vehicles to communicate with each other and with the infrastructure for localized safety-related information. These technologies will enable a reconstruction of the surroundings in which the vehicle is travelling (the virtual safety belt), feeding information to systems such as the Collision Mitigation and integrated traffic management (platooning) systems and increasing the accuracy of that information. It will also allow vehicles to receive dynamic information in real time from active street signage (road signs, traffic lights, etc.), through which the virtual horizon can be accurately reconstructed. These technologies will make it possible to alert the driver to imminent dangers or employ optimised traffic monitoring and regulation strategies to improve safety and driving conditions.

funded at European level, which involves 52 companies across Europe including the principal automakers and automotive suppliers (such as Magneti Marelli) and a number of road infrastructure operators. The aim of the project is to develop technologies for the creation of an interoperable communication network - capable of reliable data exchange between vehicles and road infrastructure - which in future will be able to provide drivers with essential information for preventive safety in time to avoid the necessity for emergency manoeuvres. The programme's first results relate to the communication network. A communication protocol has been developed and tested for the transmission of basic periodic messages which update and broadcast, in



real-time, **information on the position of vehicles, speed, rate of acceleration and other data essential for road safety and traffic efficiency.** Magneti Marelli's contribution was focused on testing technologies that improve lateral and rear vision (surrounding vision), improving the driver's perception of the surroundings and consequently increasing safety during low-speed manoeuvres, even when visibility is poor. During 2009, applications for accident prevention based on the interaction between prototype vehicles and road infrastructure were tested at sites in the various European countries involved in the SAFESPOT project: Italy, France, Spain, the Netherlands, Sweden and Germany. The next phase will involve extending use to black spots, where the frequency of accidents is very high.

ABS SUPERSTEER™ FOR NEW HOLLAND

The innovative ABS Supersteer™ system, developed by New Holland Agriculture in cooperation with Centro Ricerche Fiat, was awarded the Silver Medal for Innovation at Agritechnica 2009, Europe's biggest exhibition of agricultural machinery.

The system was designed as a specific response to the needs of the agricultural sector, and represents an evolution in ABS technology which offers improved braking capacity, manoeuvrability and, above all, safety when operating on road, particularly in conditions where there is low or asymmetrical traction.

ABS Supersteer™, which will be available on existing and future high-power, high-speed New Holland tractors (such as the T7000 Auto Command), enables brakes to be controlled individually and replaces the conventional two-pedal system with a single, electronically-controlled pedal. This solution guarantees single-wheel braking at low speeds (as on conventional tractors), but prevents it at high speeds, thus enhancing safety when transferring between locations. Furthermore, when operating at the edge of a plot, automatic control of the inboard wheel brake permits very tight manoeuvring without the operator having to activate the brakes, while the additional slide control, also on the inboard wheel, prevents damage to the topsoil. Finally, the Hill Holder function provides assistance on steep hill starts through automatic braking action, which prevents the tractor from rolling backwards.

PERCEIVED QUALITY

The Fiat Group maintains a constant commitment not only to creating safe, attractive products that have low environmental impact, but also to making them comfortable, resilient, functional and reconfigurable and providing close interaction with the user. As such, significant emphasis is placed on **finding innovative solutions to guarantee maximum quality under all conditions, designed for individual and group mobility and for professional purposes.**

It was with this objective that Iveco designed the *Stralis Engage*, a concept vehicle unveiled in late 2008 at the IAA International Motor Show for Commercial Vehicles in Hanover, and participated in various international events during 2009. The concept behind the project was to offer heavy haulage vehicles built around the driver and equipped with state-of-the-art content. While they continue to require efficiency and reliability, customers for these vehicles also need to combine high-tech content with systems that are easy to use. To meet these needs, the most innovative aspects of the concept vehicle are inside, where the functions of driving, office and home are interpreted in a new and distinctive manner based on sensory perception.

In particular, the dashboard has been completely redesigned to provide a human-machine interface that is instinctive, effective and safe. For example, the concept vehicle is equipped with a fully reconfigurable LCD instrument panel that displays information simply and immediately when needed and an integrated central console with touch-sensitive controls. Another innovative aspect of the Stralis Engage is the interior lighting, which uses LED technology in an unconventional way to identify spaces and commands, creating a

domestic, relaxing atmosphere, all of which contributes to comfort and safety. The Engage's exterior is based on the Stralis AS and its aggressive styling conceals aerodynamics optimised through the use of spoilers and front and side attachments to improve air flow, limiting vortices and resistance with an estimated reduction in consumption of 2% to 3%.

Finally, the prototype is equipped with very advanced preventive safety measures, including: second-generation Adaptive Cruise Control for longitudinal safety; a Lane Departure Warning system, which alerts the driver in the event of an unintended lane change; and Blind Spot Monitoring, a system of ultrasound sensors located on the front and right side of the vehicle to alert the driver if there are pedestrians in the vehicle's blind spot.



**URBAN MOBILITY
SOLUTIONS**

To find truly sustainable solutions for urban and non-urban mobility and to actively contribute to reducing traffic and improving driving conditions, the Fiat Group undertakes concrete projects for both public transport and private vehicles.

At European level, in relation to innovation toward sustainable mobility an area of research is being promoted which is dedicated to the analysis of mobile information services instrumental to **freeing up traffic, rationalising logistics and reducing emissions**.

which, once decoded by the EMS control unit, can create a virtual horizon that displays driving style in real time and offers suggestions for a more environmentally-friendly driving behaviour. Alternatively, the driver can select fully automatic mode, allowing the system to determine the speed and the route, using variable-speed cruise control that automatically adjusts driving style to suit route conditions.

For public transport, Iveco has developed



In this area, Magneti Marelli has put forward the *Active Green Driving* project, which involves the use of an AMT Freechoice automatic transmission combined with an EMS control unit (Engine Management System) and advanced navigation system capable of interpreting route conditions by "reading" detailed maps that also provide information on the topology of the road (i.e., slope or curvature) and enable intersections to be identified.

Furthermore, sensors located on the vehicle provide additional parameters

Hynovis, a concept vehicle based on a 12-metre bus, with the aim of reducing polluting emissions and **increasing passenger capacity** without adding to the weight of the vehicle.

Hynovis uses a diesel powerplant combined with a hydraulic system. This type of hybrid propulsion allows for energy recovery from braking which, used in tandem with the Start&Stop system, reduces CO₂ emissions by up to 15%. Downsizing of the internal combustion engine, lightening of the load-bearing structure through the use

of innovative materials and technologies and the use of specially-designed tyres with decreased dimensions and lower rolling resistance reduced the weight of the vehicle by about a tonne and cut CO₂ emissions by a further 8%.

In addition, the use of an intelligent architecture and very small tyres has also

enabled the central aisle to be widened to the level of the lower wheel arches, making room for an additional nine passengers compared to a traditional 12-metre bus, and allowing greater freedom of movement for passengers boarding and leaving, thus reducing the length of stops.

INNOVATION ACCORDING TO YOUNG PEOPLE

As part of the Fiat Group's initiatives to develop and support innovation and promote young talent, Ferrari continued funding for six scholarships for young undergraduates and graduates in engineering, physics, architecture and human factors science, selected through an international competition. The 12-month scholarships are aimed at spurring innovation: the winners will be required to undertake research projects related to weight reduction, CO₂ reduction or human-machine interface.

Case IH also launched a challenge to young experts in agronomy in 2009 with Agri-Future 2020, a European competition to generate practical ideas to make future agriculture practices more efficient. The young participants came up with a variety of innovative projects, and the top three were presented at Agritechnica, Europe's largest agricultural exhibition. The themes of the selected projects were: fleets of agricultural machines without on-board operators, able to measure soil conditions and spread the required fertilisers or pesticides; the conversion of methane emitted by livestock into power; and, finally, seeding of mixed crops on a single plot in order to boost the energy yield and improve soil protection. As a result of the success of the initiative, Case IH plans to hold the competition again in 2010.



FACTORIES AND NON-MANUFACTURING PROCESSES

For Fiat, being a large industrial group also means acting responsibly and in a manner which minimises the impact of its activities. Based on the conviction that it is possible to reconcile the ambition for growth with respect for the environment, Fiat continues to develop and implement solutions that are increasingly sustainable.

ENVIRONMENTAL MANAGEMENT SYSTEM

At Fiat Group, ensuring the sustainability of production processes means adopting an integrated approach, taking all possible environmental implications into consideration at all phases of the product life cycle: from design (selection of materials, evaluation of technical specifications for components) to production, use and end-of-life, as well as studying better strategies for procurement and distribution.

ORGANISATION TO PROTECT THE ENVIRONMENT

To ensure that Group Guidelines and policies are put into practice, all industrial Sectors have specific organisational units that are responsible for managing environmental issues together with occupational health and safety issues. The **Environment, Health & Safety** (EHS) units, which have an advisory role, ensure that commitments made by each Sector's management are correctly implemented at local level.

Furthermore, each manufacturing site has a unit which reports to the Sector's central EHS unit.

In 2009, the **Environmental Committee** – a working group consisting of the heads of EHS from each Sector – continued to share best practices, define the Group's environmental objectives, identify areas for improvement and develop related projects, working closely with the heads of energy management for each Sector and with the Sustainability Unit.

To support the activities of the Committee

NEW ENVIRONMENTAL GUIDELINES

Through the new environmental Guidelines, the Group has renewed its commitment with the definition of new, effective and standardised tools to maintain its pursuit of continuous improvement.

Fiat's environmental management practices aim to preserve the environment and biodiversity and to fight climate change through efficient use of energy and natural resources and the use of innovative techniques and technologies.

The main areas addressed in the Guidelines are:

- *reduction of polluting emissions and greenhouse gases through lower energy consumption, adoption of innovative technologies and use of renewable energy sources*
- *use of recycled materials as well as eco-compatible and reusable packaging*
- *responsible management of water usage, and commitment to reducing emissions of hazardous substances*
- *minimization of waste production and the use of potentially hazardous substances*
- *protection of natural habitats and biodiversity in areas adjacent to plants*
- *prevention of environmental accidents*
- *use of Life Cycle Assessment to evaluate the impact of processes*
- *adoption of low-impact logistics processes*
- *protection of the environment as the responsibility of everyone in the Group*
- *involvement of the supply chain.*



55,000 EMPLOYEES RECEIVED A TOTAL OF 126,000 HOURS OF ENVIRONMENTAL TRAINING

**123 ISO 14001
CERTIFICATIONS**

and individuals at the various plants responsible for environmental management, an **IT platform** was created to provide access to supporting documentation for the ISO 14001 environmental certification programmes (guidelines, procedures, etc.), World Class Manufacturing operational tools, best practice and information concerning systems for the measurement of environmental performance.

CERTIFICATION OF PROCESSES

Fiat Group aims to expand or, where already active, to improve its **Environmental Management System** in line with the requirements of the international **ISO 14001** standard.

External certification provides a guarantee of the uniform application of organisational and procedural standards, which is indispensable to achieving the Group's objectives.

With the intention of making this system of rules consistent, in 2009 the Group analysed the different environmental management systems in place at each plant and then established a uniform standard that could be adapted for each Sector. This initiative represents an important step in the process for ISO 14001 certification, which is expected to be achieved by all of the Group's European plants by the end of 2010, and at plants in the rest of the world by the end of 2012.

From 2010, the Group's Environmental Management System will also be progressively amended to comply with the **UNI CEI EN 16001** standard for energy management systems, which places greater emphasis on energy savings and efficiency in industrial processes, thereby contributing to the reduction of CO₂ emissions.

During 2009, Fiat Group worldwide reported no cases of significant spills.

MONITORING ENVIRONMENTAL PERFORMANCE

Efficient environmental management requires a structured system for monitoring **key performance indicators** (KPIs).

Measuring the results of the initiatives implemented is essential to assessing their effectiveness and determining plans for improvement.

In 2009, Fiat Group Automobiles (FGA) management system for environmental KPIs, which in recent years has been revised to improve its efficiency and accuracy, was extended to the Group's other Sectors. The map of monitored KPIs was therefore enlarged and brought into line with the requirements of the principal reporting standards and major rating agencies.

The **Standard Aggregation Data** application for the monitoring and reporting of indicators was also developed in 2009 and rolled out to all plants. This new IT tool enables analysis of all the data collected at each plant, identifying trends and the extent to which targets have been met. The performance of each plant is continuously compared against performance of other Fiat Group plants and those of other automotive groups. As a result of these activities, this year's edition of the Sustainability Report is the first to contain **normalised** environmental performance **indicators** which enable comparability over time and the evaluation of operational trends. As the Group's production activities are so varied (cars, trucks, construction and agricultural equipment, engines, components, etc.), it is not possible to present normalised data at Group level. In addition, the existence of different types of productionlines within certain Sectors (e.g. Teksid or FPT) required the adoption of several normalisation parameters. This Report contains normalised data for FGA. For other Sectors, go to <http://sustainability.flatgroup.com>.

**€54 MILLION
IN EXPENDITURE
AND INVESTMENT
TO PROTECT THE
ENVIRONMENT⁽¹⁾**

⁽¹⁾ This figure only includes the direct expenditure and investment by Fiat Group companies worldwide for initiatives and innovations at plants aimed at preventing, reducing and controlling the environmental impact of production processes, including those necessary for regulatory compliance.

WORLD CLASS MANUFACTURING

For several years, Fiat Group has worked to align itself with one of the highest manufacturing standards globally, World Class Manufacturing (WCM). This is an **integrated model for the complete organisation of a factory**: from environmental management and occupational safety to maintenance and logistics, with a particular focus on eliminating waste. WCM applies to all areas of production and aims to optimise results through the continuous improvement of processes and product quality, the control and gradual reduction of production costs, the flexibility to respond to market requirements and the involvement and motivation of employees. The system is centred around ten technical pillars and ten managerial pillars. An external audit assesses the degree to which a plant has applied and achieved the standard, producing a score upon which one of four

different levels of certification is assigned: bronze, silver, gold and world class. At the end of 2009, 114 of the Group's plants were participants in the WCM programme, of which 17 had achieved bronze level and 6 silver level certification.

All activities are oriented towards projects having the following objectives: **zero accidents, zero waste, zero breakdowns** and **zero inventories**, which translate into value creation for the business and satisfaction for customers.

WCM replaces traditional reporting with Cost Deployment, which serves as the directional guide for the entire system. Based on a systematic analysis of losses and waste, it enables corrective actions to be planned and prioritised and facilitates the final reporting of results.

With respect to the environmental and safety dimensions, the WCM standard is based on

114 GROUP PLANTS ADOPT THE WCM SYSTEM



a risk prevention approach. In the event of an accident, WCM calls for a rigorous analysis of the causes and application of the most appropriate procedures to avoid a reoccurrence.

The success of World Class Manufacturing is based on the participation of employees, who are periodically involved in targeted training programmes.

Everyone in the Group is continually encouraged to contribute suggestions and every suggestion is considered and its potential application evaluated. In 2009, a total of 890,000 proposals for improving processes were received, representing an average of 13 suggestions per employee.



ENERGY MANAGEMENT AND FIGHT AGAINST CLIMATE CHANGE

In 2009, Fiat Group produced its first **energy action plan: a five-year plan that targets a 15% reduction in energy consumption** and related CO₂ emissions between 2010 and 2014, with some variation between Group Sectors.

The plan also includes a commitment to obtain UNI CEI EN 16001 certification of the energy management system for the Group's European plants.

Considering the medium-term projections, under which a rise in energy costs is expected, this action plan will improve not only the Group's environmental footprint but also its profitability through reduced expenditure on energy.

The main elements of the plan are:

- increase the energy efficiency of manufacturing systems
- purchase power from certified renewable sources such as solar, hydroelectric, wind and biomass cogeneration systems
- extend Fiat Group Automobiles' "Energy

Monitoring and Targeting" system to the other Sectors, enabling precise control of energy consumption

- focus on energy efficiency in the design of new plant and equipment
- create a single centre of competence for energy management, to ensure projects are transversal and create synergies between Sectors
- promoting employee awareness

There are numerous projects, which involve all energy sources, to improve efficiency at Group plants.

The main action areas identified are:

- heat recovery from combustion gases
- improved thermal insulation
- remote-control LED (Light Emitting Diode) lighting systems
- use of more efficient electric motors
- installation of inverters on electric motors
- reduced loss of compressed air and vapour
- installation of by-passes on distribution networks

-15% IN ENERGY CONSUMPTION AND CO₂ EMISSIONS BY YEAR 2014

11%
OF ENERGY
CONSUMED BY THE
G R O U P
COMES FROM
RENEWABLE
SOURCES

ENERGY CONSUMPTION AND EMISSIONS

In 2009, the Group began reporting indirect energy consumption, by source, and related CO₂ emissions. To maintain comparability over time, data on direct and indirect energy consumption is reported in aggregate and separately.

Data on direct consumption by energy source, broken down by renewable and non-renewable, is only available for 2009.

Data on CO₂ emissions is based on the instructions and standards defined in the *Greenhouse Gas Protocol* and, in particular for the calculation of indirect emissions, the emission factors published in November 2009 by the *International Energy Agency*. For the first year, emissions from internal

energy generation are now presented separately from emissions for power produced by third parties and consumed at Group sites.

Fiat Group only reports CO₂ emissions from energy consumed, as these are the principal greenhouse gas emissions.

In 2009, Fiat Group Automobiles (FGA) plants worldwide achieved significant reductions in energy consumed per vehicle produced. Fiat Group Automobiles outperformed its own targets, and the consumption index per vehicle produced fell 6.3%, from 5.50 to 5.15 GJ.

70% of the result is attributable to operational measures. At Italian plants in particular, manufacturing activities have been reorganised to improve and adapt

Direct energy consumption by source (GJ) Fiat Group worldwide

Total non-renewable and renewable	9,429,304
Total non-renewable	9,394,316
of which natural gas	8,402,351
of which diesel	107,267
of which LPG	126,150
of which coal	741,286
of which high sulphur fuel oil (HSFO)	14,629
of which low sulphur fuel oil (LSFO)	2,633
Total renewable	34,988
of which biomass	30,446
of which photovoltaic	900
of which solar/thermal	3,642

Direct and indirect energy consumption (GJ) Fiat Group worldwide

	2009	2008	2007
Number of plants worldwide	179	171	150
Electricity	13,350,969	15,773,826	14,956,380
Natural gas	8,402,351	9,629,592	8,722,445
Other fuels ⁽²⁾	1,022,411	1,149,971	1,107,315 ⁽⁴⁾
Other energy sources ⁽³⁾	8,115,833	9,163,953	9,437,417
Total	30,891,564	35,717,342	34,223,557⁽⁴⁾

⁽¹⁾ Includes secondary energy sources: cooling energy, compressed air and pressurised air.

⁽²⁾ Includes high sulphur fuel oil (HSFO), low sulphur fuel oil (LSFO), diesel, coal, liquid petroleum gas (LPG) and biomass.

⁽³⁾ Includes heating and cooling energy, compressed and pressurised air and renewables (photovoltaic and solar/thermal energy).

⁽⁴⁾ The figure has been corrected and therefore differs from the amount reported in the 2008 Sustainability Report.

**- 6.3%
IN ENERGY
CONSUMED
PER VEHICLE
PRODUCED
AT FGA PLANTS
WORLDWIDE**

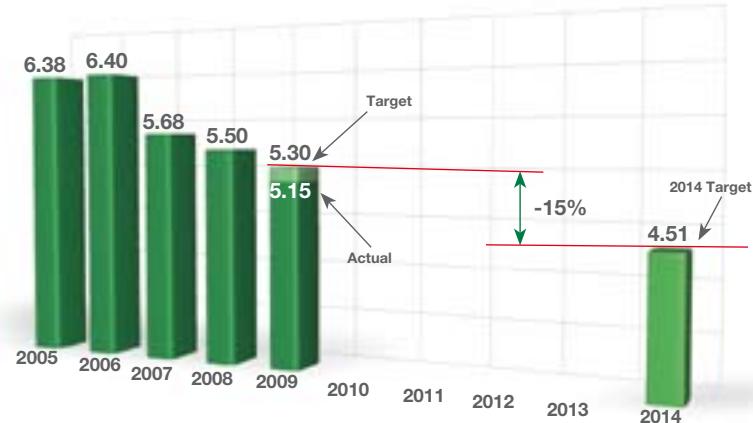
equipment usage to market demand, balancing the operational structure appropriately. The remaining 30% of the result was achieved through the installation of more efficient technologies at plants (use of inverters, more efficient electric motors, extension of systems for remote control, etc.). Energy consumption was reduced by around 925,000 GJ, equal to a saving of 80,000 tonnes of CO₂. The results are even more impressive when one considers that energy consumption is a variable factor indirectly correlated to the level of vehicles produced, and that the number of vehicles produced in 2009 was essentially the same as the previous year. FGA's use of **energy from renewable sources** amounted to 7% of total energy consumption in 2009. This renewable energy came almost entirely from certified hydroelectric sources, and was primarily consumed at the Fiasa factory in Brazil. At the Sata plant in Melfi (Italy), a new cogeneration plant built by Fenice (EDF Group) went into operation in 2009. It is capable of covering 80% of the plant's total electricity needs, as well as a substantial portion of its heating requirements.

**Direct and indirect CO₂ emissions (tonnes)
Fiat Group worldwide**

2009	Total	Direct	Indirect
Plants: 179			
CO ₂ emissions	2,571,811	549,608	2,022,203
2008			
Plants: 171			
CO ₂ emissions	n.a.	631,119	n.a.
2007			
Plants: 150			
CO ₂ emissions	n.a.	568,067⁽ⁱ⁾	n.a.

⁽ⁱ⁾ The figure has been corrected and therefore differs from the amount reported in the 2008 Sustainability Report.

**Total energy consumption (GJ/vehicle produced)
Fiat Group Automobiles worldwide**



Due to the plant's configuration and heat recovery from the gas turbine's fumes, the overall yield (the ratio of electric and thermal energy to fuel consumed) actually exceeds 80%.

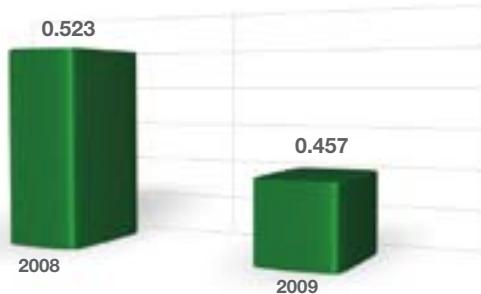
The Ferrari factory has also had a trigeneration plant in operation since June 2009 which covers nearly all of the company's energy requirements. As a result, CO₂ emissions were reduced 15% over the previous year.



-12.6% IN CO₂ EMISSIONS PER VEHICLE PRODUCED AT FGA PLANTS WORLDWIDE

FGA plants worldwide registered a 12.6% drop in CO₂ emissions per vehicle produced in 2009 compared with the previous year. This result was achieved through increased energy efficiency, as well as improvements in emissions factors which are specific to each geographic area where Fiat Group Automobiles operates. The latter is estimated to account for around 5% of the decrease and is due to innovations and improvements introduced for the thermoelectric generation systems of providers.

**Direct and indirect CO₂ per vehicle produced (tonnes)
Fiat Group Automobiles worldwide**



Other direct emissions⁽¹⁾ (tonnes)

Fiat Group worldwide

	2009			2008			2007		
	NOx	SOx	Dust	NOx	SOx	Dust	NOx	SOx	Dust
Plants	179	179	179	171	171	171	150	150	150
Total	1,033.9	143.2	18.0	1,194.4	138.0	17.7	1,068.1⁽²⁾	133.7⁽²⁾	16.7⁽²⁾



⁽¹⁾ Emissions of nitrogen oxides (NOx) and sulphur oxides (SOx) are only calculated for sites with proprietary power generation systems and relate to energy consumed. They should therefore be considered direct emissions. During 2009, Fiat Group took an inventory of all plant and equipment containing ozone-damaging substances as per Regulation (EC) 1005/2009 of the European Parliament and Council. This is the first year for which the data is reported and the results are available at <http://sustainability.fiatgroup.com>.

