

2019

# Sustainability Report



FIAT CHRYSLER AUTOMOBILES

“

FCA is a global company with approximately 192,000 employees, providing safe, reliable mobility to millions of customers in more than 130 countries. Our 2019 Sustainability Report reflects activities from the 2019 calendar year, prior to the widespread outbreak of COVID-19 and therefore any forward looking statements made in this report are subject to the uncertainty caused by the outbreak.

As we face the unique challenges of the COVID-19 pandemic, our first priority is the health and welfare of our extended FCA family, including our employees, customers and the communities where we have our offices and facilities.

Across the world, our regional teams have experienced the spread of the virus in various stages. Best practices, as well as lessons learned from our teams that were initially impacted have been quickly deployed to other regions. We have employed various measures including extending remote working to employees who are able to do their job away from the workplace, social distancing in our facilities and enhanced cleaning. We are reminded of the true value of being part of the FCA family.

Throughout this period, we remain committed to our customers and dealers. From the launch of initiatives such as the digitally enabled Remote Sales program in Italy to providing deferred payment plans in the United States, we are supporting our customers and dealers through this period of economic uncertainty.

In these exceptional times we are also taking a fresh look at how the ingenuity and skills of FCA can be applied in different ways to help our communities. At the time of this report, our engineers and manufacturing teams in Italy are helping Siare Engineering, one of the few companies making respirators in that area, to more than double their productivity. In addition, in March we started the conversion of one of our plants to make protective face masks for health care workers and first responders, with initial distribution across North America.

Our actions in this unprecedented time represent a deep commitment to our role and our responsibilities in our communities. In the same way, our 2019 Sustainability Report reflects that same dedication of our Group to the fundamental principles that will ensure the longevity and sustainability of our Company, employees and communities.

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March 31, 2020

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## Message from the Chairman and the CEO

- 2019 was a pivotal year for our company.

Not only did we achieve strong financial results, but we also took decisive steps to lay the groundwork for future growth and profitability as well as to ensure that our company has the scale, expertise and resources to effectively navigate through the dramatic transformation our industry is undergoing.

We want to thank everyone in the FCA organization for their on-going contributions during such an important year. Their relentless hard work and professionalism is crucial to our continued success.

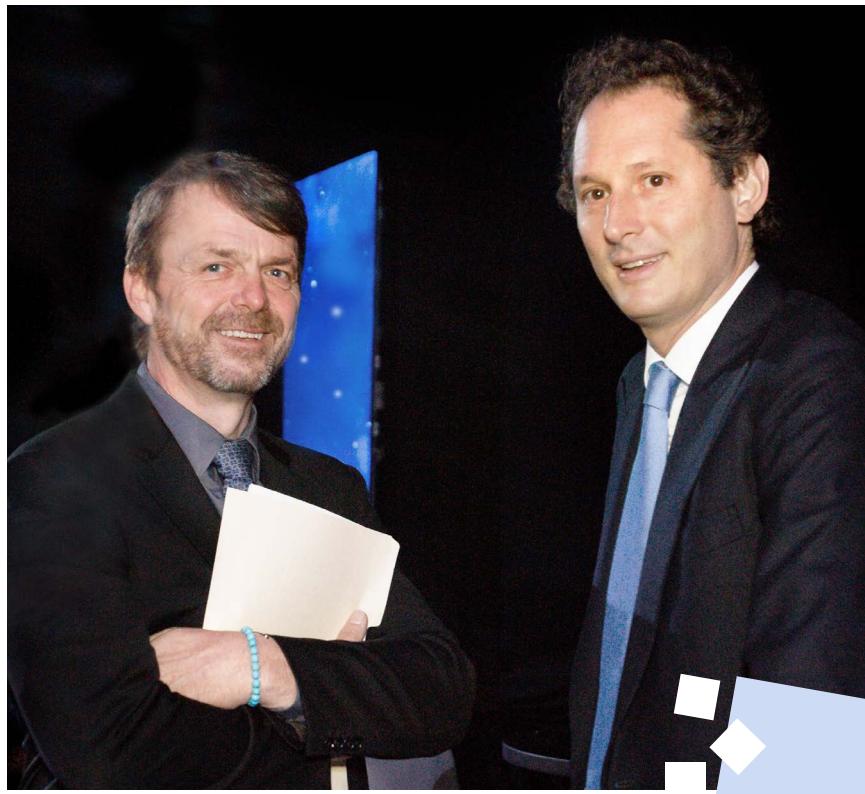
Worldwide combined shipments totaled 4.4 million units and net revenues came in at €108.2 billion.