⁽²⁾ This figure has been corrected and therefore differs from the amount reported in the 2008 Sustainability Report.

EMISSIONS OF VOLATILE ORGANIC COMPOUNDS

In 2009, Fiat Group continued to reduce atmospheric emissions of Volatile Organic Compounds (VOCs) from painting equipment at its plants.

investment of around €400 million from 2005 to 2007. As a result of the technical solutions adopted and methodological standard in use, FGA achieved excellent

**Emissions of Volatile Organic Compounds (g/m²)
Fiat Group worldwide**

	2009	2008	2007
Plants worldwide	179	171	150
VOC	46.3	49.8	64.3

Over the past few years, at Group level, there has been a gradual reduction in VOC emissions to 46.3 g/m² in 2009, a 41.5% decrease since 2004 (79.1 g/m²), driven primarily by the excellent performance of Fiat Group Automobiles (FGA), Magneti Marelli and Comau.

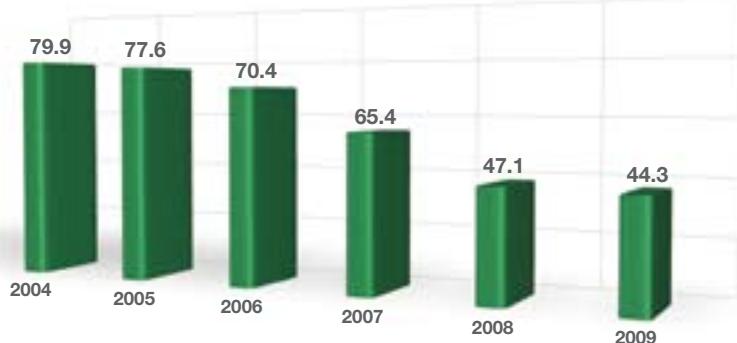
Worldwide, FGA went from 47.1 g/m² in 2008 to 44.3 g/m² in 2009 (-5.9%). This represents a 44.6% reduction since 2004 (79.9 g/m²).

At European sites in particular, FGA achieved strong results with "water-based" painting systems.

These systems, which use products with lower levels of VOCs, required

results in Europe - notwithstanding reduced production volumes, low capacity utilisation and consequent increase in frequency of washing equipment (due to frequent starting and stopping of production) - with emissions falling from 38.7 g/m² in 2008 to 37.5 g/m² in 2009 (-3.1%). The emissions level recorded for 2004 (74.4 g/m²) has nearly been halved.

**Emissions of Volatile Organic Compounds (g/m²)
Fiat Group Automobiles worldwide**



WATER USAGE

Water usage is a fundamental element in the environmental management of manufacturing processes. For several years, the Group has been committed to the conservation of this resource through various initiatives. In particular, manufacturing sites that have adopted the World Class Manufacturing system have optimised management of the withdrawal and discharge of water through:

- detailed analysis of plant needs (in terms of both the quantity and quality of water) and of the efficiency of manufacturing processes (to reduce potential waste)
- promotion of the reuse of water in processes and reuse following treatment.

(Biochemical Oxygen Demand) and 64% lower for COD (Chemical Oxygen Demand). In 2010, the Group will map plants located in areas where water is a scarce resource, and defined an action plan to improve recycling and reuse at those sites. Through plant innovations, FGA in particular has continued to achieve significant reductions in water consumption, which is down 19.8% since 2006. The recovery index - which represents the ratio of water recycled in production processes ($243,120 \times 10^3 \text{ m}^3/\text{year}$) compared to the total water requirement ($256,872 \times 10^3 \text{ m}^3/\text{year}$) - is 94.6%, indicating constant improvement over the years (up from 86.2% in 2005).

-19.8%
IN WATER CONSUMED PER VEHICLE PRODUCED AT FGA PLANTS WORLDWIDE SINCE 2006

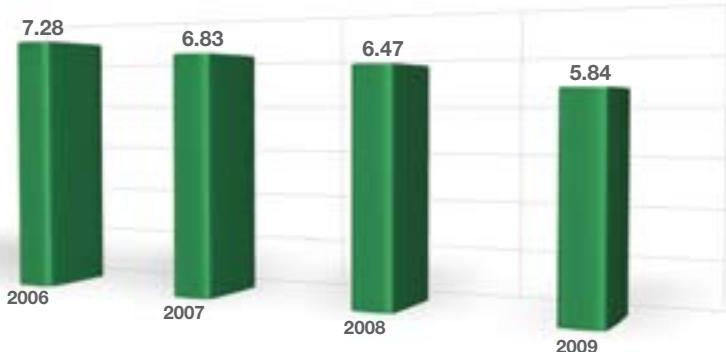
Water withdrawal and discharge ($10^3 \text{ m}^3/\text{year}$) Fiat Group worldwide

	2009	2008	2007
<i>Plants worldwide</i>	179	171	150
Water withdrawal			
ground water	15,515	16,525	16,349
municipal water supplies or other water utilities	17,704	17,621	18,706
surface water	962	1,456	1,034
other	337	1,362	1,417
Total water withdrawal	34,518	36,964	37,506
Discharge			
to surface water	7,865	9,694	8,014
to public sewer systems	13,256	19,381	19,917
released elsewhere	3,863	2,094	2,238
Total water discharge	24,984	31,169	30,169

In 2009, reduction in water withdrawal resulted from both lower production levels and increased efficiency in usage.

The Group also considers attention to the quality of water discharged paramount to ensure full compliance with regulatory limits. At Fiat Group Automobiles (FGA) Italian plants, discharge levels are well within the legal limits for surface water discharge: 36% lower for BOD

Total water withdrawal ($\text{m}^3/\text{vehicle produced}$) Fiat Group Automobiles worldwide



WASTE MANAGEMENT

As part of the World Class Manufacturing programme, the Group has conducted numerous analyses to identify measures necessary to improve waste management, particularly with regard to identifying and eliminating potential wastage. The principles guiding waste management at Group plants are:

- reduction in the amount of waste produced (quantitative) and its hazard level (qualitative)
- adoption of training and awareness programmes to influence behaviour and creation of procedures for daily

management of different categories of waste

- sorting of waste to facilitate waste recovery and make recovery preferential to disposal
- management of disposal according to the following hierarchy:
 - waste-to-energy conversion
 - incineration
 - treatment (other than landfill and waste-to-energy conversion)
 - landfill as a last resort

Over the past three years, the percentage of waste sent to landfills has fallen from 33.2% (2007) to 27.7% (2009).

Waste (tonnes/year)

Fiat Group worldwide

	2009	2008	2007
<i>Plants worldwide</i>	179	171	150
Non-hazardous waste	1,171,008	1,579,083	1,573,208
Hazardous waste	81,015	88,492	82,232
Total waste generated	1,252,023	1,667,575	1,655,440
of which packaging waste	117,944	148,375	128,331
Total waste disposed of	447,874	639,378	653,220
of which by waste-to-energy conversion	23,608	40,219	26,339
of which by treatment	77,357	80,590	77,271
of which by landfill	346,909	518,569	549,610
% of waste sent to landfills	27.7	31.1	33.2
Total waste recovered	804,149	1,080,588	1,080,836
% of waste recovered	64.2	64.8	65.3

Waste generated (kg/vehicle produced) Fiat Group Automobiles worldwide

The reduction in waste generated per vehicle produced by Fiat Group Automobiles (FGA) is predominantly attributable to the lower generation of non-hazardous waste, with the higher levels registered in previous years largely resulting from plant re-engineering work. In 2009, 90.3% of waste at FGA plants worldwide was recovered, and this figure is expected to reach 95% by 2012.



■ Hazardous waste ■ Non-hazardous waste

BIODIVERSITY

The protection of biodiversity is of primary importance for sustainable industrial development. Striking a balance between human activity and the surrounding nature is fundamental to preserving ecological wealth. The Group's responsibility is even greater in cases where plants are located in or near protected areas or areas of high biodiversity value.

It is for this reason that the Group is working with the Department of Animal and Human Biology at the University of Turin (Italy) to formulate specific Guidelines and define the **Fiat Group Biodiversity Value Index** by the end of 2010, to better understand and safeguard protected species and biodiversity. Application of the Guidelines is planned for 2011.

Plants that are near, adjacent to or within protected areas⁽¹⁾ (national, regional, sites of Community importance, special protection zones, oases, etc.) or areas of high biodiversity value

Sector	Plant	Country	Type of activity	Total surface area of site (m ²)
CNH	Curitiba	Brasil	Production of combines, tractors and components	792,824
FPT	Bourbon-Lancy	France	Production of medium and heavy engines	211,678
FPT	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, carter turbines	103,960

Water sources significantly affected⁽²⁾ by water withdrawal and/or discharge at Group plants worldwide

Plants	Water sources affected by withdrawal and/or discharge of water	Use	Protected water body	Water body of high biodiversity value	Withdrawals accounting for more than 5% of the annual average volume of the water body	Discharges accounting for more than 5% of the annual average volume of the water body
FGA Tychy (Poland)	Korzenica river	Withdrawal for manufacturing process	no	no	yes	no
FPT Pratola Serra (Italy)	Sabato river	Process water effluent and stormwater runoff	no	no	no	yes
FPT Bourbon-Lancy (France)	Loire river	Withdrawal and process effluent and stormwater runoff	yes	yes	no	no
Magneti Marelli Lighting Jihlava (Czech Republic)	Affluent of Gold river	Process water effluent	no	no	no	yes
Teksid Carmagnola (Italy)	Gora del Naviglio river	Process water effluent	no	no	no	yes

⁽¹⁾ A protected area 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 recognised for important biodiversity features by a number of governmental and non-governmental organisations.

⁽²⁾ 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

LOGISTICS

The logistics processes for a global enterprise with manufacturing sites, dealerships and service centres around the world have an impact on the company's financial performance and on the environment which cannot be overlooked.

WORLD CLASS LOGISTICS

For several years, Fiat Group has monitored the performance of its logistics in order to improve efficiency and to study and adopt more ecologically-sustainable transport solutions. *World Class Logistics*, in fact, is a module of the World Class Manufacturing programme and, therefore, an essential component in ensuring continuous improvement in both the production system and the supply chain.

To increase the effectiveness of this process, the Supply Chain Management functional area of Fiat Group Automobiles (FGA) has for the past two years used a specific unit called **Logistics Engineering**, which connects production with logistics. Through the re-engineering of material flows and application of the "Just-in-Time" concept,

the objective is to optimise processes by eliminating stock and reducing material handling, delivering only what is needed to the point of use at the right time. This has led to the adoption of techniques such as "just-in-sequence" feeding, the expanded use of "pull" systems for ordering materials based on consumption, closer and more integrated suppliers, the use of different transport solutions and the gradual replacement of disposable packaging with reusable containers etc.

Logistics Engineering also systematically analyses and monitors the best competitors and the most effective internal practices to be communicated and shared within the Group, including through a dedicated intranet site. This way, pilot projects and solutions can be rapidly deployed to the Sectors. This *Green Logistics* approach ensures that the Group's logistics system evolves in a sustainable manner.

At Fiat, inbound transport of components and materials is either managed by the Group using external transport providers or directly by suppliers. On the other hand, outbound transport of finished vehicles from plants is handled either by the Group subsidiary i-FAST Automobile Logistics S.r.l. or external transport providers.

KEY PERFORMANCE INDICATORS TO MEASURE THE IMPACT OF LOGISTICS PROJECTS

Based on the World Class Logistics principle that measuring the impact of every activity is essential to improving processes, in 2009 the Group launched a study to define a set of standard environmental Key Performance Indicators (KPIs) to assess the impact of the many logistics projects in progress. Beginning in 2010, Fiat Group Automobiles (FGA) will be the first Sector to monitor the complete set of KPIs, and the other Sectors will follow subsequently. The first result was the reporting of CO₂ emissions for the transport of materials and vehicles in Europe (around 60% of cars sold worldwide) managed directly by FGA which, at around 190,000 tonnes⁽¹⁾, represented a saving in CO₂ emissions of around 10% compared with the transport methods used the previous year, due to adoption of various initiatives for improvement.

INITIATIVES TO REDUCE ENVIRONMENTAL IMPACT

To reduce the environmental impact of logistics processes, the Group's efforts are focused in four main areas:

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

⁽¹⁾CO₂ emissions were quantified using criteria in "The Greenhouse Gas Protocol - revised edition" for road transport, and the "IFEU Heidelberg" environmental method for sea and rail transport. The data relates to 100% of outbound transport for Europe and 72% of materials. At present, data is not available on total emissions from inbound transport of materials and components.

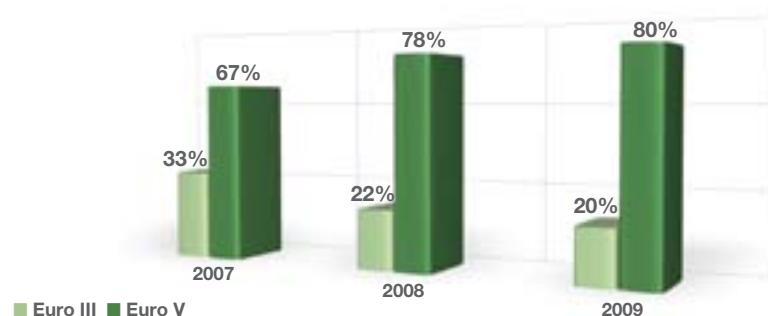
Increase in low-emissions transport

Since October 2009 for inbound transport of components and materials, Fiat Group Automobiles (FGA) has been using **low-emission** (Euro III-IV-V) vehicles only. In fact due to the inclusion of **specific terms in transport agreements**, vehicles that fail to meet the Euro III standard were prohibited from entering plants.

Iveco has also achieved significant results in

this area, with suppliers accounting for 50% of volumes adopting this rule. For outbound transport in Europe, Euro III or even stricter standard vehicles are used for approximately 33% of shipping requirements. In particular, the FGA fleet, operated by i-FAST Automobile Logistics S.r.l., consists exclusively of Euro III-V vehicles, with Euro V vehicles now accounting for 80% (+19.4% over 2007).

Composition of fleet owned by Fiat Group Automobiles for car deliveries to the European dealer network



Use of intermodal transport

Fiat Group has been promoting alternatives to road transport for years, with the aim of **reducing traffic congestion and atmospheric emissions of CO₂**.

Consistent with the analysis of the geographic distribution of component and material suppliers and the distribution network for its finished products, the Group has maintained its commitment to exploring solutions using a variety of transport options (road, rail and sea). In 2010, this initiative will be strengthened, with the creation of a dedicated function within the Logistics Engineering unit.

Although the reduction in production volumes limited the use of alternative solutions, during 2009 Fiat Group Automobiles (FGA) continued to work to expand the use of intermodal transport.

The transport of components by rail was

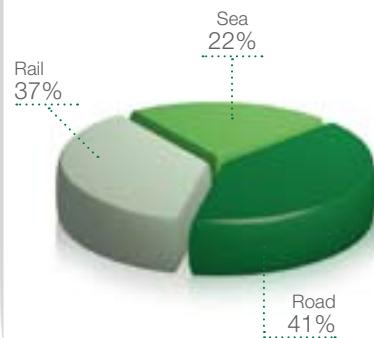
activated on the route Villanova d'Asti (Italy) - Kragujevac (Serbia), leading to a reduction of around 4.32 million kilometres travelled on roads and a saving of around 2,300 tonnes of CO₂ emissions. Furthermore, the use of **rail transport** for finished vehicles was extended to Tychy (Poland) - Antwerp (Belgium), Tychy-Corbas (France) and Tychy-La Norville (France), while a pilot project was launched on the Italian route Val di Sangro - Savona.

The result was a reduction in road usage of around 13.3 million kilometres, leading to a saving of around 10,620 tonnes in CO₂ emissions. With these initiatives, rail transport in Europe now accounts for around 12% of material and component shipments managed directly by FGA, and 37% of car shipments.

CNH - Case New Holland also uses intermodal transport solutions. From 2006

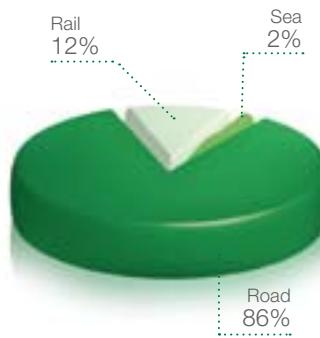
to 2009, for example, the company saved around 4,400 tonnes of CO₂ by using sea rather than road transport to ship vehicles to the Iberian Peninsula.

Transport methods used for outbound shipments of cars for Fiat Group Automobiles in Europe⁽¹⁾



Due to the satisfactory results achieved, further initiatives of this type are planned for the coming year.

Transport methods used for inbound shipments of materials and components for Fiat Group Automobiles in Europe⁽²⁾



Optimisation of transport capacity

Maximum capacity utilisation of transport is another tool for reducing the environmental impact of logistics operations. One example is the Group's Streamlined Delivery project, which transfers responsibility for the transport of materials from the supplier to Group plants, thereby **leveraging synergies to optimise the number of trips**.

At Fiat Group Automobiles (FGA), the Streamlined Delivery project, first activated for Italian suppliers, was rolled out to European suppliers (now accounting for around 72% of materials shipped), leading to a 21,000-tonne reduction in CO₂ emissions over the 2008-2009 period.

FPT Powertrain Technologies reduced its CO₂ emissions by around 1,300 tonnes in 2009 by involving 38% of suppliers to its Italian plants Mirafiori Meccanica (Turin), Termoli and FMA (Pratola Serra) in the Streamlined Delivery project. Following these positive results, in 2010 the project will be expanded to the plants in Verrone

(Biella, Italy) and Bourbon Lancy (France). Magneti Marelli has also developed initiatives to increase the efficiency and reduce the environmental impact of logistics processes. Its most significant project, launched in 2008, is aimed at rationalising transport flows in Europe.

In 2009, the project was applied to 70% of European routes, leading to excellent results in capacity utilisation. In particular, the pilot project at the Jihlava plant (Czech Republic) saw full truck loads increase by around 58% compared with 2008, enabling a net reduction in CO₂ emissions of 21%, or 679 tonnes.

CNH - Case New Holland also introduced combined inbound/outbound road transport by using a new type of truck-trailer with greater capacity, allowing cabs to be transported from Croix in France to Basildon in the UK, and tractors from Basildon on to Zeebrugge in Belgium. This reduced the number of trips and brought CO₂ emissions down by 216 tonnes per year. Finally, Iveco reduced individual direct-

-21,000
TONNES
OF CO₂ DUE TO
STREAMLINED
DELIVERY
PROJECT

⁽¹⁾ Percentages are based on the principal mode of transport for each vehicle (i.e., accounting for over 80% of the total kilometres travelled) for shipments from factories to dealers or from factories to lots in the EU15 countries plus Poland, Hungary, the Czech Republic and Slovakia.

⁽²⁾ Includes shipments from suppliers on FCA terms in the EU25 countries plus Switzerland and Serbia.

drive deliveries, replacing them with multiple shipments using vehicle transporters, which are in turn loaded onto sea vessels at the nearest available sea port, reducing CO₂ emissions by an average of 75% per vehicle shipped in this manner, for a total saving of 215 tonnes in 2009.

Reduced use of packaging and protective materials

In 2009, the Group also continued initiatives to reduce packaging and protective materials, involving a large number of its suppliers. Significant results were achieved during the year through the activities of i-FAST Container Logistics S.p.A., a Group subsidiary that specialises in the efficient management of standard containers. These achievements included increased use of **reusable containers** at Fiat Group Automobiles (FGA), which led to a 10% reduction in disposable cardboard packaging (from 6.9 kg of cardboard per vehicle in 2008 to 6.2 kg in 2009). The reduction would have been even greater had production trends not been so volatile, resulting in increased levels of standby stock.

For non-standard containers, Iveco has gradually replaced disposable wooden packaging materials with reusable metal packaging for sea freight to plants in Latin America, achieving a reduction in wood consumption of 30%, or 620 tonnes (from 11.2 wood crates per container in 2008 to 8 in 2009).

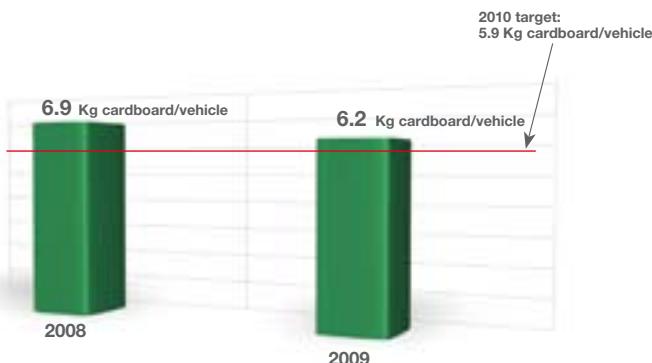
Similarly, FGA began replacing disposable wooden and polystyrene packaging with reusable metal packaging for rail shipments between Italy and Serbia, leading to a reduction in wood consumption of around



25% (equal to 860 tonnes) and eliminating polystyrene altogether. Furthermore, with the production of new models, particular attention has been paid to container size (to maximise capacity utilisation) and to weight (to reduce fuel consumption and CO₂ emissions).

For the new Alfa Romeo Giulietta, it is estimated that the re-engineered metal containers will use 800 fewer tonnes of metal, and that the weight carried by each truck will decrease by around 16%.

Packaging materials used by Fiat Group Automobiles, Italy



NON-MANUFACTURING PROCESSES

At Fiat Group, focus on environmental impacts is not limited to manufacturing processes, but also increasingly involves other areas such as administrative offices and dealerships.

WORLD CLASS ADMINISTRATION

In 2009, the Group continued to extend *World Class Manufacturing* principles to non-manufacturing areas.

World Class Administration (WCA) is the continuous improvement programme adopted by Fiat Services, the company that manages the Group's administrative activities worldwide. WCA is based on the same principles as WCM, and is applied to all lines of services offered (e.g. accounting, payroll and customs services), with the logic, tools and development standards of WCM being adapted to the non-manufacturing context. Even here, the objective remains the **reduction of waste within processes** in order to achieve the same goals: zero defects, zero breakdowns, and zero waste and thereby significantly reducing environmental impact.

The programme is currently operational in five of Fiat Services' 10 sites (2 in Italy, 1 in Poland, 1 in Brazil and 1 in Argentina), which account for 85% of its employees. The results achieved in 2009 clearly demonstrate that the actions taken have made an impact: a 25% drop in paper consumption compared with the previous year, through more efficient use of printers and digitalised documentation, and a 25% drop in toner consumption, due to the introduction of an "eco" printing mode using less ink and the substitution of personal printers with more efficient printing bays.

In 2010, World Class Administration will be extended to Fiat Services' 5 remaining sites around the world.

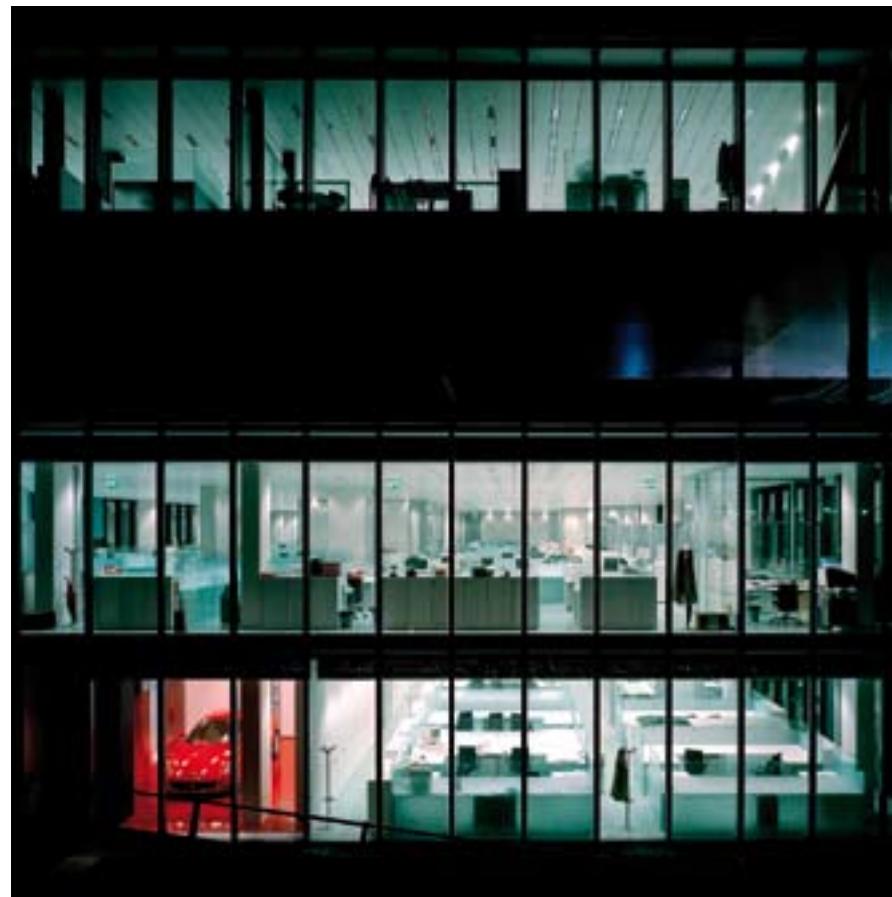
GREEN IT

Various ICT projects have been launched, both Group-wide and within individual Sectors, to reduce energy consumption and consequently CO₂ emissions. These

initiatives involve both "Office" and "Data Centre" systems.

From 2009, new personal computers are being fitted with **more efficient power supply units** that utilise less energy to operate. This project will be completed by the end of 2012 and will lead to annual savings of 383 MWh, equivalent to around 200 tonnes of CO₂.

The Group also launched a process to **optimise office printing systems**. In 2009, 1,730 printers were replaced with more efficient machines in Italy, North America and South America, and there are plans for replacement of at least a further 350 in 2010. The "Data Centre" area, which hosts servers for service applications used by the Group, also underwent improvements in 2009, with the introduction of **energy-saving**





machines and a **reduction in the number of servers** through consolidation and virtualisation processes.

Consequently, 210 servers were eliminated and 150 virtualised, leading to total annual savings of around 3,450 MWh, equivalent to 1,700 tonnes of CO₂. This operation will be completed in 2012.

In line with activities initiated in previous years, 2009 also brought new initiatives in teleworking, with increased use of **video and audio conferencing and instant messaging systems**, which contributed significantly to reducing business travels.

These systems, which can be accessed from individual workstations, were rolled out to around 12,000 users, while video conferencing was activated for around 1,000 employees.

In 2010, the number of users with access to these services will double.

VIRTUAL REALITY

Virtual technology has also become a useful tool in minimising the Group's environmental

impact. This is a cutting-edge method for designing new products and optimising production processes, thereby **reducing product development times, project costs and waste**, as well as **improving the quality of new models**.

The Group has over 15 virtual rooms in Italy, making it possible to hold design review sessions (project team meetings to report progress on achieving targets and discuss possible deviations) without people leaving their place of work. This enables the participation of designers and engineers from different sites within the Group, as well as partners and suppliers based at distant locations.

Virtual simulations also make it possible to analyse all possible product configurations quickly and without incurring material and procurement costs. This means that physical prototyping can be delayed to a later stage, limiting the number of samples and tests used and thus preventing the waste of resources, materials and energy.

VIRTUAL REALITY TECHNOLOGY ENABLES DEVELOPMENT OF A NEW MODEL IN 16 MONTHS

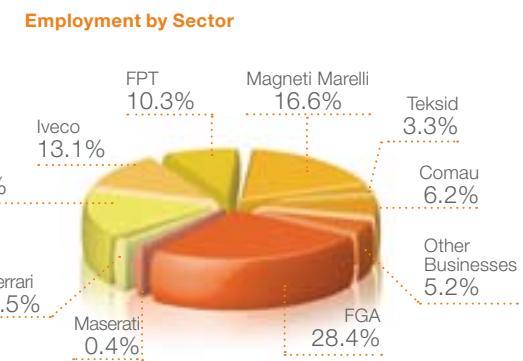
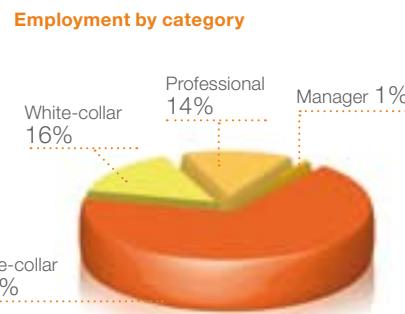
OUR PEOPLE

The Fiat Group regards its people as its most valuable asset. Respect and care for all employees, in addition to enhancing their capabilities, is a daily commitment realised through opportunities for professional development without discrimination, training programmes to develop skills and a working environment that is safe and stimulating.

EMPLOYEES IN NUMBERS

The Fiat Group carries out industrial and financial services activities in the automotive sector through companies located in approximately 50 countries, and has commercial relationships with customers in approximately 190 countries. At 31 December 2009, the Group had 190,014 employees, a decrease of 4.2% over year-end 2008.

Approximately 66% of employees are located in Europe, with the largest representation being in Italy (42%) and Poland (7%). In Latin America, the largest number of employees is in Brazil (20%). The Sector with the largest number of employees is Fiat Group Automobiles (FGA), with more than 28%.



Fiat Group workforce⁽¹⁾

	Total	Chg. vs 2008	Blue- collar	Chg. vs 2008	White- collar	Chg. vs 2008	Professional	Chg. vs 2008	Manager	Chg. vs 2008
World	190,014	-4.2%	131,117	-3.9%	30,075	-6.1%	26,566	-3.0%	2,256	-7.5%
Italy	80,434	-2.4%	53,485	-1.6%	10,741	-5.4%	14,736	-2.5%	1,472	-6.3%
Europe excl. Italy	45,826	-8.6%	30,265	-9.2%	9,432	-8.9%	5,789	-5.0%	340	-12.4%
North America	11,157	-9.3%	6,135	-8.9%	1,839	-17.2%	2,946	-4.4%	237	-10.6%
Central & South America	45,222	-2.4%	36,800	-2.7%	5,747	-0.8%	2,499	-1.7%	176	-1.1%
of which Mercosur	42,397	-1.5%	34,483	-1.8%	5,324	0.1%	2,419	-0.8%	171	-0.6%
Africa	295	-17.1%	133	-16.9%	90	-18.2%	70	-17.6%	2	100.0%
Asia	6,342	5.4%	3,966	6.0%	1,996	2.5%	359	17.7%	21	-16.0%
Oceania	738	-10.2%	333	-13.3%	230	-10.2%	167	-2.9%	8	-20.0%

⁽¹⁾ The Group's workforce is divided into four main categories: blue-collars, white-collars, professionals (individuals performing specialist and managerial roles, corresponding to quadri and capi in Italy and including professionals and professional experts under Fiat's classification system) and managers (individuals with middle and senior management roles, including, under the Fiat classification system, professional masters, professional seniors and executives).



*I have been in the frame /
I have enriched my life*



The Fiat Group's workforce by Sector⁽¹⁾

	World	Chg. vs 2008	Italy	Chg. vs 2008	Rest of the world	Chg. vs 2008
Fiat Group Automobiles	54,038	2.7%	31,269	2.3%	22,769	3.1%
Maserati	723	-5.7%	648	-4.0%	75	-18.5%
Ferrari	2,835	-6.0%	2,683	-3.3%	152	-37.4%
CNH	28,466	-9.7%	4,597	-5.5%	23,869	-10.5%
Iveco	24,917	-8.1%	9,023	-6.3%	15,894	-9.1%
FPT	19,638	-4.2%	13,133	-3.6%	6,505	-5.5%
Magneti Marelli	31,628	-4.8%	10,253	-4.5%	21,375	-4.9%
Teksid	6,194	-18.5%	918	-13.8%	5,276	-19.3%
Comau	11,708	2.3%	1,174	-5.6%	10,534	3.3%
Other Businesses	9,867	-6.3%	6,736	-6.5%	3,131	-6.0%
Total	190,014	-4.2%	80,434	-2.4%	109,580	-5.5%

**TURNOVER**

In 2009, there were approximately 15,100 new hires, 679 of whom were new graduates (112 in Italy), while approximately 24,600 individuals left the Group.

Changes in the scope of operations resulted in a net increase of 1,175 employees, primarily related to the acquisition of the activities of Carrozzeria Bertone in Italy by Fiat Group Automobiles and a net increase from disposals and insourcing by Comau's Service business line in Latin America, both of which were partially offset by the sale of Ergom France by Magneti Marelli.

For new hires, 46.8% were employed under fixed-term contracts (37.3% in 2008).

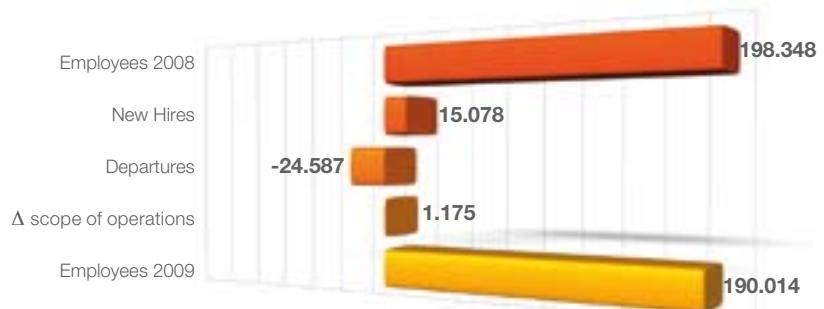
Approximately 7% of the departures recorded in 2009 were the result of collective redundancies related to the restructuring or rationalisation of operations.

Wherever possible, the various situations were managed utilising the social welfare mechanisms provided for by law and, in collaboration with trade unions, establishing social plans to minimise the effects of such measures on employees.

The scale of the Fiat Group also provides opportunities for transfers between Sectors and countries. In 2009, a total of approximately 3,100 people (including just

over 1,200 in Italy) were transferred between Sectors or between companies/plants within those Sectors.

The **Internal Job Posting** programme, launched in Europe in 2008 and tested in North America in 2009 through a pilot project at CNH - Case New Holland, will be extended globally as the market recovers.

Employee turnover for the Group worldwide

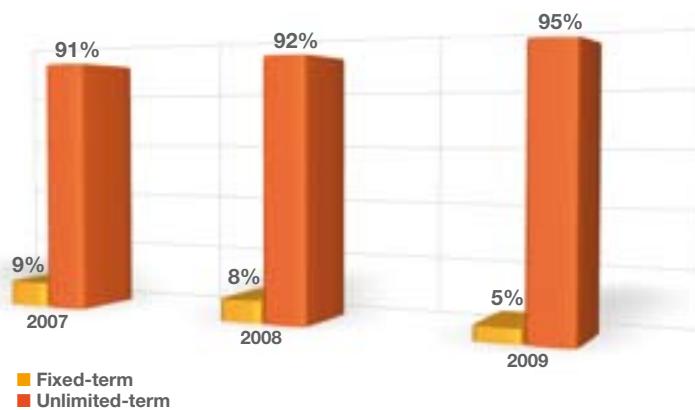
TYPES OF CONTRACTS AND BENEFITS

For existing employment **contracts** at Group companies, **95%** are **unlimited-term** and 99% full time.

During the year, 6,352 contracts (1,363 in Italy) were converted into unlimited-term contracts.

Although negligible use is made of fixed-term contracts, **benefits** offered by the Fiat Group to its employees (life insurance, supplementary healthcare plans, financial support in the event of disabilities, and additional parental leave) are, as a general rule, given to employees, irrespective of whether they are employed under fixed-term or unlimited-term contract, or on a full-time or part-time basis. Benefits differ according to an individual's level and the country of residence on the basis of local policies.

Fixed-term and unlimited-term contracts



	Total contracts			Unlimited-term		Fixed-term	
	Part time	Full time	Total	Part time	Full time	Part time	Full time
World	1,082	188,932	190,014	1,046	179,760	36	9,172
Europe	1,059	125,201	126,260	1,023	119,661	36	5,540
of which Italy	803	79,631	80,434	767	78,342	36	1,289
North America	5	11,152	11,157	5	11,036	-	116
South America	4	45,218	45,222	4	41,941	-	3,277
Africa	-	295	295	-	295	-	-
Asia	13	6,329	6,342	13	6,090	-	239
Oceania	1	737	738	1	737	-	-



AGE, LENGTH OF SERVICE AND LEVEL OF EDUCATION

Worldwide, the highest concentration of Group employees is between the ages of 31 and 40, and 40% of the workforce has been employed up to 5 years.

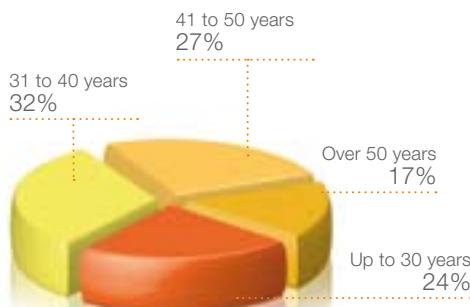
In Italy, however, the largest concentration of employees by age is between 41 and 50, and by length of service between 11

and 20 years.

Compared to 2008, there was a worldwide reduction in employees in the over-50 age group.

In relation to level of education, approximately 80% have completed middle school (between elementary and high school). The number of university graduates increased 5.3% over the 2008 level⁽¹⁾.

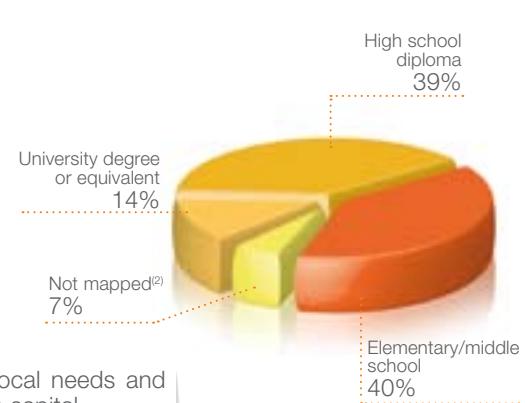
Workforce by age - world



Workforce by length of service - world



Workforce by level of education - world



NATIONALITIES OF GROUP MANAGERS

Although the Fiat Group has no formal policy in place to guarantee local hiring (i.e. with preference being given to individuals from a local community in which the Group operates), where possible, practice tends to be to give preference 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.

An analysis of Group managers (which come from 45 different nations) by geographic region, shows that a substantial percentage (between 74.5% and 88%) of managers in North America, South America and Europe (excluding Italy, where the proportion is 90.7%) are of local nationality.

Percentage of managers of local nationality by region

Italy	90.7
Europe (excluding Italy)	74.5
North America	88.0
South America	79.3
Other areas ⁽³⁾	30.0

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

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

⁽³⁾ Including Australia, the People's Republic of China, India, Japan, Morocco, Malaysia, Russia, Republic of South Africa and Thailand



EQUAL OPPORTUNITIES

The Code of Conduct confirms the Group's commitment to offer all employees equal opportunity 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, including recruitment, training, compensation, promotion, transfer and termination of the relationship, employees are treated according to their ability to meet the requirements of the job, **free from any form of discrimination**, based, in particular, on race, gender, age, nationality, or religious or personal beliefs.

The promotion of equal opportunities for men and women is also an objective shared by the Group and bodies representing employees.

In the various countries this issue forms part of the social dialogue, as conducted in accordance with local regulation

and practice. In Italy, the participatory system of industrial relations established through the agreement of 18 March 1996 between Fiat S.p.A., in the name and on behalf of those companies involved in the Group negotiation, and the national trade union organisations Fim, Fiom, Uilm and Fismic and the respective works councils (Rappresentanze Sindacali Unitarie or RSU), has provided for a series of joint bodies consisting of employee representatives and representatives from the company.

These included the Equal Opportunities Committees established at Fiat Group Automobiles and Iveco to monitor employment conditions for women, to research and to promote initiatives and to examine and seek to prevent potential causes of dispute relating to application of the principles of equal opportunity.

At other Sectors, the biennial report on male and female employment is reviewed

Gender profile by region

	2009		2008		2007	
	Men	Women	Men	Women	Men	Women
World	84.1	15.9	84.3	15.7	84.4	15.6
Italy	82.6	17.4	82.8	17.2	83.0	17.0
Europe (excl. Italy)	80.6	19.4	81.1	18.9	80.8	19.2
North America	81.0	19.0	81.0	19.0	81.1	18.9
Central & South America	92.1	7.9	92.2	7.8	92.6	7.4
Africa	75.6	24.4	78.2	21.8	78.6	21.4
Asia	75.8	24.2	77.2	22.8	73.6	26.4
Oceania	81.7	18.3	64.6	35.4	83.5	16.5

at meetings held with the unions for this purpose, in accordance with the provisions of the National Collective Labour Agreement.

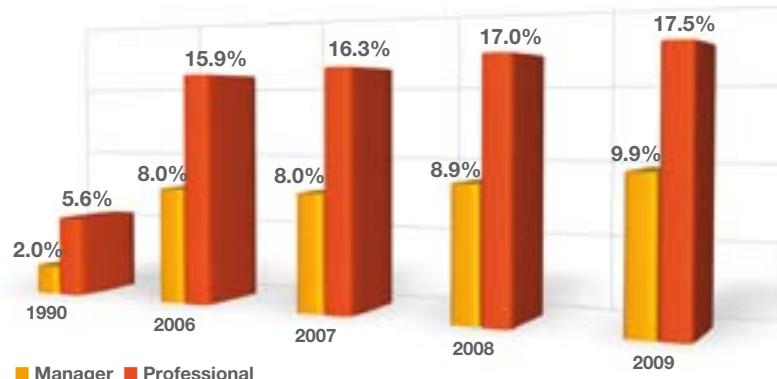
In 2009, following a pilot project, the monitoring process was applied to all managers and it will be extended to professionals in 2010.

Over the past three years, the percentage of women in the Group holding managerial positions has steadily increased.

Starting from 2008, the Fiat Group has implemented a **process to monitor application of the principle of equal opportunity** for men and women in relation to: compensation levels, annual salary review plan, performance and leadership appraisals, and promotions.

Percentage of women employed by category

	2009		2008		2007	
	World	Italy	World	Italy	World	Italy
Manager	8.4	9.9	7.9	8.9	7.2	8.0
Professional	16.1	17.5	15.5	17.0	15.0	16.3
White-collar	32.1	33.8	31.8	33.5	31.4	33.1
Blue-collar	12.4	14.3	12.4	14.1	12.3	14.2
Total	15.9	17.4	15.7	17.2	15.6	17.0

Percentage of women employed by category in Italy (managers and professionals)

COMPENSATION FOR MEN AND WOMEN

In **Italy**, differences in compensation between men and women of the same category (blue-collar, white-collar, professional, manager) are marginal. A comparison with data from the prior year shows that the trend is improving, with the exception of managerial positions, where the compensation gap between men and women, although remaining at less than 15%, is largely due to the rather limited number of women holding senior management positions.

In 2009, as in 2008, differences in average compensation between men and women, for each category, were also analysed for Poland and France, the two European countries outside of Italy where the Group has the greatest number of employees.

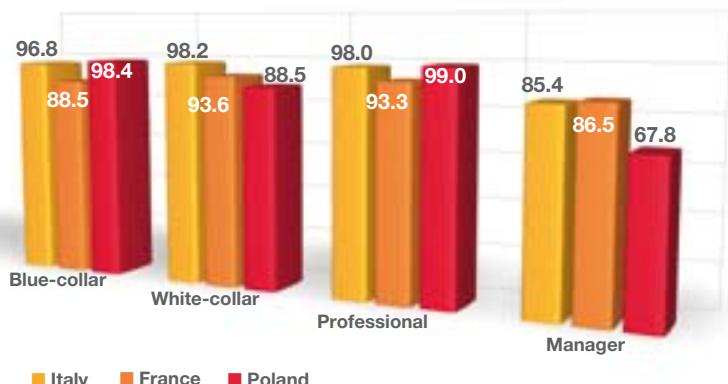
In **France**, the difference in average compensation between men and women was slightly higher than in Italy, with the exception of managers.

In **Poland**, the differences in average

compensation between men and women were negligible for blue-collars and professionals, while the difference was more pronounced for white-collars and managers.



Comparison of compensation levels between men and women (men = 100)⁽¹⁾



⁽¹⁾ The comparison relates to basic compensation. In Italy, this includes the amount paid to each employee for their normal work activities, but does not include additional compensation based on length of service, miscellaneous allowances (which may also be paid under specific conditions or working hours) or bonus payments, one-off payments or benefits in kind. In France and Poland, basic compensation includes the amount paid to each employee for their normal work activities, but does not include any allowances (which may also be paid under specific conditions or working hours) and bonus payments, one-off payments or benefits in kind.

LOCAL MINIMUM WAGE

In many countries, a minimum wage is established by law and, in some, it varies between states, regions or on the basis of other criteria. In many countries where specific laws do not exist, a minimum wage may be established by collective bargaining agreements between employers' associations and union representatives for several companies, as in Italy, Germany and Belgium, for example, where pay and employment conditions are negotiated at the regional or national level, with the possibility being left open for further agreement on application or supplementary terms and conditions at company level. Minimum wages are also established with reference to the specific economic, social and political circumstances and do not, therefore, permit cross-border comparisons.

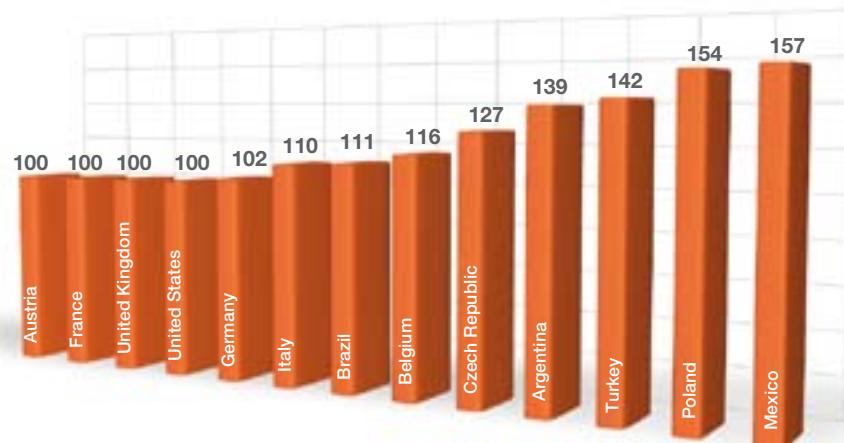
Within the same country, the difference between entry level salary and minimum

wage may vary from company to company within the Group due to the existence of different statutory minimums in different areas or regions where the company is present, as well as the application of different policies or company agreements.

The following chart shows the ratio of entry level salary to minimum wage, indexed to 100, for Group companies in each country analysed. The chart shows the lowest figure reported by each Group Sector.

In 2009, an analysis was conducted of 13 countries in which around 92% of Group employees are located (the figures reported relate to 83% of the workforce in those countries or 76.6% of the Group's total workforce) to compare the entry level salary with the applicable minimum wage. The study revealed that in 9 countries, where over 80% of Group employees are located, the entry level salary is higher than the minimum wage.

**Ratio between entry level salary⁽¹⁾ and statutory minimum wage, by country
(statutory minimum = 100)**



⁽¹⁾ 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 company and trade unions. Figures reported are at 31 October 2009.

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 - 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.

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 largely filled by internal candidates.



PERFORMANCE AND LEADERSHIP OF 34,000 EMPLOYEES ASSESSED USING PLM

PERFORMANCE & LEADERSHIP MANAGEMENT

Designed to spread a culture of excellence in performance throughout the Group, the Performance & Leadership Management (PLM) process enables individual and organisational performance, skills and conducts to be evaluated and channelled, giving individuals responsibility for and involvement in their own development.

At the beginning of each year, all managers discuss and set individual objectives with their staff. At the end of the year, each individual is evaluated on their performance (i.e. achievement of business objectives) and leadership (i.e. the ability to lead change, manage people and work as a team).