We achieved Adjusted EBIT for the year of €6.7 billion, with a margin of 6.2 percent.

Across our core business operations by region, North America posted record results for the 5th consecutive year, with Adjusted EBIT at €6.7 billion and margin at a new high of 9.1 percent. In the United States, the Ram brand reached a new sales record and, for the first time, ranked as the number two brand in the large pickup truck segment.

We also delivered another year of strong results in LATAM, with Adjusted EBIT up 40 percent to €501 million and margin increasing by 150 basis points to 5.9 percent. In Brazil, we regained overall market leadership and finished the year in a leading position in key segments such as SUVs, pickups and light commercial vehicles.

Results in APAC significantly improved, despite continued market challenges. Actions to improve vehicle mix and net pricing along with cost savings and restructuring actions significantly reduced our loss compared to prior year.



In EMEA, performance was adversely affected by several factors, including continued commercial challenges and the age of our product portfolio in the region. Lower volumes and higher incentives, together with increased compliance and product costs, led to a decrease in Adjusted EBIT to near break-even. However, during 2019, we took actions to invest in EMEA and improve operating performance. We streamlined headcount and further reduced our cost-base in the region. We also continued our focus on moving away from low-margin sales channels. Finally, we announced significant investments in key new products, which will go a long way towards renewing our product portfolio and improving our competitiveness.

Maserati results - with an Adjusted EBIT loss of €199 million - reflected the impact of important actions we took to start to re-position the business. During the year, a completely new management team was installed, with key talent recruited both internally and externally. We significantly reduced dealer stock and committed to key investments to renew and expand Maserati's product offering, with a regular cadence of new product launches, including a significant level of electrified powertrains, through 2024. These actions give us a high level of confidence in the future trajectory of the Maserati brand.

The above operating results led the company to achieve a full-year Adjusted net profit of €4.3 billion and net profit from continuing operations of €2.7 billion. These results also drove Industrial Free Cash Flows of €2.1 billion.

On the basis of these strong results, the Board of Directors recommended the payment of an ordinary dividend of €1.1 billion to our shareholders, as previously indicated.

Delivering such strong results is important to support the substantial investments we are making in future products, technologies and facilities.

During 2019 we committed to key projects that are fundamental to our future, and will further strengthen our business in the years ahead.

- In the United States, we are investing \$4.5 billion to expand the capacity of our facilities in Michigan and build a new state-of-the-art plant in Detroit that will open later this year. It's a commitment that will add 6,500 new jobs in Southeast Michigan.
- In Italy, we are executing an ambitious €5 billion plan, centered around electrification, with key new products and a new Battery Hub located inside our historic Mirafiori complex in Turin, that will assemble batteries for our growing line-up of electric models.
- In Brazil, we have started a significant new investment cycle of R\$16 billion (approx. €3.4 billion), which will see a renewed product line-up for the Fiat and Jeep brands and add a new state-of-the-art flex-fuel engine plant, which will become the largest powertrain hub in Latin America.
- For Maserati, we are executing a major product-led transformation plan including the launch of new white-space products as well as several full battery electric and hybridized models.

Undoubtedly, 2019 was another historic year in the evolution of our company because of the agreement we reached with PSA for a 50/50 merger that will create the world's third largest automaker by revenues and a new global OEM equipped to meet the mobility challenges that lie ahead. We expect to close the transaction with PSA by the end of this year or in early 2021. In the meantime, we will maintain our focus on the flawless delivery of our commitments.

Among the other highlights of the year:

- We finalized the sale of Magneti Marelli, which not only significantly strengthened our balance sheet, but also allowed the Group to distribute a €2.0 billion extraordinary dividend to our shareholders.
- We strengthened our network of partnerships to develop e-mobility solutions for electric vehicles by executing agreements with Enel X and ENGIE in Europe, for both home charging stations and public charging networks.
- With a focus on improving our efficiency and speed to market, we streamlined our Global Product Development team by bringing together vehicle and powertrain engineering under a single, global organization.
- We entered into an agreement to sell our cast iron components business operated through Teksid; this is another important step in the implementation of our supplier business plan and will allow the business to be further developed by a leading player in the cast iron industry.