Through this process they are positioned on a nine-square grid, which represents a summary appraisal of the employee.

A meeting is then held with the individual concerned to discuss the result. In this manner, the PLM process seeks to establish transparent, two-way communication. As of 2009, employees can access their appraisal forms online and, on that form, can indicate their career aspirations and any specific training courses they may require.

Also during the year, the collective results were used for the purposes of overall organisational development. The Chief Executive Officer of Fiat S.p.A. spent nine days analysing the results of the PLM

process for the entire Group. During these sessions, appraisals for 1,100 managers and professionals were reviewed and individual development plans established.

During 2009, performance and leadership mapping was carried out for 34,000 employees, including all managers and professionals and 17.3% of white-collars (12% in 2008). Gradual application to all white-collars is planned contingent on the organisational and market environment.

TALENT MANAGEMENT AND SUCCESSION PLANNING

In the automotive industry, which is highly competitive, continually changing and relies on specialised technical know-how, the ability to appoint the right people to key roles is essential.

As such, the Fiat Group has introduced a structured process to identify the most talented employees and **fast track their development**.

The Talent Management initiative was extended to all countries where Fiat has a presence, for all business units and hierarchical levels, in order to strengthen the corporate culture and guarantee individuals greater professional opportunity.

Key individuals, identified on the basis of their value (in terms of performance and leadership) and capacity for growth to positions of increased responsibility, are evaluated through a process which involves every level, from the individual's direct supervisor to senior management.

In 2009, **Talent Reviews** were carried out for 25 professional families, Sectors and functions around the world, covering **90% of managers and professionals**. Those talent reviews enhanced the ability to manage individuals across geographic and business areas, while also enabling the implementation of more effective succession plans, which have proved to be an important tool for promoting internal candidates to key positions.



INTERNAL COMMUNICATIONS

Over the years, the Group has invested significantly in internal communications to promote a sense of belonging, providing information on strategy and involving employees in the achievement of common objectives.

Internal publications, newsletters and intranet platforms at Sector and Group level are just some of the tools used to communicate with employees.

For over 50 years, the Group magazine *Illustratofiat* has been delivered to the homes of 170,000 active and retired Fiat employees in Italy, providing them with a regular update on key issues and events relating to the Group.

CNH - Case New Holland also has its own magazine, *CNH & YOU*, which is published in 11 languages.

During 2009, the **intranet platform** hosting the corporate portal and portals for each Group Sector was redesigned to create a single, internal communication channel (available in Italian and English) accessible to all employees around the world. Through this tool, every employee not only has constant access to procedures, policies and services, but also receives real-time updates on significant events relating to the Group.



The portal was developed with simple, practical and modern interactive tools and also provides users with some useful applications for their daily work activities. One example is the ability to create work communities in an enterprise social networking prospective.



IVEC-O2

The intranet portal has also been used as a way of involving employees in company initiatives to safeguard the environment. One example is Ivec-O2, **an online campaign to raise awareness of energy-saving** measures targeted at Iveco office personnel in Europe.

The message communicated is that, by adopting a few simple practices in the workplace, all employees can make a contribution to defending and protecting the environment.

Through 17 episodes based on everyday real life situations, Ivec-O2 illustrated practices which can be adopted to reduce waste of natural resources and cut emissions. Six areas were addressed: air-conditioning and heating, PCs and monitors, printing and photocopying, lighting and lifts, waste and recycling, and water.

TRAINING

The Group views the **learning process as an experience that continues throughout a person's working life**, and considers investment in training a natural way of increasing the value of its intangible assets.

New commercial and industrial challenges, alongside the constant changes in the market that the Group is called on to confront, require **skills and know-how that are increasingly transversal, effective and flexible**.

As such, training and knowledge management represent an important strategic lever to be developed.

Alongside the traditional methods, Fiat also employs new approaches to developing leadership and furthering individual careers, enhancing the knowledge capital of the business and disseminating the Group's strategy and values.

Consistent with this philosophy, **Group Learning**, a cross-Sector organisation set up to deliver effective support to the business transformation process by coordinating training activities and sharing resources, experience and best practice, continued its activities in 2009.

In addition, the availability of the **e-learning platform E-dotto** made it possible to continue the offer of telematic training systems: online courses were, in fact, an essential tool for offering employees targeted, flexible training.

Learning activities are constantly measured and monitored.

The various training initiatives are analysed and assessed using a set of KPIs (Key Performance Indicators), enabling their effectiveness to be

measured in terms of:

- participant satisfaction with the initiative (Kirkpatrick model⁽¹⁾ level 1)
- difference between level of individual understanding before and after the course (Kirkpatrick model level 2)
- applicability of concepts learned to the participant's work process (Kirkpatrick model level 3)
- economic impact and benchmarking against the leading competitors.

In 2009, the economic climate was particularly difficult and required implementation of rigorous cost containment measures, including for training activities.

Investment in training totalled around €49 million (-46% vs 2008), with over 2,300,000 hours of training (-57% vs 2008) given to more than 115,600 individuals (-19% vs 2008, adjusting for the reduction in workforce in 2009).

**€49 MILLION
INVESTED IN
TRAINING FOR
OVER 115,600
EMPLOYEES**



⁽¹⁾ A methodological model to evaluate training courses that includes different levels of measurement and suggests technical procedures that can be applied to any organisation.

Of the employees involved in learning activities, 13% were women and 87% men; 68% were blue-collars, 30% white-collars and professionals and 2% managers, with an average of 17 hours for blue-collars, 16 for white-collars and professionals, and 16 for managers.

Learning activities consisted of **training essential to maintain the Group's competitiveness and ability to operate**: 79% of activities involved technical and skills-based training, followed by language training (7%) and institutional courses related to career advancement (6%).

	2009	2008	2007
Training costs ⁽¹⁾ (€ thousand)	48,857	90,684	98,581
Spending on training/personnel costs (%)	0.7	1.2	1.4
Hours of training provided (number)	2,343,185	5,507,240	3,771,140
Employees involved in training activities (number)	115,641	132,574	116,000

CAPITALISING ON KNOW-HOW TO PRODUCE SYNERGIES

Knowledge is essential to creating added value, stimulating innovation and change and, by no means least, helping the business cope during times of crisis.

People are the key elements in this process because, through their actions and experience, the organisation is able to learn, evolve and reinvent itself (a "Learning Organisation").

In line with this vision, in 2009 the Fiat Group continued to **develop ways of increasing its potential as a "learning organisation"**, disseminating tools for the management and sharing of knowledge and launching various "practice communities" to support the synergy generation process.

Consistent with this approach, the practice communities set up by FPT Powertrain Technologies (*Product Development Academy*) and Iveco (*Product Design Experience*) have made individuals responsible for the learning process, stimulating the capitalisation and subsequent sharing of know-how. Dedicated corporate portals have made it possible not only to share teaching materials and information on the use of the application, but also to set up virtual groups, areas for additional study and

cooperative learning sessions.

In 2009, more than 1,500 employees benefited from these courses, representing around 2,000 hours of training divided into 40 modules, including *Project Management*, *Design to Cost*, *Materials Engineering*, *Risk Management*, *CAD* courses and seminars on the *Product Development Process*.

Fiat Services has also launched a knowledge-sharing project to ensure continuity in the knowledge management process thereby increasing intellectual capital.

An electronic catalogue, which is constantly updated, lists the basic and specialist courses available.

This focus on training has also been extended to all professional families, including trainers, as demonstrated by the *Training & Recruitment Integrated Management* (TRIM) project set up by FPT Powertrain Technologies to provide guidelines, operational guidance and useful tools for managing the training process, such as teaching materials, case studies and video aids.

⁽¹⁾ Includes both direct and indirect costs.

WORLD CLASS TRAINING

Training is also an important tool in disseminating **World Class Manufacturing** (WCM), one of the world's highest manufacturing standards, which the Fiat Group is phasing in at all plants. The "World Class" approach, which is based on the continuous contribution of all individuals, **training and the sharing of specific knowledge**, all fundamental to the Group's competitiveness, takes a central role.

2009 saw continuation of *World Class Academy* (WCA), a specialist training school for blue-collar workers, technicians and managers on issues ranging from systems for workstation organisation to maintenance, quality and logistics.

In parallel, the *Manufacturing Training Unit* (MTU), which focuses on manufacturing processes, was also established to transfer WCM know-how and methodologies through the identification and training of in-house trainers based on the "train the trainer" approach. These trainers, who

are also taught basic training concepts, have the task of facilitating the widespread dissemination of knowledge to the rest of the staff on-site through a cascade learning system that seeks to involve everyone.

Delegating part of the training process to individuals who come from areas of excellence, and are therefore able to share their best practice, means that costs are better controlled and, more importantly, it accelerates introduction of the World Class approach at each plant and provides greater autonomy in its application.

This benefits the development and professional growth of employees.

The *Manufacturing Training Unit* is mainly responsible for the dissemination and development of WCM methodologies and tools and for technical/professional training on manufacturing processes.

In 2009, the MTU carried out training at 67 of the Group's plants around the world, providing a total of more than 3,000 days of classroom teaching (both traditional and simulation for the use of tools in a controlled environment), as well as on-the-job training (to develop specific improvement projects).

In 2010, the MTU will be active in expanding these learning activities globally and providing qualified specialist support to plants of excellence with the potential to reach gold level, including through the involvement of key supplier partners of Fiat. See also pages 97-98.



OCCUPATIONAL HEALTH AND SAFETY

Safeguarding and promoting occupational health and safety is an absolute priority for the Group in all areas of activity and every country in which it operates.

As such, Fiat dedicates a great deal of energy and invests considerable financial resources to promote a culture of health and safety within the Group through appropriate organisational structures, procedures, technological measures, the dissemination of knowledge and promotion of responsible behaviour.

The Group seeks to guarantee a safe working environment through a process of continuous improvement and a preventive approach aimed at avoiding injuries and occupational illnesses. To further strengthen the organisational units at each Sector and plant dedicated to the management of health and safety, in 2009 tools and methodologies were provided, qualified personnel trained, cross-Sector working groups created and processes and instruments for sharing information developed.

At year end, the Group had 56 plants with a **Health and Safety Management System (HSMS)** covering more than 70,000 employees in total.

During the year, activities for OHSAS 18001 certification of the health and safety management system continued and operating procedures that will serve as reference point for plants worldwide were defined. In addition, a global agreement was signed with a single certifying organisation for **OHSAS 18001** certification, based on Sincert/Accredia accreditation for Italian plants and SAS accreditation for all other plants.

Italian plants obtained 42 attestations of conformity with **UNI INAIL 2001 guidelines**. These attestations, which cover a total of 52,000 employees, are the result of audits by an independent certification organisation, and are a preparatory step for the OHSAS 18001 certification planned for 2010.

At year-end 2009, a total of **15 plants covering approximately 25,000 employees were OHSAS 18001 certified**.

€225 MILLION SPENT ON OCCUPATIONAL HEALTH AND SAFETY

HEALTH AND SAFETY GUIDELINES

During the year, the Fiat Group issued specific Guidelines which, together with local legislation, form the principles that Group companies should apply to health and safety management, for which they are fully responsible.

The Guidelines are centred on the following elements:

- *management of risk through a continuous analysis of critical aspects and adoption of a preventive approach for all key activities, starting with the selection of materials, tools and systems*
- *implementation of an occupational health and safety management system which conforms to the requirements of OHSAS 18001 or other standards applicable in each country in which the Group operates*
- *continuous improvements in working conditions through detailed risk analysis and assessment, definition and implementation of corrective and preventive action plans and constant monitoring of health and safety activities*
- *monitoring and analysis of the causes of any non-compliance, using World Class Manufacturing tools to ensure any recurrence is prevented*
- *active involvement of all employees in the improvement process through comprehensive information and specific training*
- *promotion of safe, preventive behaviour to ensure that everyone, in relation to their role and area of activity, is aware of their individual responsibilities and the vital importance of health and safety in the workplace*
- *involvement of suppliers, dealers and partners in improving occupational health and safety, including in their own specific areas of activity.*

Of these, 4 were in Poland, 4 in Italy, 3 in Brazil, 1 in France, 1 in Portugal and 2 in Turkey.

Periodic audits are conducted on the HSMS to verify the correct implementation of safety management procedures at plants. In 2009, 64 **audits were carried out by external parties** and covered some 80,000 employees. In addition, 85 **internal audits** were carried out by qualified personnel and also covered around 80,000 employees.

In 2009, for the third consecutive year, the frequency and severity of incidents fell but, despite the Group's continued investment in prevention, a blue-collar worker at a Teksid plant in Poland was the victim of a fatal accident.

15 OHSAS 18001 CERTIFICATIONS COVERING 25,000 EMPLOYEES

The accident was thoroughly investigated both locally and centrally to understand the causes and enhance existing prevention measures.

This year for the first year, fatal accidents involving employees of contractors working on the premises of Group companies are also reported. In 2009, two fatal accidents were reported in Poland

	2009	2008	2007
Number of OHSAS 18001 certifications	15	12	6
Number of employees covered by OHSAS 18001 certification (in thousands)	25	17	13
Spending on occupational health and safety ⁽¹⁾ (€ million)	225	263	210

at the sites of Fiat Group Automobiles and Magneti Marelli.

Investigations conducted by local authorities into these incidents did not find Group companies or employees to be at fault.



	2009		2008		2007	
	World (including Italy)	Italy	World (including Italy)	Italy	World (including Italy)	Italy
Frequency rate ⁽²⁾	0.73	0.94	0.90	1.06	0.94	1.08
Severity rate ⁽³⁾	0.21	0.28	0.25	0.33	0.23	0.28
Fatalities	1	-	2	2	3	-

⁽¹⁾ Includes spending on improvements to safety and working conditions (improvements to facilities, worker protection, inspections of plants and the working environment) and to worker health (health spending).

⁽²⁾ The frequency rate is a ratio of the number of injuries reported (i.e. resulting in more than three days of absence from work) to the number of hours worked, multiplied by 100,000.

⁽³⁾ The severity rate is the ratio of the number of days of absence to the number of hours worked, multiplied by 1,000.

CULTURE OF SAFETY

The creation of a culture of safety requires the **widespread dissemination of knowledge**, the primary instrument of **prevention**.

For this reason, there are numerous training and information initiatives which involve the organisation at all levels: senior management is responsible defining strategy, action plans and priorities; operational managers are responsible for ensuring that everyone correctly implements working procedures; safety managers and, where applicable, employee representatives for safety issues, have the

task of updating skills on a continuous basis, including those related to specific process and product technologies; and all employees are responsible for raising awareness of residual risks associated with their activities and the correct procedures to be followed in carrying out their work. In 2009, the number of **hours of training increased 11%** to reach a total of more than 593,000. Compared with 2008, the number of employees involved in training decreased (91,000 compared with 112,000), with activities being more targeted and concentrated toward individuals in key positions.

	2009	2008	2007
Training (thousands of hours)	593	533	486
Number of employees involved in training (thousands)	91	112	103
of which blue-collar (%)	82	83	84

KNOWLEDGE DISSEMINATION

For the dissemination of knowledge and operating procedures, in 2009 an **intranet platform** dedicated entirely to the environment, health and safety was launched to provide information updates and encourage the sharing of best practice.

Various initiatives to promote a culture of prevention were also launched. **Health & Safety First** is a training project, agreed with the Italian trade unions, that seeks to encourage behaviour which is consciously oriented toward observance of the rules and prevention of risk. The project focuses not only on technical know-how, but also on management skills, and represents a first step toward creating a training platform that can be developed on a continuous, interactive basis through the feedback and experience of employees. The results of the programme are regularly measured in terms of an overall reduction in injuries. A pilot was launched at seven plants and will be gradually rolled out to 100% of employees at all Italian plants.

The **Top Ten Safety** programme, on the other hand, involves the definition of standard methods of focusing the attention of plant workers on health and safety issues (communication of injuries, management of visitors and external contractors, signs and directions in factories, and personal protective clothing and equipment). The project was launched at 44 Group plants in Italy and will be extended to all Italian plants during 2010.

In 2009, an **online training course on office safety** was also developed and, following completion of the pilot at CNH - Case New Holland, will be extended to all of the Group's (approximately 20,000) office workers in Italy in 2010. The course aims to provide employees with the necessary information on health and safety in the workplace, with particular reference to the most common hazards present in the office, including electrical dangers, over-exertion, the use of computer monitors and how to respond in an emergency situation.

593,000
HOURS OF TRAINING
ON OCCUPATIONAL
HEALTH & SAFETY
FOR 91,000
EMPLOYEES

WORKING WITH THE TRADE UNIONS

Improving the health and safety of workers is one of the areas in which the Group continually works **with the dedicated employee representative bodies** (e.g. health and safety committee, worker safety representatives and works councils), which are constituted according to applicable legislation and collective agreements that apply in each country where Fiat is present. In Italy, in particular, the Group's collective bargaining agreements envisage the possibility of establishing an occupational health and safety committee at plants and establishes conditions which go beyond the minimum statutory requirements in terms of both the number and powers of works councils.

In November, two agreements were established with trade unions that provide greater access for worker safety

representatives than established by law: representatives will have access to company safety records, including via computer located in a specially designated room on company premises.

From a survey of over 89% of employees at Group companies outside Italy, it emerged that **around 78% of employees are represented by joint bodies**, consisting of company and worker representatives, responsible for health and safety issues.

OCCUPATIONAL HEALTH

As a general rule, Group plants have a healthcare unit dedicated to prevention, monitoring and first aid, staffed with medical and paramedical personnel appropriate to the needs of each site.

At smaller sites, these services are provided through external healthcare facilities.

In 2009, there were more than 233,000 cases of healthcare treatment, including periodic and preventive check-ups and treatments or examinations requested by employees. At Italian plants, some prevention-related protocols were supplemented and updated, following participation in external working groups and creation of an internal team composed of medical specialists from the Sectors. These directions, which incorporate the specific requirements of Italian law, also represent an important point of reference for plants located in other countries.



	2009	2008	2007
Spending on occupational health and safety/personnel costs (%)	3.3	3.5	3
No. of times healthcare assistance provided (thousands)	233	309	450
No. of times healthcare assistance received per employee	1.2	1.6	2.5



Type-A flu virus (H1N1)

In order to minimise the exposure of its employees to the risk of contagion from the new Type-A flu virus (H1N1), the Group acted swiftly to ensure rigorous implementation of the guidelines and recommendations of national and international health organisations. A dedicated working group, which included external experts, was also set up to provide guidance and assist Group companies in drafting plans for prevention and management of this new virus, adapted to the specific local circumstances.

Work-related stress

In 2009, various activities were initiated in France to tackle work-related stress. At the Iveco plant in Venissieux, a pilot project was launched in collaboration with trade union representatives, which involved 450 employees (both blue-collar and white-collar).

The methodology applied was to first

gather information about the role and position of the interviewee, relationships with superiors, work environment and the company's economic circumstances. Specific action plans were then drawn up to address communication, management and organisation of employees, with specific indicators being monitored on an ad hoc basis. Periodic tests administered during annual medical check-ups will help monitor levels of work-related stress and measure the results of the action plans implemented.

In 2010, the initiative will also be extended to Iveco's other French sites at Annonay and Trappes (involving around 1,800 employees). In addition, in 2010 there are plans to draw up a Group-wide monitoring plan that defines methodologies and procedures for implementation of the analyses.

In 2011, the plan will be implemented at those sites considered most susceptible to these issues.

Sexually transmitted diseases

To combat sexually transmitted diseases, particularly those linked to the HIV virus, targeted initiatives were launched in 2009 at all Group's plants in Brazil. These awareness campaigns reached an audience of around 25,000 people and provided information on how diseases are spread and how to prevent infection.

FASIFIAT

2009 saw the start of operation of the FASIFIAT healthcare plan in Italy. More than 67,000 blue- and white-collar workers and their families are now members of the plan which supplements the Italian national health service, similar to the long-standing FISDAF and FASIQ plans, respectively, for managers and professionals. Membership for the 3 plans combined totals some 130,000 employees and their families.

All 3 plans also have their origin in collective bargaining agreements. FASIFIAT was created through an agreement between Fiat S.p.A. and the metalworkers trade unions, and is primarily funded by the company in addition to contributions from the employee and any family members enrolled.

FASIFIAT reimburses employees for any expense they incur for treatment through the national health service. In addition, for treatment at an approved private facility, the Plan pays for the services directly with no advanced payment being required by the Plan member. 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 420 private medical facilities, more than 4,700 outpatient clinics, diagnostic centres and laboratories and 4,500 specialist doctors and orthodontists accredited under the plan.

The Plan provides an on-call medical service 24-hours-a-day, 365-days-a-year. It also provides high limits of cover and can provide reimbursement on the cost of specialist examinations and dental or orthodontic treatment, as well as eyeglasses and contact lenses. Lastly, prevention programmes with regular check-ups and a maternity package are also offered.

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

In 2009, over €5 million was paid out, of which more than €1.5 million was in the form of direct assistance for treatment at approved healthcare facilities and the remaining €3.6 million was for reimbursement of healthcare expenses.

PERSONAL HEALTHCARE

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 systems, tax and regulatory restrictions, and the specific characteristics 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.

HEALTH AND ERGONOMICS

The Fiat Group is particularly attentive to the impact of ergonomics in the organisation of processes, design of workstations, choice of equipment and definition of production methods. During the productionline design phase, in addition to ensuring safety, it is also essential to determine all of the characteristics that will result in improvements to adaptability, usability, comfort and welfare.

In response to these requirements, Centro Ricerche Fiat and Elasis have developed a **software** programme that, during the design phase, enables an **ergonomic analysis of the workstation and indicates the optimum parameters for interaction between operator and productionline**. The software uses a built-in dynamic database that can be configured according to the height of the productionline, product dimensions and height of the operator.

This ergonomic analysis tool has been tested successfully by both Fiat Group Automobiles (for designing the Lancia Delta productionline at the Cassino plant in Italy and the Panda productionline at the Tychy plant in Poland) and FPT Powertrain Technologies (for gearbox and engine design).

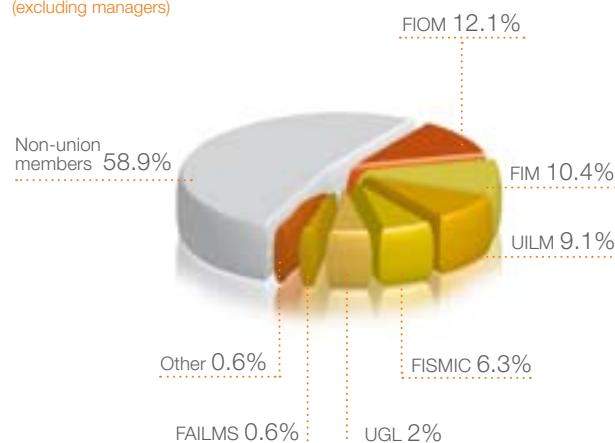
INDUSTRIAL RELATIONS

The Fiat Group maintains relationships with trade unions and employee representatives which are based on mutual respect, dialogue and constructive interaction.

In 2009, dialogue continued to find consensus-based solutions for managing the impact on workers of measures taken to respond to uncertain market conditions. The significant contraction in demand affecting all industrial sectors meant that, in addition to a gradual reduction of fixed-term and agency workers, it was also necessary to implement large-scale production stoppages through the utilisation of vacation banks and, temporary layoff benefit schemes, where available, or other measures based on collective agreements or company policy. In addition, nearly all Sectors restructured and reorganised their business activities during the year.

There was also intensive collective bargaining at various levels, resulting in major agreements being reached on pay and employment conditions in the various countries where Group companies operate.

Union members in Italy
Percentage of total workforce
(excluding managers)



SOCIAL DIALOGUE

In Italy, dialogue with the trade unions continued at both national and local level and focused primarily on managing the significant decline in business volumes and the consequent under-utilisation of production capacity. As part of this dialogue, two important meetings were held at Palazzo Chigi in Rome with representatives of national and local government and the trade unions. The first of those two meetings took place on June 18th with the Italian Prime Minister in attendance.

41.1% OF EMPLOYEES IN ITALY (NON-MANAGERS) ARE MEMBERS OF A UNION

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

*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. 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 site.*

*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. At the European level, the Fiat Group EWC took part in information and consultation on the Group's activities (as provided under Directive 1994/45/EC, now recast in Directive 2009/38/EC), with particular reference to those issues having a transnational impact. A meeting was held with the EWC's select committee in May. At the annual plenary meeting, held on 26 and 27 November 2009, management representatives gave a presentation of Group results, conditions and trends in the market, and sales performance for the year. There was also an explanation of measures put in place to confront the current economic downturn and, for certain Sectors, plans for reduction of the workforce related to the rationalisation of overhead costs or a transfer of activity.*

946 RSU MEMBERS AT GROUP COMPANIES IN THE METALWORKING SECTOR IN ITALY

At that meeting, the Chief Executive outlined the situation of the Group, actions being taken to respond to the contraction in production volumes, as well as production allocations for 2009 and 2010, with particular reference to the Italian plants of Fiat Group Automobiles, Iveco and CNH - Case New Holland. For CNH's Construction Equipment business, given the significant drop in demand and the medium-term outlook for the market, it was underscored that a thorough reorganisation would be required to ensure current production remains in Italy, to rationalise plants to improve capacity utilisation and to define a plan to manage redundancies. At the second meeting on 22 December, the Chief Executive outlined the industrial 2010-2011 plan for Italy, as well as the conditions necessary for the realisation of that plan. The CEO confirmed that the plant at Termini Imerese would discontinue auto production in 2011 and that, as there was no alternative industrial solutions for the site, the Group stood ready to collaborate with government and unions, supporting any viable proposals for conversion of the site which might be put forward by the Region of Sicily, other local authorities or private sector groups.

MANAGING PRODUCTION LEVELS

Throughout 2009, all of the Group's key markets were subject to continued instability. In Europe, demand for passenger cars was erratic and inconsistent, while the market for trucks and commercial vehicles and construction equipment suffered a dramatic decline.

The drop in demand for agricultural equipment (both tractors and combine harvesters) was more modest, but still greater than expected. Even the components Sectors suffered the knock-on effects of the crisis, which influenced production levels for their customers, including Group companies and external customers, although the level of impact varied between business lines. This resulted in a need to **manage production levels** using a variety of mechanisms. In

Italy, the Group made ample use of the temporary layoff benefit scheme (Cassa *Integrazione Guadagni* or CIG). In particular, 11 plants employing around 11,000 workers, having reached the maximum limit available under the ordinary scheme (52 weeks in any rolling two-year period), made recourse to the extraordinary temporary layoff benefit scheme (Cassa *Integrazione Guadagni Straordinaria* or CIGS) for a further 12 months, as provided for under social emergency legislation which provides coverage for company crisis due to sudden and unforeseeable events.

For Fiat Group Automobiles, incentive schemes for low-emission vehicles introduced by governments in many European countries had a positive flow-through effect including for some Italian plants, resulting in a reduction in the use of *Cassa Integrazione*. To respond to the increase in orders for certain models, the company had to resort to overtime or the temporary transfer or secondment of employees from other sites and companies where production stoppages were in effect. Production stoppages were also necessary

outside Italy. In particular, nearly all Sectors were dependent on social welfare schemes, such as *Chômage Partiel* in France, *Expediente de Regulación de Empleo* in Spain and *Kurzarbeit* in Germany. In the United States, CNH - Case New Holland made use of temporary lay-offs at the Wichita, Burlington and Calhoun construction equipment sites. Suspension of production activities also involved the plants of certain Sectors in other countries, including Poland, Belgium and the United Kingdom.

In Brazil, following workforce reductions made in the first quarter, primarily for blue-collar workers, the impact of the crisis began to ease. A reversal of the trend resulted in a return to hiring and use of overtime.

In Poland, a significant increase in production volumes for FGA, satisfied in large part through extensive use of overtime, also had a favourable impact on employment levels.

RESTRUCTURING AND REORGANISATION

During 2009, restructuring and reorganisation of business activities was carried out.

In **Italy**, this affected the principal Sectors where, pursuant to various agreements with the trade unions, redundancy programmes were established involving around 1,000 employees between 2009 and the first half of 2010. The employees affected (mainly white-collars) have been identified among those who will become eligible for retirement during the period covered by *mobilità* (Government benefit scheme applicable to employees affected by collective redundancies for a duration of three years in northern Italy and four in the south).

In addition, to cope with the structural crisis in CNH's construction equipment segment, a plan to rationalise production was announced, involving the concentration of operations at just two of the three existing sites in Italy. By 2011, production activities will be transferred from Imola to Lecce (backhoe loaders and compact wheel loaders) and to the New Holland Kobelco Construction Machinery S.p.A. plant in San Mauro Torinese (mini excavators). Starting from the second half of 2009, at all three sites recourse was made to CIGS for company crisis due to sudden and unforeseeable events. To minimise the social impact due to the discontinuation of production activities at the Imola plant and identify new industrial solutions for the site, a working group was set up at the Ministry for Economic Development involving also representatives from CNH - Case New Holland. In addition, the company is committed to taking any opportunity to relocate workers from Imola to the Group's other sites.

In **Spain**, Iveco reached an agreement with the unions which allows for a reduction of approximately 350 employees at its plant in Madrid, including through early retirement. In

France, restructuring was primarily handled through voluntary redundancy programmes and involved the FPT Powertrain

Technologies plants in Burbon Lancy and Garchizy, Magneti Marelli's Electronic Systems business line and the Comau plant at Castres. Also in France, CNH - Case New Holland initiated information and consultation procedures in relation to a social plan for a reduction of 46 employees in the commercial area of its construction equipment business, while in the **USA**, it downsized the workforce including through a programme of voluntary redundancies. In the **UK**, CNH - Case New Holland undertook a restructuring and reorganisation of its product development activities, following transfer of those activities to Italy, and in manufacturing, as a result of the decline in business volumes. Approximately 200 employees were affected.

In **Germany**, Iveco reduced the workforce by about 200 employees following an agreement reached with unions which also provides for use of early retirement. Also of note is the project related to the relocation of pre-production for headlights and electronic components of the Automotive Lighting business line (Magneti Marelli) from Reutlingen (Germany) to Jihlava (Czech Republic) and Brotterode (Germany) respectively, involving some 130 employees.

LABOUR UNREST

The level of labour unrest experienced in Italy was higher than for 2008. Minor local labour action was also taken in defense of jobs, including strikes and protests against the non-renewal of temporary employment contracts and agency contracts, and in relation to the use of flexible labour mechanisms at certain plants where there was a significant increase in production levels due to the jump in orders following the introduction of government incentives.

In addition, in relation to the agreement for the Group performance bonus and the agreement for the renewal of the national collective labour agreement for metalworkers, limited strikes were conducted by Fiom-CGIL, which was not a signatory to the agreements.

The overall level of labour unrest in other countries was once again negligible this year.

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 managers' union (Federmanager), which sets minimum pay levels and general employment conditions for this category. Other employees are covered by the national collective labour agreement (CCNL) for metalworkers, which applies to almost all Group companies.

Outside Italy, about **83%** of employees are covered by collective bargaining agreements.

Collective agreements entered into at company or plant level for the Fiat Group worldwide

	2009 ⁽¹⁾	2008	2007
Total	587	659	685

This is an average figure based on local practice and regulation which vary from country to country. For example, collective bargaining agreements are in place for nearly all of the Group's employees in Europe and Mercosur, while in the US trade unions are present at only some of the Group's plants, which employ around 3,200 people out of a total workforce of approximately 9,900. Nevertheless, even at non-union sites, Group companies establish collective aspects of

the employment relationship (working hours, internal policies and procedures, benefits, etc.) via policies which apply to all workers and are communicated formally.

Collective bargaining takes place at different levels and using procedures that vary according to local laws and practices.

AGREEMENTS ON PAY CONDITIONS

Agreements reached in 2009 provided for pay increases or one-off payments to compensate employees for cost-of-living increases and were in line with or slightly above the official cost-of-living increase recorded for the period.

On 15 October 2009, negotiations were concluded on the national collective labour agreement for employees in the metalworking sector (excluding managers), applicable to around 97% of all Group employees in Italy. Agreement was reached between Federmecanica and the trade unions (with the exception of Fiom-CGIL) based on the new contractual framework estab-

lished in the Accordo Interconfederale signed on 15 April 2009 (again with the exception of CGIL). The renewed agreement, whose content is mostly pay-related, is valid for three years beginning 1 January 2010. Provisions in the October 15th agreement relating to employment conditions contained no substantial modifications to the national collective labour agreement dated January 2008. On 25 November, the agreement for the renewal of the national collective

AROUND **90%**
OF THE GROUP'S
EMPLOYEES
WORLDWIDE
ARE COVERED BY
A COLLECTIVE
BARGAINING
AGREEMENT

Breakdown of issues covered under agreements signed in 2009 (%)⁽²⁾

	2009	2008	2007
Management	47	59	54
Pay	20	18	18
Restructuring	7	4	9
Occupational health and safety	5	5	8
Other	21	14	11

⁽¹⁾ This figure includes 15 collective bargaining agreements with trade union organisations 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⁾ There is no correlation between the number of agreements and the number of issues covered, as each agreement may deal with several issues.

labour contract for managers of industrial companies was also signed. This agreement applies to the majority of Group managers in Italy. The new agreement is valid until 31 December 2013 and covers both pay and employment conditions.

At Group level, on the basis of the agreement of 17 July 2009 (applicable to the majority of employees of Group companies in the metalworking sector in Italy) signed by Fim, Uilm, Fismic, and UGL and valid for 2009 only, a **performance-related bonus** was paid, which averaged €1,943 for employees in categories 1 through 4. The amount was approximately €500 lower than the average bonus paid in 2008 as a result of the decrease in Group results reflecting the impact of the global economic crisis. As an interim, experimental measure, in addition to the bonus referred to above, the agreement also provides for a gross one-off payment of €200 to workers at plants which achieve World Class Manufacturing Silver Level in 2009 or 2010.

Outside Italy, the main company-level collective agreements established during 2009 include the annual negotiation in **France** which resulted in salary increases, in line with inflation, of between 1% and 1.5% depending on the company.

In **Germany**, agreement for renewal of the metalworkers contract, signed in November 2008 and applied by most Group companies in Germany, provided for salary increases of 2.1% in February and May 2009. A few Group companies exercised the option, provided for in the agreement, to defer the second increase from May to December 2009.

In **Poland**, company-wide pay negotiations generally provided for one-off bonuses (rather than structural increases) which

averaged around PLZ 2,500 and were payable in two instalments, one of which was directly tied to and conditional upon the achievement of productivity objectives.

In **Brazil**, most Group companies applied collective bargaining agreements in place with the local industry associations for each industry sector (e.g. FIEMG for the companies in the Belo Horizonte, Betim, and Contagem areas). Others have instead stipulated company-wide agreements for similar pay increases.

Overall, increases under these collective agreements were higher than inflation, reflecting the country's current economic growth and high production levels at Group plants but were, however, in line with increases applied for the local industrial system as a whole. Variable annual bonuses were also paid on the basis of company results.



**INITIATIVES IN FAVOUR
OF EMPLOYEES**

Over the years, the Group established various initiatives for employees and their children: family days, where children can see where their parents work, the "Children's Christmas", to celebrate the most eagerly anticipated event of the year, scholarships, summer camps, sports activities and the supplementary healthcare plan (FASIFIAT). The company nursery school in Turin, Mirafiori Baby, also continued its activities.

**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".

Fully operational for the past two years, the nursery school is continuing to win support from parents, who now have the opportunity to have their children close to their workplace, thereby helping them to optimise the balance between professional and family life.

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, the nursery school is **highly flexible in terms of opening hours**, frequency of attendance and continuity of service. The facilities are open for 12 hours a day and parents may choose to leave their children there for four, six or eight hours. In addition, the nursery 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.

Developed by the Fiat Group in partnership 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. In 2009, the "Development through music" workshop was launched, which introduces children to the language of music through songs and rhythmic sequences. In the psychomotor workshop, children are able to express themselves through movement, which contributes to their natural development and encourages the development of expressive, creative and communication skills.

And **nutrition** is also given a great deal of attention: no pre-cooked or homogenised food, only organic food prepared personally by the school's own cooks.

**Sisport: sport and wellbeing
for the whole family**

Sisport Fiat was set up in 1976 to allow Group employees and their families to play sport at fully equipped sports centres at affordable prices.

Sisport manages three sports centres near the Turin sites of Fiat Group Automobiles,

**MIRAFIORI BABY:
THE LARGEST
COMPANY
NURSERY
SCHOOL IN ITALY**

CNH - Case New Holland and Iveco, which in total cover an area of more than 250,000 sq.m.

Each centre offers a range of sports aimed at different ages and abilities, with coaching from qualified instructors.

During the summer, the **Estate Sisport** initiative allows children to stay all day at the centre.

2009 saw a new addition to the Sisport range, the **Estate Circo** summer circus, where 500 children between the ages of 6 and 15 learned juggling, balancing and clown skills.

Sisport Fiat also organises the Trofeo Agnelli, a multi-discipline competition between Group companies which this year saw more than 3,200 participants from all over Italy compete in 16 different sports.

Vacanze Verdeblu summer camps

Each year, children of employees between the ages of 8 and 16 can choose from a wide range of summer camps in Italy organised by Vacanze Verdeblu.

For children up to 12, there are two holiday villages in Marina di Massa in Tuscany and Cascia (Perugia), which offer various opportunities to play sport and explore their creative side at art and drama workshops. On the island of Ischia (Naples), children aged between 13 and 16 can choose between camping and farmstay holidays for a genuine taste of nature. There is also an outdoor activity centre in Sansicario (Turin), which caters for mountain sport enthusiasts. At the last two centres, children can also improve their knowledge of English with the help of mother-tongue teachers.

These are action-packed holidays with excursions, sports activities, eco-learning and workshops to encourage artistic expression and communication.

Since the company funds part of the holiday, employees only have to cover minimal costs. In 2009, more than 2,700 children chose Vacanze Verdeblu holidays.

Children's Christmas

At Christmas, employees and their families are invited to celebrate Christmas with



a series of events organised by Group companies in various parts of the world. Children up to the age of 12 can go on fairground rides and bouncy castles, meet Father Christmas, try out games of skill and watch plays and puppet shows. It also gives children an opportunity to spend a day with their parents learning about the Fiat Group with an exhibition of cars, trucks, tractors and construction equipment.

Scholarships

Since 1996, children of Fiat Group employees have been able to sign up to the "Grants and Scholarships" programme, through which students who achieve 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 university degree.

The initiative covers all countries in which the Group has a significant presence, and testifies to its commitment to promoting growth and development opportunities for young talent in an increasingly global environment. Overall, in Italy, France, Spain, Poland, Belgium, the UK, Brazil and North America, 566 grants and scholarships were awarded in 2009, for an overall value exceeding €1 million.

DEALER AND SERVICE NETWORK

Dealership staff, technicians, sales representatives and after-sales personnel represent the face of the Group to customers. That is why Fiat considers it strategically important, in order to differentiate itself and be competitive, to support their professional development. The goal is to maximise the effectiveness of training using the best solutions available, while ensuring that they are sustainable for the network in terms of investment and time spent travelling to and from courses.

TRAINING FOR THE NETWORK

In 2009, *Unetiversity* (the training school for the Fiat Group network) continued to study innovative teaching methods and processes.

The rollout of the **Web University** worldwide and in all Group Sectors was completed. From one side, this multifunctional platform enables dealers to complete a questionnaire to assess their skill level, view a calendar of training activities offered, enrol in programmes of interest and take courses online.

From the other side, the Group can monitor which courses have been attended by the network and the skills acquired.

The Web University also enables for the assessment of the most suitable location for training activities, so that users can attend courses as near to their workplace as possible, either through the Group's extensive network of local training centres (on-site) or directly at dealerships (door-to-door).

In 2009, 65% of training for technicians took place at dealer service centres. For the launch of the new Doblò, door-to-door commercial training was successfully trialled at 390 locations and involved 2,500 Fiat sales representatives throughout Italy.

This **decentralisation of training** is a response to the need to make information

and know-how available to everyone in the network, while minimising the impact on dealers in terms of cost and travel time required to participate in courses.

Through the utilisation of both on-site and door-to-door training, in addition to increasing the number of hours of web-based distance learning provided, Unetiversity trained over 25,000 sales representatives and more than 100,000 technicians around the world in 2009 for a total of more than 2.5 million hours of training and a saving of more than 12 million kilometres in travel.

Unetiversity continuously monitors its training activities using a system that enables the **evaluation of the course** in terms of satisfaction and the knowledge acquired, which is measured through a comparison of pre-course tests with those taken at the end of the course.

For cases where a more thorough assessment of training is required, the Group also utilises other methods. These include mystery shopping (where an individual poses as a customer, simulating a sale to verify whether services are offered in accordance with the required procedures and standards) and field tests to verify that training provided on courses is applied in practice.

**25,000
SALES
REPRESENTATIVES
AND 100,000
TECHNICIANS
RECEIVED
A TOTAL OF
2.5 MILLION
HOURS OF TRAINING**

CERTIFICATION OF PROFESSIONAL ROLES

To ensure qualified, competent professionals that have solid knowledge of the Group's products, in addition to providing specific training for new product launches, Unetiversity offers an extensive catalogue of training courses aimed at the continuous development of skills for all principal roles in the sales and after-sales areas of the Fiat Group dealer network.

In particular, a process of **certification** of sales representatives, technicians and warehouse managers has already been implemented for the networks of **Fiat Group Automobiles** (FGA), **CNH – Case New Holland** and **Iveco**.

Through an online questionnaire, the requirements of the role are compared

with an individual's actual skill set. Where a knowledge gap is identified, a training plan is then established in collaboration with the dealer to develop those skill areas assessed as inadequate. The training programme then begins and, upon completion, each course is recorded in the participant's CV, thereby providing an up-to-date map of the skills acquired. The final step is certification, which is awarded to personnel only after they have demonstrated that they have bridged the skills gap.

By offering "***the right course to the right person***", Unetiversity aims to strengthen the relationship with dealers, providing each user with a personalised training programme to guide them through the professional development process and optimising the return on investment.

THROUGH PROFESSIONAL CERTIFICATION, FIAT EVALUATES THE SKILLS BASE OF THE NETWORK



431,000 HOURS OF TRAINING ON SAFETY AND THE ENVIRONMENT: +80% OVER 2008

TRAINING ON SAFETY, THE ENVIRONMENT AND TRANSPARENCY

During 2009, significant focus was placed on safety and the environment with over 431,000 hours of training provided, an 80% increase on 2008.

Technical training for **service centre mechanics** focused on developing **know-how in repair and maintenance of eco-friendly engines**, essential to ensuring that emissions remain force within established limits. **Sales force** was sensitised to and received **training on safety and environmental issues**, equipping them to promote the advantages offered by the Group's products to customers.

For new product launches and at all training events for sales representatives, Fiat Group Automobiles (FGA) has dedicated a specific module to safety and environmental issues. The main attractions for 2009 were the MultiAir engine and new fuel systems, as well as environmentally-focused technologies such as eco:Drive and Start&Stop.

In the area of safety, demonstrations of the functionality and benefits of various devices were provided in conjunction with **Safe Driving courses**.

Personnel were also sensitised to the importance of promoting and explaining the environmental and safety advantages of the Group's vehicles to customers.

Training also dealt with issues related to **responsible selling**. All sales representatives are required to be transparent in their dealings with customers, especially in relation to tax matters and finance agreements. The sales representatives from FGA's Italian dealer network attended basic or advanced courses on taxation.

In 2009, Iveco also gave particular emphasis to safety and the

environment in commercial and technical training programmes and the launch of the new EcoDaily offered the perfect opportunity to sensitise sales personnel to these issues. This new addition to the Iveco family not only boasts a selection of low environmental-impact engines, but is also considered one of the safest commercial vehicles in its segment.

In addition to this initiative, several training courses were held for service centre technicians on natural gas engines, Euro V engines, and the analysis and optimisation of fuel consumption under different driving conditions. Beginning in 2010, when new vehicles are delivered to fleet operators, Iveco will also offer courses on how to drive economically.

For the Case Construction Equipment and New Holland Construction Equipment brands, CNH - Case New Holland concentrated its training efforts on safety, both for the users of construction vehicles and others in the vicinity. Operators of Case IH, New Holland and Steyr agricultural equipment attended courses on how to increase the efficiency and productivity of vehicles while reducing fuel consumption and waste.



REDUCING ENVIRONMENTAL IMPACT

For years, Fiat has been dedicated to reducing the environmental impact of its activities. Everyone at the Group strives toward this goal daily and the dealer and service network is also being increasingly involved. As part of this process, Iveco launched the *New Dealer Identity* initiative across its entire network of dealers and authorised service centres. The objective of the initiative is to update and strengthen the company's image to correspond with the new image of its products. Consistent with a responsible approach to business,

the company renovates buildings using materials that **save energy and require less maintenance**. This project has already been launched at 30 sites and will be rolled out at another 10 in 2010. Fiat Group Automobiles also has plans to promote environmental responsibility throughout its network, and in 2010 it will disseminate specific Guidelines with instructions for materials, equipment and operating processes to be used in the design of new buildings for corporate-owned dealerships.

CHILD SAFETY IS NOT A GAME

Following the success of the first child safety initiative named **BimbiSicuramente**, recognised as Italy's biggest awareness campaign for child safety in cars, Fiat and UCIF (the association of Fiat dealers in Italy) repeated the initiative in 2009.

For an entire week, thousands of families took part in events at over 600 Fiat dealerships, where they were provided information and demonstrations on how to keep children safe in cars.

In parallel with this initiative, **sales staff** took part in a training course on the **correct use of in-car child restraint systems**, acquiring important know-how to pass on to customers. A dedicated website was also created (www.bimbisicuramente.it), which contains rules for safety, information on the road code and other useful tips and advice.

In addition, with the aid of video the site offers a practical guide on the use of various types of child seats. In short, the site contains everything one needs to know about car safety for children.

With BimbiSicuramente, Fiat once again led the way with initiatives to raise public awareness on the importance of road safety, accident prevention and driver education.



CUSTOMERS: THE COMPANY'S FUTURE

The long-term success of a company is closely tied to the trust built through the satisfaction of its customers. A satisfied customer is a loyal customer and a promoter of the brand in the marketplace. That is why Fiat Group places consumers and their needs at the centre of its strategies: beginning with the vehicle design phase, to the customer experience at the dealer and the provision of after-sales assistance and services. Consistent with this approach, the Customer Services represent a bridge between the Group and its customers. They are fully dedicated to managing the relationship with the purchaser and work to ensure, in collaboration with various other entities, that the expectations of customers are met.

CUSTOMER SERVICES CENTRE

Together with dealers, the **Customer Services Centres** represent the most important customer relationship channels. They are located in all principal regions in which the Group operates (USA, Europe, Latin America and Asia).

A variety of services are provided, ranging from information to complaint management and roadside assistance. The Customer Services Centre in Arese (Italy) is a multi-service, multi-lingual centre that serves **Fiat Group Automobiles** (FGA), **CNH - Case New Holland** (CNH) and **Magneti Marelli** in 18 markets. With 491 personnel handling over 4 million contacts in 2009 (+18% over 2008), the centre is one of the largest in the

automotive sector in Europe.

The **Iveco Customer Center** for Europe employs around 100 staff and, along with its other services, also offers a "Contact Us" service. Customers can contact the company directly from anywhere in the world through its website (www.iveco.com). Customer service staff control the entire process from the first contact with the customer until a response has been given, ensuring that matters are dealt with in the shortest time possible. In 2009, over 900,000 contacts were handled (80% requests for information and 20% complaints) with an average response time of 24 hours.

THE CUSTOMER
SERVICES CENTRE
IN ARESE IS ONE
OF THE LARGEST
IN EUROPE WITH
491 PERSONNEL
HANDLING
4 MILLION
CONTACTS PER YEAR

Customer Services Centre for FGA, CNH and Magneti Marelli

	Iveco Customer Center
Number of personnel	491
Personnel training (hours)	44,891
Average call centre response time (seconds)	19
Number of contacts managed	Over 4 million
Customers participating in satisfaction surveys (%)	3
Satisfaction index (1-10)	Information: 7.4 Complaints: 6.0
Vehicle downtime	71% of vehicles repaired within 48 hours 77% of vehicles repaired within 8 hours

MEASURING RESULTS TO IMPROVE

The Group regularly monitors results and customer satisfaction levels to enable it to constantly improve response service quality in terms of times and content. In 2009, this analysis was also extended to the pre-sales phase in order to gauge satisfaction with commercial and promotional offers and implement improvement measures.

The key figures for Fiat Group Automobiles (FGA) Customer Services in 2009 compared with the previous year were as follows:

- the Net Promoter Score⁽¹⁾ index for customers services improved 28.2% for information services and 79.7% for complaint management
- the Net Promoter Score index for prospective customers improved 40%
- customer satisfaction rose 4.7% for information services and 2% for complaint management
- 80% of customer calls were answered within 20 seconds and 83% of information requests were dealt with in a single call (one call solution)
- complaints were handled within an average of 6.5 days, while 68% were settled in less than five days
- average vehicle downtime in 2009 was 3.7 days; in 75% of cases customers were offered a replacement vehicle.

FIX IT RIGHT FIRST TIME

In 2009, the Group improved its ability to repair a fault during the first visit to a service centre ("Fix It Right First Time") to achieve a rate of 86.6% of cases being resolved after one visit.

Service centres were supported through innovative tools such as interactive repair

manuals with 3D views of components. The search engine for technical documentation was also enhanced and a new help-desk functionality for service centres was launched, adding a direct phone channel to the existing channels available.

BEST SERVICE

In 2009, the Group also further improved its Best Service initiatives for customer support during recall campaigns involving vehicle repair.

With Best Service, customers not only receive written notification but are also contacted by telephone and given information on the work to be carried out, the location of service centres 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. The main Best Service activity in 2009 related to Fiat 500 customers in Italy, who demonstrated a satisfaction level of 9.2 out of 10.



⁽¹⁾ The Net Promoter Score (NPS) measures the number of customers who, as a result of their positive experience, would recommend the brand to others.



ROADSIDE ASSISTANCE: AGREEMENT BETWEEN FIAT GROUP AUTOMOBILES AND EUROP ASSISTANCE

Fiat Group Automobiles has always striven to ensure customers 24-hour-a-day, 365-day-a-year mobility by offering an extensive and flexible range of services which respond to every need.

In 2009, Fiat Group Automobiles and Europ Assistance signed an agreement which strengthens their global partnership in roadside assistance. As a result, Fiat, Fiat Professional, Abarth, Alfa Romeo and Lancia can now offer customers Europ Assistance services in 9 European countries. Outside of Europe, in addition to Brazil and Argentina, where the two groups have collaborated since 1999, India has also been added.

The agreement provides for:

- roadside assistance in the event of accidents, breakdowns or other unexpected problems
- offer of a replacement vehicle or the option to use taxi, train or airplane should the repair take longer than four hours (six hours for Fiat brand vehicles)

- the availability of medical advice by telephone.

IVECO IS ALWAYS BY THE CUSTOMER'S SIDE WITH ASSISTANCE NON-STOP

Iveco also places particular emphasis on roadside assistance which, with Assistance Non-Stop (ANS), is available to customers 24 hours a day, 365 days a year. This service, which is operational in 31 European countries and available in ten languages, was created to provide immediate technical support to anyone encountering a problem with their vehicle. With a simple phone call, the request for assistance is handled by an operator who, using advanced IT systems, alerts the nearest service centre and manages the case until the repair is complete. Monitoring of the case is a key element of the service, as it ensures that vehicle downtimes are reduced. ANS, which resolved over 68,000 requests for assistance in 2009, recorded excellent results: 77% of vehicles were repaired at the roadside within 8 hours with a customer satisfaction rating of 9 out of 10.

**IVECO'S
ASSISTANCE
NON-STOP
RECEIVES
CUSTOMER
SATISFACTION
RATING OF 9**

AN INTEGRATED APPROACH TO SUSTAINABLE DEVELOPMENT

SUPPLIERS AS PARTNERS

SUPPLIERS AS PARTNERS

One of the Fiat Group's strategic objectives is to build a relationship with suppliers that goes beyond a purely commercial transaction to form a lasting and mutually beneficial collaboration with highly qualified partners that share the same principles. Fiat firmly believes that responsibility is a 360° commitment that does not stop at the factory gate but that should positively influence all business relationships and it is committed to promoting and spreading responsible behaviour along the entire supply chain.

Fiat Group Purchasing (FGP) - the company into which the purchasing activities of the Group's principal Sectors (including Fiat Group Automobiles, CNH - Case New Holland, Iveco and FPT Powertrain Technologies) were merged - is responsible for the management of purchasing policies and supplier relationships worldwide. In 2009, FGP continued to standardise and streamline purchasing procedures, with particular attention being given to sustainability criteria.

SUPPLIER PROFILE

FGP manages around **8,000 direct materials suppliers**⁽¹⁾ with a total purchase value of more than €22 billion, consisting of: 37% metals, 25% electricals, 24% chemicals and 14% mechanicals. 70% of volumes are sourced from European companies (40% Italian) and 28% from US companies. FGP also manages procurement of indirect materials (services, plant, equipment, etc.) with a total value of just under €5 billion.

Fiat Group Purchasing is responsible for around 77% of the Group's total procurement (direct and indirect materials). During 2009, Fiat continued to strengthen relationships with suppliers employing a partnership approach. This is evidenced by commercial relationships with the Group's major suppliers, which have been in place for many years and have involved only two disputes over the past three years.

SUSTAINABILITY STANDARDS

The selection of suppliers is undertaken with complete impartiality and based on objective selection criteria. This means that any supplier meeting the necessary requirements can bid for a supply contract. The criteria for competitive comparison have been extended beyond the aspects of quality, price and compliance with

SETTING STANDARDS FOR SUPPLIERS

Human rights and working conditions:

- *rejection of forced or child labour in any form*
- *recognition of the right to freedom of association consistent with law*
- *safeguarding of health and safety of employees*
- *guarantee of equal opportunity, fair working conditions and the right to training for employees*

Respect for the environment:

- *optimisation of the use of resources*
- *responsible waste management*
- *elimination of potentially hazardous substances from the manufacturing process*
- *development of low environmental-impact products*
- *environmentally-sustainable logistics system*

Ethical business:

- *requirement for high standard of integrity, honesty and fairness*
- *prohibition of corruption and money-laundering.*

In the event of non-compliance, the Group reserves the right to terminate the professional relationship or require the supplier to submit an action plan to remedy any non-compliance with standards. Implementation is verified through a second audit.

⁽¹⁾ Direct materials are pre-assembled components and systems used in assembly. Raw materials purchases represent a marginal portion of the Group's overall requirements.

the Code of Conduct to also include the principles set out in the Sustainability Guidelines.

Fiat seeks partners whose principles are consistent with its own business approach. For this reason, suppliers are selected and monitored through a new evaluation process, which incorporates the Group's values and gives a favourable evaluation to those suppliers that implement good practices in the area of social and environmental responsibility. The **Guidelines**, formulated in 2009, contain a series of standards that are gradually being inserted in all new contracts. Adherence to those standards is considered fundamental to becoming a supplier and establishing a long-term professional relationship with the Group.

To verify the supply chain's adherence to the principles of sustainability, in 2009 the Group launched two initiatives: a survey questionnaire and dedicated audits. In fact, 162 suppliers representing 54% of

procurement (by value) managed by Fiat Group Purchasing were asked to complete a **self-assessment questionnaire** through which the Group could determine the sustainability profile of the company in question. The process generated a 90% response rate and an average score of 78 out of 100. An analysis of the results revealed that good social and environmental practices had been adopted in the supply chain: more than a third prepare an annual sustainability report, and many suppliers also set improvement targets and have an environmental management system in place.

Field audits represented another important monitoring tool. 26 audits were carried out (4 in the Far East and 22 in Europe) at suppliers accounting for 11% of FGP's annual procurement.

The audits were conducted by the Group's Supplier Quality Engineers, assisted in three pilot projects by a third party specialist,

91% OF THE VALUE
OF DIRECT
MATERIALS
PURCHASED BY
FIAT GROUP
AUTOMOBILES
COMES
FROM ISO 14001
CERTIFIED
SUPPLIERS SITES



which provided methodologies and tools to ensure a competent and effective audit. FGP personnel relied on documentation, interviews and site inspections to formulate their evaluation.

No situations of particular mention arose during the audits and no contracts were terminated or cancelled as a result of the monitoring activities nor were any suppliers placed on "watch status".

In 2010, the number of audits will be increased to 65 and will cover suppliers identified as most relevant based on the elements of evaluation available, including the self-assessment questionnaire.

RAISING PERSONNEL AWARENESS

To ensure the proper awareness of sustainability and governance issues by personnel responsible for managing supplier relationships, an **online training** initiative targeted at all Group Buyers and Supplier Quality Engineers (SQE) in Italy was launched in 2009. The aim of the course is to communicate the content of the updated Code of Conduct and to generate an awareness of environmental, social and economic responsibility by informing personnel of recent developments in sustainability, the results achieved by the Group and its commitments for the future.

As a further incentive to promote sustainable management within the supply chain, in 2010 the variable compensation structure for Supplier Quality Engineering managers and professionals will also include sustainability objectives.

COMMUNICATION WITH SUPPLIERS

Over the years, Fiat has recognised the need to strengthen communication with its suppliers. This led to the creation of a **dedicated portal: Fiat Group Purchasing System**.

Access to the website is based on the individual supplier profile and the Group uses it to provide information on technical

requirements, planned restocking, supply quality performance for the partner concerned and the results of compliance tests conducted on new components. Suppliers can use the system to send documents and information to the Group (e.g. submission of information relating to supply tenders, origin of components, etc.). In 2009, 10,000 suppliers used this platform to communicate with the Group.

Last year, as in previous years, there were new opportunities for supplier encounters and existing communication initiatives were continued, including local conferences and **Technology Days**.

In 2009, a total of 10 Technology Days were organised involving over 800 participants, providing opportunities for discussion and the direct exchange of ideas with individual suppliers that are leaders in technology, innovation and quality.

As part of its partnering with suppliers and with the aim of sharing the processes and culture for continuous technological improvement, the Group continued the following initiatives:

- **World Class Manufacturing Purchasing**, a structure established in partnership with the Group's World Class Manufacturing (WCM) organisation to provide consultancy to suppliers interested in implementing the World Class Manufacturing (WCM) system at their own plants, thereby initiating a process of improvement which spans the entire value-creation chain. In 2009, the programme involved 100 supplier plants. In 2010, it will be extended to a further 100 plants.

- **Su.Per (Supplier Performance)**, a programme established to encourage a proactive approach from suppliers via a mechanism which gives them credit for a portion of the savings generated from the introduction of technical and technological innovations which they propose.

DEVELOPMENT IN HARMONY WITH LOCAL COMMUNITIES

The Fiat Group is fully aware of the impacts, both direct and indirect, that its decisions have on the local communities in which it operates. As such, it has always been committed to promoting their economic, social and cultural development, both directly and through initiatives and collaboration with local authorities, as well as in partnership with non-governmental associations and organisations, to make a contribution that is far more than merely financial.

In 2009, the Group committed €21.8 million to local communities (+16% compared with 2008) in a variety of areas including: social projects in local communities (26%), promotion of education (24%), of arts and culture (12%), religious activities (2%), sports (3%), support for scientific research (3%) and the health system (4%), and initiatives

in areas affected by natural disasters (21%). Geographically, 52% of the funds went to Europe, 35% to Latin America, 5% to North America, and 8% elsewhere in the world. Major initiatives are monitored continuously to evaluate their results, guarantee their effectiveness and impact on beneficiaries, and determine whether they should be continued.

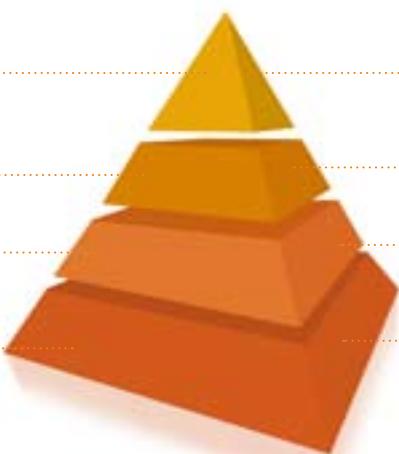
Charitable donations
€ 9,976,071

Investment in
local communities
€ 9,327,498

Commercial initiatives
with social impact
€ 1,673,537

Socially sustainable
business
€ 810,000

Total⁽ⁱ⁾
€ 21,787,106



Contributions for which
no service is required in return

Expenditure and investment
in initiatives to benefit local
communities where offices
and/or plants are located

Expenditure and investment in
social initiatives to promote a
commercial initiative

Expenditure and investment in
business initiatives
with high social value

Donations in cash
75%

Donations in kind
25%



⁽ⁱ⁾ Collected and calculated using non-accounting data and estimates. Amounts in currencies other than the euro were converted at the average exchange rate for 2009. The reported figure does not include initiatives whose sole purpose is brand image for the entity concerned. Amounts relate to all Fiat Group companies worldwide.

Following are some of the many initiatives carried out in 2009, chosen for their unique characteristics or their economic or social importance.

MOBILITY FOR ALL

Since 1995, Fiat has undertaken to guarantee all individuals a fundamental right: freedom of movement.

Autonomy, the mobility programme of Fiat Group Automobiles (FGA), is dedicated to the **design and implementation of technical solutions for individuals with reduced motor ability**. The programme seeks to give everybody access to a means of transport they can use without limitations. With Autonomy any Fiat, Fiat Professional, Lancia or Alfa Romeo car or commercial vehicle can be adapted using a wide range of advanced driving aid solutions and lifts for wheelchairs that can be adapted to the needs of individual users.

The project includes the activities of 18 **Mobility Centres** in Italy and 3 in Brazil which, in collaboration with staff who manage them locally, offer various free services, including assessment of residual motor ability using special simulators, driving tests in specially-adapted vehicles, opinions from physiotherapists and operators, and legal advice. In 2009, some 700 people benefited from these services in Italy and globally over 21,500 vehicles were sold (+12% compared with 2008).

Special **courses on safe driving** were also organised for individuals with disabilities under the guidance of professional instructors, while the **roadside assistance service** was expanded and adapted to respond to specific needs of these customers. Active throughout Europe 24 hours a day, 365 days a year, assistance is guaranteed for 4 years, without any mileage limits, and has been extended to also include vehicle downtime due to accidents. The service

includes: roadside repair where possible, towing, replacement vehicle, logistics support to return home or continue a journey, cash advances and the payment of any accommodation costs incurred.

The activities of Autonomy do not stop there, however. Every year, the **Group demonstrates its commitment to combating prejudice** by its involvement in sporting events for disabled athletes. In fact, Fiat believes there is no such thing as "different" competitions - only "different" abilities. In 2009, Autonomy was the main sponsor of the European Paralympic Table Tennis Championships in Genoa (Italy) and of the Disabled Alpine Skiing World Cup at Sestrières (Italy). (www.fiatautonomy.com)

HABITAT FOR HUMANITY AND UNITED WAY

Founded in 1976 to provide proper housing for the homeless and families in need, **Habitat for Humanity** (www.habitat.org) is a non-profit organisation which has built more than 300,000 homes worldwide, providing **shelter for over 1.5 million people** in more than 3,000 communities.

Since 2007, CNH - Case New Holland (CNH) employees in Racine (USA) have contributed to this important project through cash donations and by actively participating in building the external structures of houses. The company in fact allows them to carry out this **voluntary activity during working hours**.

Employees worked half-day shifts for an entire week in June. The association has received a total of USD 255,000 over a period of three years through activities involving Case Construction dealers and

**€21.8 MILLION
(+16%) COMMITTED
BY THE GROUP
TO LOCAL
COMMUNITIES**



THE TREE OF LIFE HAS HELPED 11,000 PEOPLE

CNH employees. More than 100 employees contributed with physical labour.

CNH - Case New Holland has also continued to support **United Way** (www.liveunited.org), a non-governmental organisation present in 45 countries around the world, which works to **improve living conditions in local communities**, focusing on education, income and health.

In 2009, donations from CNH and its employees totalled USD 1.4 million. Through this association, CNH has been helping provide daily support and healthcare to disadvantaged families for 30 years, as well as support for the homeless and elderly.

ÁRVORE DA VIDA

Brazil, one of the Group's most important markets, is also the country where Fiat's social commitment is greatest.

Since its establishment in Betim in 1976, Fiat Automóveis has worked alongside local authorities and a number of non-governmental organisations on initiatives to enhance and develop local communities.

The Árvore da Vida (Tree of Life) programme was launched in 2004 to **promote the cultural growth and socio-economic development** of Jardim Teresópolis, the district adjacent to Fiat's manufacturing plant, where about 40,000 people live (nearly 10% of the population of Betim), often in difficult socio-economic conditions. This community, with a high rate of illiteracy and a low percentage of individuals with professional training or technical skills, is dominated by criminal activity, drug trafficking, unemployment and domestic violence.

The project was planned in collaboration with **ASVI** and **CDM, non-governmental organisations** that helped Fiat to study the needs of the area, develop an implementation strategy and which monitor the results and any developments of the project each month. Árvore da Vida aims to create the conditions for profound social change, encouraging all local men and women to become active protagonists in, and ambassadors for, the process of change.

Sporting and cultural initiatives and professional training tailored to the needs of the local market have been organised under the programme, and a co-operative (Cooperárvore) was established to create jobs and foster an entrepreneurial spirit.

The project's success speaks for itself: since it was launched, 11,000 people have benefited and Cooperárvore has sold 90,000 products.



Compared with 2004, school attendance has improved from 78% to 92%, while there has been a 15% fall in the incidence of violent crime in Betim, with murders falling by 26.4% and thefts by 46% (source: Fundação João Pinheiro and the Military Police of Minas Gerais).

In terms of vocational education, significant results were achieved in 2009: 113 young

people began courses in electro-mechanical and electronics through the *Capacitação Profissional* (empowerment for work) programme that has been running in Betim since 2006 and in São Paulo since 2008. Of the 104 young people who have received a diploma to date, 88% have already found employment. In 2009, courses were also launched in Brasília, Recife and Curitiba.

Fiat Automóveis S.A invested some **€1.5 million** in Árvore da Vida during the year. The programme won the 2009 Aberje prize in the "Relations with the Community" category, and Fiat Automóveis was named by the magazine Istoé Dinheiro as the best company for management of "social and environmental responsibility" (www.fiat.com.br/mundo-fiat/sustentabilidade/arvore-da-vida).

Motivated by a similar desire to help improve the quality of life of the local communities in which they operate, CNH - Case New Holland, Comau, FPT Powertrain Technologies, Iveco, Magneti Marelli and Teksid have for some years also been actively involved in local community projects in Brazil. These include literacy programmes and training courses, initiatives to integrate disabled people into the workplace, activities to promote sport and music, support for schools and food aid for disadvantaged families.

LANCIA FOR A MORE ETHICAL WORLD

Over the past few years, social commitment has become a distinguishing characteristic of Lancia. The brand has taken a leading role in an increasing number of initiatives, supporting existing activities and, above all, promoting original projects.

This commitment was underscored by the full calendar of events in 2009. In February, Lancia helped support the creation and spread within Italy of the first **code of ethics and self-regulation for the world of fashion**, the primary intention being to combat anorexia.

In July, the brand supported the invitation of Nobel laureate Nelson Mandela to "make an imprint", to encourage everyone to do their bit to help change the world.

Also, for the second year running, Lancia supported the **Global Summit of Nobel Peace Laureates**, whose 10th edition was held in Berlin to coincide with the ceremony celebrating the 20th anniversary of the fall of the Wall.

As in 2008, the event inspired an advert promoting a noble cause and paying tribute to those who risk their lives to improve those of others. In fact, Lancia chose to stand in solidarity with these important individuals, backing calls for the release of someone who has become a symbol of the battle to defend human rights: Aung San Suu Kyi, who won the Nobel Peace Prize in 1991 and has been a prisoner in Burma for the last 13 years.

TECHPRO² AND TECHNICAL TRAINING

Collaboration between the Fiat Group and the Salesian Technical Institutes in the area of vocational training and professional development continued throughout 2009. One year after the launch of TechPro², the results achieved testify to the success of the programme, which has provided 700,000 hours of training to 2,150 young people, with



750 dealerships offering apprenticeships. The purpose of the project is to provide **technical and vocational training** to young people from **disadvantaged backgrounds or underprivileged areas of the world**, while at the same time responding to the **demand for highly qualified technical staff** from the service network of Fiat, Alfa Romeo, Lancia and Fiat Professional.

TechPro² was formed through a collaboration which brings together, on the one hand, the capability of the Salesians to educate through vocational training centred around the values of human and social development, and, on the other, the technical expertise of Fiat Group Automobiles. The programme consists of three phases: recruitment of young people; theory in the classroom (equipped with all the necessary tools: the latest products, engine components, diagnostic instruments, cutting-edge equipment and up-to-date manuals) and practical experience gained through apprenticeship and, finally, promotion of trainees who have achieved certification as candidates for the service network.

Every phase - from enrolment to certification, and throughout the full and demanding training programme - is managed in close collaboration between the Salesians and Fiat Group Automobiles.

A web area is soon to be launched which will facilitate the continuous evaluation of processes and results of the programme (students participating, academic results, requirements of the service network and courses offered), while at the same time guaranteeing the transparency of objectives and efficient management that are fundamental to the project.

Following the initial launch at 10 Italian locations, TechPro² was expanded internationally during 2009, with the inauguration of 19 sites in Spain, 1 in Poland and 1 in Brazil.

Further expansion is planned for 2010, with new sites to be opened in Argentina, Italy

and Brazil (www.techpro2.com).

For several years, Iveco has also worked with the Salesians in countries where specialist skills are scarce and language barriers or poorly equipped workshops often mean that training material is inadequate or difficult to access. Last year, as a result of this partnership, Iveco not only gave its usual support for the training of local teachers and supply of educational materials and equipment, but also contributed to the renovation of the school in El Obeid, Darfur (Sudan). In addition, it donated two minibuses to training schools in Cairo (Egypt) and Darfur for the transport of students to and from training sites, as well as a specially adapted Eurocargo for use in the practical part of courses.

Every year about 50 automotive specialists are trained through this initiative.

**2.150 YOUNG
PEOPLE TRAINED
THROUGH
TECHPRO²**



SPORTING VALUES

For several years, the Iveco brand has been associated with the world of rugby and its values of team spirit, discipline, fair play, self-sacrifice and respect for the opponent. Through a desire to share these positive messages and give the most troubled youth something to hope for, the company



initiated a project in collaboration with the rugby club in Milan (AS Rugby Milano) for detainees at the Cesare Beccaria Juvenile Detention Centre.

Thirty-five boys took part in the programme, whose purpose was not only to **teach them the rules of rugby** and organise training sessions and competitions, but also offer the possibility of an **apprenticeship with the Iveco Milanocarri dealership in Milan**.

A further benefit of this project, which is the first of its kind, was to progressively give the young detainees a greater sense of responsibility, not only in relation to the game, but also in management and taking care of the equipment and personal property.

The activity has had an undoubtedly positive impact on the personal lives and values of the boys participating and they have shown themselves receptive to the message and expressed a desire to continue playing the sport in the communities where they will live once their period of detention has been completed.

THE FIAT GROUP SUPPORTS ABRUZZO

Following the major earthquake which devastated Abruzzo, the Fiat Group responded immediately to provide technical, financial and humanitarian assistance to the stricken population with a value of more than €4,280,000.

Under the coordination of the Italian civil defence, Group companies provided equipment, vehicles and manpower in the very initial phases of the relief effort: Iveco provided 6 Massifs, 3 fully-equipped Eurocargos, 2 Iveco Astras (purpose-built for quarries/construction sites) and 1 Daily 4x4 with specialised equipment, while New Holland provided a large number of machines and specialist operators. 21 Fiat Sedicis, 6 pieces of construction equipment from Case Construction, 1 Daily 4x4 and 1 electricity generator from FPT Powertrain Technologies to supply power to the tent cities, 8 Ducato Panoramas and 4 Iveco Irisbus school buses to transport schoolchildren were also donated.

Ferrari, Maserati and Magneti Marelli also contributed to the relief effort with financial donations.

Continuous contact was maintained with the organisations responsible for managing the relief effort to ensure that aid was prompt and effective. Group plants located near the earthquake zone also provided support by contributing to the complex logistics operations. The Group's involvement was not limited to the provision of vehicles and other equipment. In April, the Group joined with dealerships throughout Italy in donating €40 for every Fiat, Alfa, Lancia and Fiat Professional car or commercial vehicle sold. The approximate €2.5 million raised through this initiative will be used to rebuild a community nursery school in Aquila, providing a safe place for children to play once again.

€4 MILLION FOR EARTHQUAKE-STRICKEN POPULATION

"There are two kinds of people in life: people who see the world as it is and wonders why. People who imagine the world as it should be and wonders: why not?"

George-Bernard Shaw

APPENDIX

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FURTHER DETAILS

This section contains additional figures and information to that provided in other parts of the Sustainability Report. The information relates to the contents of the GR1-G3 standard and is intended to answer specific questions by analysts and socially responsible investors.

ECONOMIC DIMENSION	ECONOMIC VALUE GENERATED	
	(€ million)	2009
Net revenues as reported in consolidated income statement		50,102
Interest income from customers and other financial income of financial services companies		(918)
Government revenue grants and amortisation of deferred government investment grants, release to income of other provisions and other income		724
Other income		1,062
Economic value generated directly		50,970
Cost of materials		(37,767)
Depreciation & Amortisation		(2,899)
Other expense		(647)
Economic value generated		9,657

BREAKDOWN OF ECONOMIC VALUE GENERATED

(€ million)	2009
Employees	6,810
Finance providers	1,303
Government & Public Authorities	813
Shareholders	27
Local community	22
Reinvested in the Group	682
Economic value distributed	9,657

PENSION PLANS

According to a survey of 88% of the Group's workforce worldwide, approximately 62% of employees are eligible for a supplementary pension plan, and of these, 66% joined a supplementary plan. This represents 41% of the Group's total population worldwide.

Supplementary pension plans fall into two categories:

- defined contribution pension plans, for which contributions (by employees, the company or both) are fixed 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 fixed at the outset, and contributions may vary over time to guarantee payment of the pre-defined benefits.

Most existing pension plans in operation at Group companies are defined contribution plans.

COMPLIANCE⁽¹⁾

Following are reported the final court judgements, the final arbitration awards and other final orders that were deemed significant because of their value and for which a final decision was issued in 2009 against the companies of the Fiat Group ("final judgements").

There were no significant final judgements that related to breaches of environmental legislation, unfair competition, antitrust and intellectual property regulation and/or laws or breaches of regulations and/or laws for the rights of local communities.

Final judgements, however, were issued against companies of the Fiat Group in the following areas:

- two civil cases of libel in the press relating to Editrice La Stampa; the total damages paid to the counterparts totalled €56,000;
- one case of non compliance with certain provisions of the data protection legislation relating to Editrice La Stampa in connection with the publication of a news article; the total amount of the judgement was €9,000;
- some cases of damages for product defects and liability for damages arising from defective products for a total amount of €738,000;
- a fine imposed by the Italian Antitrust Authority for misleading advertising relating to a TV advert where the text was not consistent with the actual commercial practice. The fine applied was for the amount of €150,000;
- some cases of contractual liability (e.g. for breaches of contracts with dealerships) for a total amount of €3,945,000.

The main final judgements relating to labour law and social security issued to the Fiat Group companies in 2009, which mainly were related to the administrative management of employees, involved a total payment of approximately €3.2 million. However, such judgements were not significant, especially in type, number and considering the specific differences in local legislation. The audit programmes relating to employee issues are an additional tool to help strengthen governance in this area.

Finally, proceedings are ongoing in Greece against Fiat Group Automobiles for alleged price maintenance. Fiat Group Automobiles 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.

⁽¹⁾ This comment refers to indicators GRI-G3 EN28, HR9, SO7, SO8, PR2, PR7, PR8 and PR9; indicator PR4 was reported with reference to indicators PR2, PR7, PR9 and SO8.

**ENVIRONMENTAL
DIMENSION**
Total weight of waste by type and disposal method (tonnes/year)

2009	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	179	16	2	2	31	22	15	71	6	14
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 waste	117,944	34,406	381	784	30,118	18,531	18,719	13,227	1,421	357
Total waste disposed of	447,874	45,575	81	6,446	26,128	13,772	25,633	27,953	300,873	1,413
of which by incineration	23,608	12,230	-	-	2,411	2,358	2,957	2,730	880	42
of which by treatment	77,357	12,523	81	5,795	16,702	4,604	22,348	12,672	2,179	453
of which by landfill	346,909	20,822	-	651	7,015	6,810	328	12,551	297,814	918
% of waste sent to landfills	27.7	4.4	-	6.8	6.1	15.9	0.3	13.1	75.9	23.5
Total waste recovered	804,149	423,590	469	3,131	88,227	28,964	98,448	67,573	91,248	2,499
% of waste recovered	64.2	90.3	85.3	32.7	77.2	67.8	79.3	70.7	23.3	63.9
2008	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	171	16	2	2	29	18	15	72	6	11
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 waste	148,375	36,318	712	1,026	32,606	35,970	22,780	16,389	1,854	720
Total waste disposed of	639,378	57,536	227	7,130	45,806	15,967	25,513	27,295	458,101	1,803
of which by incineration	40,219	24,781	-	-	7,317	1,845	3,207	1,395	1,292	382
of which by treatment	80,590	8,557	132	6,336	25,348	4,889	19,079	12,674	2,947	628
of which by landfill	518,569	24,198	95	794	13,141	9,233	3,227	13,226	453,862	793
% of waste sent to landfills	31.1	4.5	9.2	6.8	7.7	13.0	1.9	12.4	75.7	16.7
Total waste recovered	1,080,588	484,886	810	4,517	125,102	55,117	140,235	79,383	187,580	2,958
% of waste recovered	64.8	90.5	78.1	38.8	73.2	77.5	84.2	74.4	31.3	62.1
2007	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	150	11	2	2	23	18	15	59	6	14
Non-hazardous waste	1,573,208	524,014	847	8,238	112,435	53,170	137,750	93,651	641,661	1,442
Hazardous waste	82,232	19,241	27	2,549	12,526	8,063	23,882	10,638	4,846	460
Total waste generated	1,655,440	543,255	874	10,787	124,961	61,233	161,632	104,289	646,507	1,902
of which packaging waste	128,331	37,952	535	1,207	21,825	29,407	23,040	11,644	2,357	364
Total waste disposed of	653,220	69,958	286	5,284	36,131	15,068	25,101	28,571	472,319	502
of which by incineration	26,339	15,460	-	-	3,693	1,734	3,378	857	1,205	12
of which by treatment	77,271	9,870	198	4,438	23,541	4,292	20,069	10,675	3,756	432
of which by landfill	549,610	44,628	88	846	8,897	9,042	1,654	17,039	467,358	58
% of waste sent to landfills	33.2	8.2	10.0	7.8	7.1	14.8	1.0	16.3	72.3	3.0
Total waste recovered	1,080,836	471,562	589	5,503	88,829	46,178	136,671	75,450	254,805	1,249
% of waste recovered	65.3	86.8	67.3	51.0	71.1	75.4	84.6	72.3	39.4	65.7

Withdrawal and discharge of water (10³ m³/year)

2009	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	179	16	2	2	31	22	15	71	6	14
Withdrawal										
ground water	15,515	3,688	2	286	910	2,480	3,966	1,445	2,676	62
municipal water supplies or other water utilities	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 withdrawn	34,518	13,753	16	379	1,863	3,381	6,180	4,666	4,124	156
Discharge										
to surface water	7,865	1,599	-	-	276	1,301	1,353	471	2,865	-
to public sewer systems	13,256	5,887	16	121	1,210	1,172	3,449	1,302	87	12
released elsewhere	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	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	171	16	2	2	29	18	15	72	6	11
Withdrawal										
ground water	16,525	3,938	4	309	1,053	3,015	3,555	2,198	2,398	55
municipal water supplies or other water utilities	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 withdrawn	36,964	15,117	22	435	2,318	3,730	5,849	4,844	4,203	446
Discharge										
to surface water	9,694	4,119	-	-	435	1,293	494	509	2,844	-
to public sewer systems	19,381	8,721	19	275	1,484	1,241	3,868	3,256	121	396
released elsewhere	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
2007	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	150	11	2	2	23	18	15	59	6	14
Withdrawal										
ground water	16,349	4,146	3	312	1,058	2,890	3,907	1,752	2,180	101
municipal water supplies or other water utilities	18,706	11,796	24	62	878	713	1,779	2,005	1,389	60
surface water	1,034	417	-	-	150	35	-	62	370	-
other	1,417	6	-	-	1	13	724	401	272	-
Total water withdrawn	37,506	16,365	27	374	2,087	3,651	6,410	4,220	4,211	161
Discharge										
to surface water	8,014	4,134	-	-	303	1,152	527	501	1,308	89
to public sewer systems	19,917	10,015	21	200	1,508	1,479	3,786	2,677	156	75
released elsewhere	2,238	378	-	27	83	20	1,408	285	37	-
Total water discharge	30,169	14,527	21	227	1,894	2,651	5,721	3,463	1,501	164

Direct energy consumption by source (GJ)

2009	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Total non-renewable and renewable	9,429,304	2,721,984	20,521	314,752	2,207,779	1,118,282	583,407	960,212	1,419,957	82,410
Total non-renewable	9,394,316	2,721,912	20,521	313,852	2,177,333	1,118,282	583,407	956,642	1,419,957	82,410
of which CNG	8,402,351	2,715,381	20,521	313,852	2,079,416	852,979	575,532	862,196	906,811	75,663
of which diesel	107,267	2,390	-	-	49,609	5,866	7,875	16,979	17,801	6,747
of which LPG	126,150	37	-	-	47,048	2,529	-	76,094	442	-
of which coal	741,286	-	-	-	-	246,383	-	-	494,903	-
of which high sulphur fuel oil	14,629	4,104	-	-	-	10,525	-	-	-	-
of which low sulphur fuel oil	2,633	-	-	-	1,260	-	-	1,373	-	-
Total renewable	34,988	72	-	900	30,446	-	-	3,570	-	-
of which biomass	30,446	-	-	-	30,446	-	-	-	-	-
of which photovoltaic	900	-	-	900	-	-	-	-	-	-
of which solar-thermal	3,642	72	-	-	-	-	-	3,570	-	-

Indirect energy consumption by source (GJ)

2009	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Total non-renewable and renewable	21,462,260	9,397,408	25,524	434,910	1,332,657	1,345,151	3,063,985	3,326,150	2,345,407	191,068
Total non-renewable	18,165,533	8,5552,131	25,524	434,910	1,020,411	1,233,264	2,744,516	2,642,520	1,322,287	189,970
of which electric energy	10,142,132	2,996,408	25,524	375,014	972,536	645,666	1,610,103	2,308,150	1,087,146	121,585
of which thermal energy	6,504,697	4,515,102	-	47,212	47,397	551,613	867,158	285,409	122,708	68,098
of which other energy sources ⁽¹⁾	1,518,704	1,040,621	-	12,684	478	35,985	267,255	48,961	112,433	287
Total renewable	3,296,727	845,277	-	-	312,246	111,887	319,469	683,630	1,023,120	1,098
of which electric energy	3,208,837	845,277	-	-	270,958	111,887	272,868	683,629	1,023,120	1,098
of which thermal energy	41,289	-	-	-	41,288	-	-	1	-	-
of which other energy sources ⁽¹⁾	46,601	-	-	-	-	-	-	46,601	-	-

⁽¹⁾ It includes secondary sources: cooling energy, compressed air and pressurised air.

Direct and indirect energy consumption (GJ/year)

2009	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	179	16	2	2	31	22	15	71	6	14
Electricity	13,350,969	3,841,686	25,524	375,014	1,243,494	757,553	1,882,971	2,991,778	2,110,266	122,683
CNG	8,402,351	2,715,381	20,521	313,852	2,079,416	852,979	575,532	862,196	906,811	75,663
Other fuels ⁽¹⁾	1,022,411	6,531	-	-	128,363	265,303	7,875	94,446	513,146	6,747
Other energy sources ⁽²⁾	8,115,833	5,555,795	-	60,796	89,163	587,597	1,181,015	337,941	235,141	68,385
Total energy consumption	30,891,564	12,119,393	46,045	749,662	3,540,436	2,463,432	3,647,393	4,286,361	3,765,364	273,478
2008	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	171	16	2	2	29	18	15	72	6	11
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
CNG	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⁾	1,149,971	14,302	-	-	129,363	363,962	8,086	67,874	554,817	11,567
Other energy sources ⁽²⁾	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
2007	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	150	11	2	2	23	18	15	59	6	14
Electricity	14,956,380	4,194,485	31,253	389,517	1,284,046	1,055,293	2,610,645	2,668,166	2,648,793	74,182
CNG	8,722,445	2,762,271	22,087	438,447	2,165,336	1,419,739	799,753	623,438	484,690	6,684
Other fuels ⁽¹⁾	1,107,315 ⁽³⁾	797	-	-	124,193	314,744	10,723	99,642	551,207 ⁽³⁾	6,009
Other energy sources ⁽²⁾	9,437,417	6,614,884	-	-	65,153	674,298	1,486,914	311,401	223,973	60,794
Total energy consumption	34,223,557⁽³⁾	13,572,437	53,340	827,964	3,638,728	3,464,074	4,908,035	3,702,647	3,908,663⁽³⁾	147,669

Direct and indirect CO₂ emissions (tonnes)

2009	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	179	16	2	2	31	22	15	71	6	14
Total	2,571,811	1,075,643	3,900	68,049	281,997	186,696	324,125	338,399	267,677	25,325
of which direct	549,608	152,830	1,151	17,607	114,262	72,569	32,872	54,535	99,037	4,745
of which indirect	2,022,203	922,813	2,749	50,442	167,735	114,127	291,253	283,864	168,640	20,580
2008	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	171	16	2	2	29	18	15	72	6	11
Total	n.a.	1,222,102	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which direct	631,119	161,107	1,214	24,954	137,516	107,098	39,634	48,444	104,336	6,816
of which indirect	n.a.	1,060,995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2007	Fiat Group	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau
Plants worldwide	150	11	2	2	23	18	15	59	6	14
Total	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which direct	568,067 ⁽³⁾	152,256	1,217	24,158	125,682	105,997	44,908	38,525	74,696 ⁽³⁾	628
of which indirect	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

⁽¹⁾ Includes high sulphur fuel oil (HSFO), low sulphur fuel oil (LSFO), diesel, coal, liquid petroleum gas (LPG) and biomass.

⁽²⁾ Includes heating and cooling energy, compressed and pressurised air and renewable energy sources (photovoltaic and solar-thermal).

⁽³⁾ This figure has been corrected and therefore differs from the amount reported in the 2008 Sustainability Report.

NOx, SOx, and other significant air emissions by type and weight
Emissions corresponding to energy consumption (tonnes/year)

	2009			2008			2007		
	NOx	SOx	Dust	NOx	SOx	Dust	NOx	SOx	Dust
Plants worldwide	179	179	179	171	171	171	150	150	150
Fiat Group Automobiles	322.1	2.1	0.1	338.9	2.1	0.3	326.9	0.4	-
Maserati	2.4	-	-	2.6	-	-	2.6	-	-
Ferrari	37.1	-	-	53.6	-	-	51.9	-	-
CNH	241.0	7.6	0.6	289.9	10.7	0.9	262.6	8.6	0.7
Iveco	112.7	55.8	5.8	175.6	53.4	6.1	179.1	51.3	5.5
FPT	69.0	1.1	0.1	84.7	1.2	0.1	95.9	1.5	0.1
Magneti Marelli	111.1	3.0	0.2	101.0	2.3	0.1	78.3	5.5	0.3
Teksid	128.6	72.6	11.1	132.7	66.7	10.1	69.7 ⁽¹⁾	65.6 ⁽¹⁾	10.0 ⁽¹⁾
Comau	9.8	1.0	0.1	15.4	1.7	0.1	1.1	0.8	0.1
Fiat Group	1,033.9	143.2	18.0	1,194.4	138.0	17.7	1,068.1⁽¹⁾	133.7⁽¹⁾	16.7⁽¹⁾

Volatile Organic Compound Emissions (g/m²)

	2009	2008	2007
Plants worldwide	179	171	150
Fiat Group	46.3	49.8	64.3
Fiat Group Automobiles	44.3	47.1	65.4
Maserati	-	-	-
Ferrari	33.7	34.9	32.1
CNH	59.5	64.3	87.9
Iveco	61.3	59.1	61.0
FPT	43.8	38.8	28.0
Magneti Marelli	32.9	37.6	29.0
Teksid	248.5	299.0	131.8
Comau	13.8	112.4	-

SOCIAL DIMENSION

BREAKDOWN OF FIAT GROUP EMPLOYEES

Employees by age - Italy

Age	%
Up to 30 years	10.8
31 to 40 years	33.8
41 to 50 years	35.9
Over 50 years	19.5

Employees by years of service - Italy

Years of service	%
Up to 5 years	21.6
6 to 10 years	15.2
11 to 20 years	27.4
21 to 30 years	21.9
Over 30 years	13.9

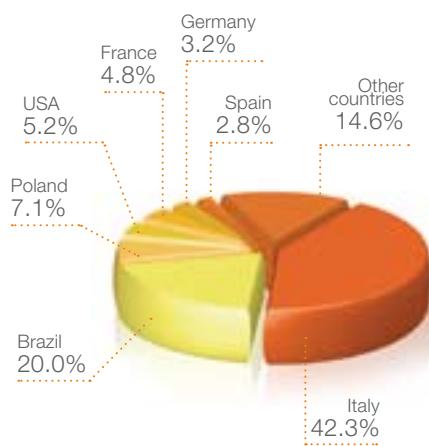
Employees by level of education - Italy

Educational qualification	%
University degree or equivalent	10.8
High school diploma	36.9
Elementary/middle school	42.5
Not mapped ⁽²⁾	9.8

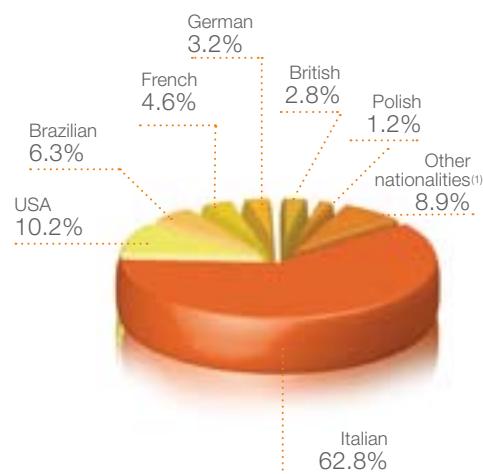
⁽¹⁾ This figure has been corrected and therefore differs from the amount reported in the 2008 Sustainability Report.

⁽²⁾ Relates to cases where it was not possible to report level of education, due to a lack of information.

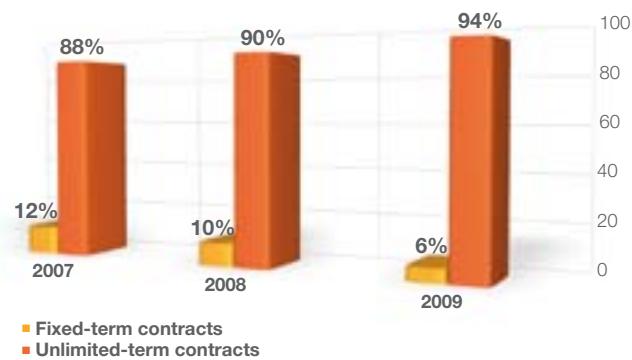
Employees in countries of significant presence as a percentage of total employees



Nationality of managers



Percentage of fixed-term and unlimited-term contracts blue-collar workers World



EMPLOYEE TURNOVER

Blue-collar employee turnover World

Blue-collar workers as of 31/12/2008	136,488
New Hires	12,391
Departures	18,889
Δ scope of operations	1,127
Blue-collar workers as of 31/12/2009	131,117

Employee turnover Italy

Employees as of 31/12/2008	82,371
New Hires	960
Departures	3,922
Δ scope of operations	1,025
Employees as of 31/12/2009	80,434

Employee turnover Europe excl. Italy

Employees as of 31/12/2008	50,159
New Hires	2,223
Departures	6,275
Δ scope of operations	-281
Employees as of 31/12/2009	45,826

Employee turnover Central and South America

Employees as of 31/12/2008	46,316
New Hires	9,488
Departures	11,096
Δ scope of operations	514
Employees as of 31/12/2009	45,222

Employee turnover North America

Employees as of 31/12/2008	12,305
New Hires	1,352
Departures	2,500
Δ scope of operations	0
Employees as of 31/12/2009	11,157

Employee turnover Rest of the world

Employees as of 31/12/2008	7,197
New Hires	1,055
Departures	801
Δ scope of operations	-76
Employees as of 31/12/2009	7,375

⁽¹⁾ Includes other 38 nationalities.

ACADEMIC PARTNERSHIPS AND TALENT ATTRACTION

	2009	2008	2007
No. of Group and Sector university presentations	419	366	113
of which: in Italy	145	167	67
No. of students visiting Group facilities worldwide	38,072	53,000	10,000
of which: university students	13,819	22,100	4,000
No. of scholarships	566	1,148	685
of which: offered in Italy	159	351	194
Scholarships (€ million)	1.1	2.2	1.2
No. of UGAF - (Fiat Group Seniors' Association) scholarships	0.11	0.13	0.15
No. of traineeships	2,571	3,800	3,000
of which: in Italy	477	1,037	783
CVs received	478,846	622,500	200,000
New graduates recruited	679	2,191	1,649
of which: in Italy	112	532	367

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In the European Union, European Directive 01/23 stipulates that in the event of the transfer of businesses, plants or parts of businesses or plants following a contractual sale or merger, an information and consultation procedure must be conducted with employee representatives. The procedure must be initiated with reasonable notice prior to the implementation of the transfer. In addition to compliance with regulatory provisions following adoption of the above directive in each individual EU member state, the Fiat Group European Works Council regulation includes, among the topics subject to information and consultation, fundamental changes in organisation, 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 unionised and non-unionised 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 unionised 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-unionised sites, it is common practice to make a company-wide announcement to all employees of organisational changes relating to outsourcing, with appropriate notice in advance of the operation.

DISABLED EMPLOYEES

In Italy, in order to comply with its obligations arising from Law 68/99, the Fiat Group has defined agreements with the competent authorities intended to promote the inclusion within the company of disabled people. These agreements, provided for under prevailing legislation, are an appropriate tool for best meeting society's interest in employing such workers, in that they consider both the needs of the employees themselves and the companies' organisational and production requirements. In certain other countries, there is no specific employment protection legislation for disabled people, and as a result, since the information is by nature sensitive and often protected under privacy laws, it is difficult to objectively report the number of disabled employees. The Fiat Group has initiated a reporting process for this data in countries where there are no legal obstacles to collecting such information.

ETHICS IN ADVERTISING

The Fiat Group recognises the social role of advertising communication and voluntarily chooses to adopt and encourage positive and responsible attitudes. The "Fiat Group Advertising Code of Ethics," first adopted in 1993, aims to define the basic rules and apply Guidelines for all communications activities. The Group is an active member of the Unione Pubblicitari Associati (the association of advertisers), promoter of the Istituto di Autodisciplina Pubblicitaria (institute for advertising standards), and member of the European Advertising Standards Alliance. As a member of the Unione Pubblicitari Associati,

the Fiat Group also adheres to the Code of Advertising Ethics and complies with its initiatives and the decisions of the Control Committee and the Jury, its adjudicating body. Moreover, the Group does not directly develop its own advertising campaigns, but uses specialist agencies that adhere to international advertising standards on ethics. The main agency used by the Fiat Group for its advertising in Europe, for example, is a member of the European Association of Communication Agencies (EACA) for the promotion of responsible communication.

GLOSSARY

- Brake Prefill:** device that detects potentially hazardous situations: if the driver suddenly lifts foot from the accelerator pedal, the system immediately brings the brake pads into contact with the discs, enabling more rapid braking in an emergency.
- Electronic Stability Control (ESC):** system that detects and prevents skidding by regulating engine power and braking individual wheels, enabling driver to regain control of the vehicle.
- Adaptive Cruise Control (ACC):** electronic system that automatically regulates vehicle speed to maintain a safe distance from the vehicle ahead.
- Driver Attention Support:** system which 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.
- E-Diff (electronic differential):** used for years on Formula 1 racing cars to transfer excess torque to the ground under extreme conditions. On the racetrack, the E-diff improves wheel grip to prevent fishtailing when coming out of curves. For on-road vehicles, it is a valuable technological enhancement that can increase the level of stability.
- F1-Trac (traction control):** system which guarantees maximum traction through continuous monitoring of relative wheel speed. It adapts automatically according to the grip available.
- ISO 14001:** standard which establishes requirements for an Environmental Management System. Issued by the International Organization for Standardization (ISO).
- 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.
- UNI-INAIL 2001 Guidelines:** document issued by UNI (the Italian national standards organization) and INAIL (the Italian workers' compensation insurance administration) containing guidelines and recommendations for development of an Occupational Health and Safety Management System.
- OHSAS 18001:** international standard establishing requirements for Occupational Health and Safety Management Systems.
- Pulse Width Modulation controllers:** electric devices (e.g. radiator and fan, fuel pump) that use rapid modulation of pulse widths to reduce the amount of power required from the battery and consequently the engine for recharging, thus cutting fuel consumption.
- S-Track:** silenced track system for crawler tractors that keeps the track chain in constant contact with the drive sprocket to reduce vibration and noise.
- Selective Catalytic Reduction (SCR):** exhaust gas after-treatment technique in which a solution of demineralised 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 utilisation of power from engine to minimum required.
- 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.
- Synaptic Damping Control:** active suspension control system that improves ride comfort under all conditions, providing better handling and road holding.
- 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.

A glossary is also available on the website <http://sustainability.fiatgroup.com>.

STATEMENT OF ASSURANCE

This Sustainability Report has been audited by SGS Italia S.p.A.⁽¹⁾, 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.



ASSURANCE STATEMENT

ASSURANCE STATEMENT FOR THE FIAT GROUP 2009 SUSTAINABILITY REPORT

SGS Italia S.p.A. was commissioned to conduct an independent assurance review of the FIAT Group 2009 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.

It is the responsibility of SGS Italia S.p.A. to express an opinion concerning the information, graphs, tables and statements included in the Report, within the scope of assurance stated below, for the purpose of disclosure to all Interested Parties.

Scope of Assurance

The scope of assurance agreed with FIAT Group includes verification of the following aspects:

- evaluation of the accuracy of data provided;
- evaluation of the Report's compliance with the Global Reporting Initiative Guidelines (2006), with respect to the A+ application level;
- evaluation, through a Type 2 Engagement, of the application of the principles of AccountAbility and information on performance in line with the AA1000 2008 Assurance Standard.

Furthermore, the following specific information regarding the FIAT Group's sustainability performance has been subject to a high-level assurance review:

- in the section entitled "Safe and ecological mobility": MultiAir Technology.
- in the section dedicated to suppliers verification of the results of the process for evaluating the supply chain, based on the Sustainability Standards defined by FIAT Group.

Methodology and limitations

Verification was performed through research carried out prior to the assurance process, the review of registrations and documents, interviews with personnel and management, and the analysis of policies, procedures and practices adopted within the Organisation. To verify the accuracy and reliability of the process for collecting and reporting data an examination was undertaken on random samples of qualitative and/or quantitative information upon which texts, graphs and tables in the Report are based.

Each member of the Assurance Team was selected on the basis of their technical knowledge, experience and qualification relating to the various dimensions evaluated.

The assurance review was conducted during November 2009 and January, February and March 2010 at several FIAT Group sites in Italy, Belgium, Poland, Romania and Brazil.

In order to verify conformity of the supply chain to FIAT sustainability principles, SGS conducted audit activities on-site at supplier companies - working alongside the FIAT audit team to evaluate the level of detail and completeness of the audit - as well as a desk study of the review and classification of evaluation questionnaires and reports produced as part of the audit activities.

Financial data was taken directly from the Annual Report at 31 December 2009, which has already been subject to an independent audit.

The additional information provided on the Sustainability website (<http://sostenibilita.fiatgroup.com>) was not included in the assurance process.

Assurance Opinion

On the basis of the assurance work performed, we are satisfied that the information and data contained in the FIAT Group 2009 Sustainability Report is accurate and reliable, and provides a fair and balanced representation of FIAT Group's activities, as well as representing an essential tool for communicating with Stakeholders.

With regard to compliance with AA1000APS 2008 AccountAbility principles, the Assurance Team issues the following opinion:

- Inclusivity: the FIAT Group is deemed to have satisfied the principle of inclusivity through the definition of functions dedicated to an ongoing dialogue with Stakeholders and designation of bodies responsible for and tools dedicated to interaction with interested parties.
- Materiality: the Fiat Group is deemed to have adequately satisfied the principle of materiality. In particular, the Sustainability Plan reflects the structure of the Group's decision-making and strategic development processes aimed at increasing the focus on issues of importance to both the Organisation and Stakeholders.
- Responsiveness: the FIAT Group is deemed to have responded to the principal topics of interest to its Stakeholders. It is recommended that the Group continue to listen to and involve Stakeholders, in order to ensure the systematic analysis of their needs and expectations.

With reference to the verification of specific information on sustainability performance, as stated in the scope of assurance, the Assurance Team expresses the following opinion:

- The information included in the 2009 Sustainability Report is reliable and complete, in relation to the above-mentioned principles. In particular, MultiAir technology was found to be an excellent innovation in sustainable mobility. With reference to spreading awareness of sustainability issues along the supply chain, during 2009 the requirement to adopt the principles set out in the Code of Conduct has been supplemented with specific Sustainability Guidelines. Furthermore, monitoring of environmental and social performance was initiated, including a significant increase in the number of on-site audits at supplier companies, as stated in the Sustainability Plan.

We also confirm that the report complies with the requirements of the GRI-G3 A+ application level, with the following recommendations and opportunities for improvement:

- The process for collecting environmental data has been structured systematically through adoption of a software application that has further improved and standardized the level of reliability of the information. This has ensured a good level of coverage of the indicators in the GRI-G3 Guidelines relating to the environmental dimension. It is recommended that the FIAT Group continue enhancement of internal systems for collecting and analysing data and information of importance to Stakeholders, in particular for indicators relating to the social dimension.

Milan, 11 March 2010

SGS Italia S.p.A.

Paolo Pineschi
Systems & Services Certification
Business Manager

Marina Piloni
Systems & Services Certification
Project Leader



AA1000
Licensed Assurance Provider
000-8

This is a free translation from the original in Italian. In the event of discrepancy, the Italian language version prevails

⁽¹⁾ The Chief Executive Officer of Fiat S.p.A., Sergio Marchionne, is Chairman of the Board of Directors of SGS S.A.



INDEX OF GRI-G3 CONTENT

The following table has been provided to help the reader in locating content within the document which relates to specific GRI-G3 indicators.

Each indicator is followed by reference to the appropriate page in the 2009 Sustainability Report or reference to other documentation including the Fiat Group website (www.fiatgroup.com).

KEY

SR = 2009 Sustainability Report

AR = 2009 Annual Report

ARCG = Annual Report on Corporate Governance, February 2010

COC = Fiat Group Code of Conduct

FGIW = Fiat Group Institutional Website <http://www.fiatgroup.com>

SW = Fiat Group website dedicated to sustainability <http://sustainability.fiatgroup.com>

 Fully disclosed

 Partially disclosed

 Not disclosed

N.A. Not Applicable

GRI-G3 Indicators	Coverage	Reference
1. STRATEGY AND ANALYSIS		
1.1 Statement from the Chairman and the CEO		SR - pages 4-5
1.2 Key impacts, risks, and opportunities		SR - pages 30-31, 38, 63 AR - pages 42-45, 223-227 ARCG - pages 16-18 FGIW
2. PROFILE OF THE ORGANISATION		
2.1 Name of the organisation		SR - pages 16-23
2.2 Primary brands, products, and/or services		SR - pages 16-23 AR - pages 14-20, 86-115, 219-222 FGIW
2.3 Operational structure		SR - pages 24-25 AR - pages 12, 237-267
2.4 Location of organisation's headquarters		SR - page 176
2.5 Countries where the organisation operates		SR - pages 16, 112, 165 AR - pages 22-23, 30, 223
2.6 Nature of ownership and legal form		AR - pages 31-33 ARCG - pages 4-6, 22
2.7 Markets served		AR - pages 30, 223
2.8 Scale of the reporting organisation		SR - pages 16-23 AR - pages 30-33
2.9 Significant changes		AR - pages 34-39, 84-85, 236
2.10 Awards received		SR - pages 14-15 AR - pages 34-39 SW
3. REPORT PARAMETERS		
<i>Profile</i>		
3.1 Reporting period		SR - pages 6-10
3.2 Date of most previous report		SR - pages 10

GRI-G3 Indicators	Coverage	Reference
3.3 Reporting cycle		SR - pages 6
3.4 Contact point for questions regarding the report		SR - page 176 SW
<i>Report scope and boundary</i>		
3.5 Process for defining report content		SR - pages 6-10
3.6 Boundary of the report		SR - page 10
3.7 Limitations on the scope or boundary of the report		SR - page 7
3.8 Reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities		SR - pages 24-25 AR - pages 237-267
3.9 Data measurement techniques and the bases of calculations		SR - page 10
3.10 Re-statements of information provided in earlier reports		SR - pages 7, 10
3.11 Significant changes from previous reporting periods		SR - pages 7, 10
<i>GRI-G3 content index</i>		
3.12 Table identifying the location of the Standard Disclosures in the report		SR - pages 170-173
<i>Assurance of the report</i>		
3.13 External assurance		SR - page 168

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT

<i>Governance</i>		
4.1 Governance structure		SR - pages 26-27, 34 ARCG - pages 12-15, 23 FGIW
4.2 Executive powers of the Chairman		ARCG - pages 8, 11, 23
4.3 Independent and non-executive Directors		ARCG - pages 8-9, 11, 23
4.4 Mechanisms for shareholders and employees to provide recommendations		ARCG - pages 3, 20, 39, 48, 51, 167-170
4.5 Linkage between compensation for directors and the organisation's performance		SR - page 52 AR - pages 81-82, 194-202 ARCG - pages 13-14
4.6 Conflicts of interest		ARCG - pages 1, 9, 13, 27-28, 58
4.7 Qualifications and expertise of Directors		SR - pages 34-36 ARCG - pages 10, 153-154
4.8 Mission, values, codes of conduct and principles		COC
4.9 Procedures for overseeing the organisation's identification and management of economic, environmental and social performance		SR - pages 34-36
4.10 Process for evaluating the Board of Directors' performance		SR - page 52
<i>Commitments to external initiatives</i>		
4.11 Explanation of whether and how the precautionary approach or principle is addressed		SR - pages 82-93
4.12 Externally developed economic, environmental, and social charters or principles		COC SW
4.13 Memberships in industry associations		SW
<i>Stakeholder engagement</i>		
4.14 List of stakeholder groups		SR - pages 8-9
4.15 Basis for identification and selection of stakeholders		SR - page 7
4.16 Approaches to stakeholder engagement		SR - pages 7-9
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics		SR - pages 7-9

5. PERFORMANCE INDICATORS

ECONOMIC PERFORMANCE INDICATORS	Coverage	Reference
<i>Economic performance</i>		
EC1 Directed economic value generated and distributed		SR - pages 34, 158
EC2 Financial implications and other risks and opportunities due to climate change		SR - pages 30-31, 38, 63
EC3 Coverage of the organization's defined benefit plan obligations		SR - page 159 AR - pages 202-207



GRI-G3 Indicators	Coverage	Reference
EC4 Significant financial assistance received from Government <i>Market presence</i>		SR - pages 32, 85
EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation		SR - page 120
EC6 Policy, practices, and proportion of spending on locally-based suppliers		SR - page 147
EC7 Procedures for local hiring		SR - pages 116, 165
<i>Indirect economic impacts</i>		
EC8 Development and impact of infrastructure investments and services provided for public benefit		SR - pages 9, 15, 28, 34, 58-59, 150-155
EC9 Understanding and describing significant indirect economic impacts ⁽¹⁾		
ENVIRONMENTAL PERFORMANCE INDICATORS		
<i>Materials</i>		
EN1 Materials used		SR - pages 74-75, 147
EN2 Percentage of materials used that are recycled input materials		SW SR - pages 74-75
<i>Energy</i>		
EN3 Direct energy consumption by source		SR - pages 99-100, 162-163
EN4 Indirect energy consumption by source		SR - pages 99-100, 162-163
EN5 Energy saved		SR - pages 98-100
EN6 Initiatives to provide energy-efficient or renewable energy-based products and services		SR - pages 62-93
EN7 Initiatives to reduce indirect energy consumption and reductions achieved		SR - pages 98-100, 106-111
<i>Water</i>		
EN8 Total water withdrawal by source		SR - pages 103, 161
EN9 Water sources significantly affected by withdrawal of water		SR - page 105
EN10 Percentage and total volume of water recycled and reused		SR - page 103
<i>Biodiversity</i>		
EN11 Location and size of land owned, leased, managed in protected areas and areas of high biodiversity value		SR - page 105
EN12 Description of significant impacts on biodiversity		SR - pages 48, 105
EN13 Habitats protected or restored	N.A.	
EN14 Strategies		SR - pages 48, 105
EN15 Number of IUCN Red List species and national conservation list species		
<i>Emissions, effluents, and waste</i>		
EN16 Greenhouse gas emissions		SR - pages 100-101, 163
EN17 Other indirect greenhouse gas emissions		SR - pages 99, 106-111
EN18 Initiatives to reduce greenhouse gas emissions		SR - pages 39-42, 48-51
EN19 Emissions of ozone-depleting substances		SR - page 101 SW
EN20 Other air emissions		SR - pages 101-102, 164
EN21 Water discharge		SR - pages 103, 161
EN22 Total waste by type and disposal method		SR - pages 104, 160
EN23 Total number and volume of significant spills		SR - page 96
EN24 Hazardous waste		SR - pages 104, 160
EN25 Biodiversity and habitats affected by the organization's discharges		SR - pages 96, 105
<i>Products and services</i>		
EN26 Initiatives to mitigate environmental impacts of products and services		SR - pages 62-93
EN27 Percentage of products sold and their packaging materials that are reclaimed by category		SR - pages 43-44, 74-76, 109
<i>Compliance</i>		
EN28 Monetary value of fines and sanctions for non-compliance with environmental laws and regulations		SR - page 159

⁽¹⁾ See sections relating to Communities (page 150 and following) and Industrial Relations (page 133 and following).

GRI-G3 Indicators	Coverage	Reference
EN29 Environmental impacts of transport		SR - pages 106-109
EN30 Environmental protection expenditure and investments		SR - page 96 SW

SOCIAL PERFORMANCE INDICATORS

<i>Employment</i>		
LA1 Total workforce by employment type, contract and region		SR - pages 112-116, 164-165
LA2 Turnover by age, gender and region		SR - pages 114, 165
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees		SR - page 115
LA4 Percentage of employees covered by collective bargaining agreements		SR - pages 136-137
LA5 Minimum notice period for operational changes		SR - page 166
LA6 Percentage of workforce represented in health and safety committees		SR - page 130
LA7 Injuries and occupational diseases		SR - page 128
LA8 Education, training and risk-control programmes in place to assist employees and their families regarding serious diseases		SR - pages 129-132
LA9 Health and Safety topics covered in agreements with trade unions		SR - page 136
LA10 Employee training		SR - pages 124-125
LA11 Programmes for skills management and lifelong learning that support the continued employability of employees		SR - pages 124-126
LA12 Percentage of employees receiving performance and career development reviews		SR - pages 52, 121-122
LA13 Breakdown of employees by gender and other indicators of diversity		SR - pages 117-118 FGIW SR - page 119
LA14 Ratio of basic salary of men to women		
<i>Human rights</i>		
HR1 Agreements that include human rights clauses		SR - pages 28, 147-148
HR2 Suppliers evaluated on respect of human rights		SR - pages 147-149
HR3 Total hours of employee training on human rights		SR - pages 28-29
HR4 Incidents of discrimination		SR - pages 28-29, 52, 117-119
HR5 Risks to the right to freedom of association and collective bargaining		SR - pages 28, 133, 147
HR6 Incidents of child labour		SR - pages 29, 33, 147
HR7 Incidents of forced or compulsory labour		SR - pages 28-29, 147
HR8 Security personnel trained on human rights		SR - pages 28-29
HR9 Violations of the rights of indigenous people		SR - page 159
<i>Society</i>		
SO1 Management of impacts on communities		SR - pages 28, 58-59, 150-155
SO2 Monitoring of the risk of corruption		SR - pages 27-29, 33, 38, 147
SO3 Employees trained on anti-corruption policies and procedures		SR - pages 28-29
SO4 Actions taken in response to incidents of corruption		SR - page 29
SO5 Position on public policy and lobbying		SR - pages 31-33
SO6 Contributions to political parties		SR - page 33
SO7 Legal actions for anti-competitive behavior, anti-trust		SR - page 159
SO8 Sanctions for non-compliance with laws and regulations		SR - page 159
<i>Product responsibility</i>		
PR1 Health and Safety of products and services		SR - pages 45-47, 76-81, 88-91
PR2 Incidents of non-compliance with regulations on health and safety of products and services		SR - page 159
PR3 Product and service information		SW
PR4 Incidents of non-compliance with regulations and voluntary codes on product information		SR - page 159
PR5 Customer satisfaction		SR - pages 57, 144-146
PR6 Laws, standards and voluntary codes relating to marketing and advertising		SR - pages 166-167
PR7 Non-compliance with regulations and voluntary codes		SR - page 159
PR8 Substantiated complaints on breaches of customer privacy		SR - page 159
PR9 Fines for non-compliance with laws and regulations		SR - page 159

UTOPIA

"Utopia" – a term coined by the English philosopher Thomas More from the Greek words οὐ-τόπος ("place that does not exist") and εὖ-τόπος ("place of happiness") – denotes an ideal world: a perfect society, a community of individuals who live together happily and in harmony. To describe something as utopian often means to regard it as irrational, whereas actually it is a valuable opportunity to reflect on the nature of the real world, through a representation of the imaginary world, and to take on the task of converting dreams into action.

Utopia therefore has the dual function of suggesting a clean break from the status quo and proposing an ideal model. Rather than simple progress, it is a radical leap forward.

Against a background of great uncertainty, profound social change, and economic slowdown, utopia can be seen as a "memory of the future" (as Lamartine used to say: "Utopias are often only premature truths.") It is no accident that the men quoted in Fiat Group publications teach us how in art, philosophy, science and society, the search for innovative solutions and new ways of thinking and moving forward enables us to face the future with courage and determination – with the aim of making a mark on it rather than submitting to it. The list of utopians in history would be too long to convey any idea of the vitality of utopian thought. Let us therefore settle for just a few, and observe how what were once utopian concepts – such as cinema, the Internet, or environmentalism – have become an integral part of our everyday lives.

Artists, painters and poets love utopia because it is highly seductive, attractive and powerful. Utopia is a positive, overwhelming *Weltanschauung*, where anything is possible. It is freedom of thought... as well as a duty to the future.

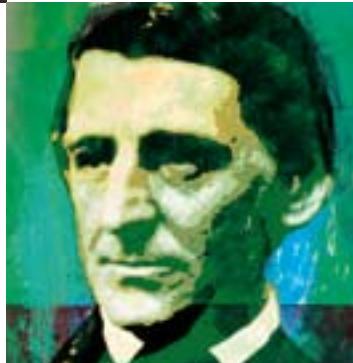
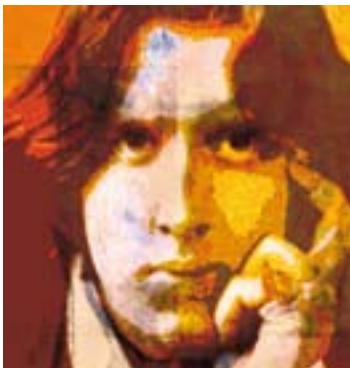
Let us travel to a place where the purpose of life is to make possible what may today seem impossible. The time has come to define a future that frees us from the worries of today and the constraints of yesterday. Utopia is an ambition. It calls upon us to realise our ambitions for the future and, in the final analysis, it drives us to create a better world.



Albert Schweitzer

1875-1965

A German-French Protestant theologian, musician, philosopher and doctor, Albert Schweitzer was born a citizen of the province of Alsace-Lorraine in the German Empire at the time. When it was re-integrated into France with the Versailles Treaty, he became French. He was a well-known organist to whom we owe a number of works on Bach. He wrote a philosophical study of civilization where he addressed ethical thought from a historical angle and urged his contemporaries to implement a philosophy on 'Reverence for Life'. As a doctor he founded a hospital in 1913 where he treated thousands of patients at Lambaréne, now in Gabon. In 1954, he created the 'Village of Light' for two hundred lepers and their families. He frequently returned to Europe to give talks and organ recitals to raise the funds necessary for his work. In 1928, Albert Schweitzer was awarded the Goethe Prize and the Nobel Peace Prize in 1952.



Ralph Waldo Emerson

1803-1882

An American essayist, philosopher and poet, Emerson was the founder of the early 19th-century Transcendentalist movement. His work is a bridge between two great traditions : where Puritanism meets Romanticism. He emerged as a leading figure of his era with his first ground-breaking work *Nature* (1836). Here he developed the idea of a superior Soul and asserted the mystical commitment of his mission. An adept of American individualism inspired by nature, he lauded the necessity of finding a new national vision and the use of personal experience. Towards the end of his life he was an ardent champion of abolitionism.

Oscar Wilde

1854-1900

As a young man, with his long hair and flamboyant dress, Irish writer Oscar Wilde was already an outstandingly brilliant student at Oxford University. His novel *A Portrait of Dorian Gray* was, and still is, immensely successful as were his essays, poems and tales. As Editor of the magazine *The Woman's World*, he championed feminism. Influenced by Ruskin, he joined the artistic movement which extolled the quest for 'Beauty' regardless of moral or social standards. As one of the great literary figures of his day, Wilde shocked society with his extravagance, cynicism and plays which were often banned from the stage. He was arrested for homosexuality and sentenced to two years' forced labour. Shattered by this episode, he fled to France where he published the *The Ballad of Reading Gaol* in 1898 under the name C.3.3. which stood for his cell block, landing and cell numbers.



George Bernard Shaw

1856-1950

A caustic, provocative Irishman, George Bernard Shaw was a musical critic, essayist, scriptwriter and playwright. He denounced narrow-minded Puritanism, hypocritical conventions and religious hierarchy. Inspired by the teachings of Charles Darwin, he founded his philosophy on evolution, a mysterious 'life force' that drives evolution towards perfection. His life's work is that of a reformer endeavouring to substitute enlightened socialism for capitalism. He was awarded the Nobel Prize for Literature in 1925.

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