We also strengthened our product offering with several key launches, including:

- The all-new Ram Heavy Duty, which was awarded Motor Trend's 2020 Truck of the Year, on the back of the Ram Light Duty winning the previous edition of the award.
- The all-new Jeep Gladiator, which was named 2020 North American Truck of the Year and marked the brand's return to the pickup truck market.
- The all-new Jeep Commander PHEV, the first electrified vehicle of the global Jeep family, which also represented our entry into China's rapidly-growing New Energy Vehicle market.

We remain committed to continue to develop our social and environmental responsibilities.

In 2019, we further reduced our environmental footprint on a per-vehicle-produced basis at our plants around the world: compared with 2010, we accomplished a nearly 40 percent reduction in water withdrawal, a 27 percent reduction in our carbon footprint and a 64 percent reduction in waste generated.

We strive to enrich the vitality of the communities where we live and work by creating jobs, giving back through employee volunteering and providing financial support through our charitable initiatives. During 2019, Group employees around the world volunteered thousands of hours in support of a wide range of social projects.

We also aim to offer our employees an inclusive work environment, where everyone feels respected and valued. We are proud that our efforts were recognized by organizations such as the Refinitiv Diversity & Inclusion Index in which FCA was among the global "Top 25 Most Diverse & Inclusive Companies" in the workplace.

It was also an important year for initiatives with significant positive impact on society.

2019 marked the 15th anniversary of our Árvore da Vida project in Brazil, which provides educational support for young people in Jardim Teresópolis, one of the most impoverished districts in the metropolitan area around the Group's plant in Betim. The program aims to empower families through education and, to date, has helped more than 20,000 people in the local area.

As part of our sustainability focus, we also provided significant support through the FCA Foundation for an ambitious and innovative project supporting scientific education and outreach to be launched by CERN in Geneva with the Science Gateway, which is expected to host more than 300,000 people every year. In such an occasion, the Aula Magna will be dedicated to our late CEO, Sergio Marchionne. Students from primary to high-school age, and their families, will be able to experience the world of physics and science through interaction and experimentation.

In conclusion, 2019 saw the Group continue to build on its rich legacy, while at the same time laying the groundwork for further transformation and the beginning of another momentous chapter.

We are committed to ensuring we remain a leading global car company and to building a sustainable business for the benefit of all our stakeholders.

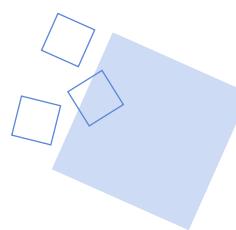
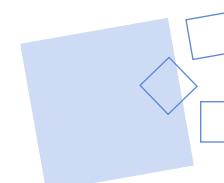
We will continue to be guided by the same values that define our Group by linking growth and respect, economic success and social responsibility, industrial development and environmental awareness.

We would like to recognize and thank all of our shareholders and stakeholders for your trust, support and engagement.

February 25, 2020

/s/                    /s/

John Elkann	Mike Manley
<b>Chairman</b>	<b>Chief Executive Officer</b>



# Business Model and Governance



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# Business Model and Value Chain



Fiat Chrysler Automobiles is a global automotive group engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems worldwide through more than 100 manufacturing facilities and more than 40 research and development centers. The Group's automotive brands are: Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Ram, Maserati, the SRT performance vehicle designation and Mopar, the parts and service brand.

- In addition, FCA operates in the components and production systems sectors under the Teksid and Comau brands. The Group also provides retail and dealer financing, leasing and rental services through our subsidiaries, joint ventures and commercial arrangements with third party financial institutions.

FCA has operations in more than 40 countries, customers in more than 130 countries, and business partnerships with suppliers and dealers on a global scale. Due to the complexity of the automotive industry's value chain and product offering, FCA impacts a large number and wide variety of stakeholders. We aim to create value through our relationships and connections with customers, employees, dealers, suppliers and communities, among others. We recognize that our environmental and social activities affect not only our aspiration to grow the business but also our commitment to the environment and the communities where we operate.

Emerging trends, evolving consumer attitudes and regulatory requirements influence not only which products and services we develop, but also how we develop them. FCA incorporates the concept of a circular economy into our business approach, focusing on reducing waste in the value chain from vehicle design through production, distribution, use and eventual reuse of materials.

Central to FCA's approach is the belief that effective, lasting solutions to climate change and other pressing environmental and social issues can only be achieved through an integrated approach that combines individual and collective commitment; an effective multi-stakeholder strategy; investment in enabling processes and technologies; and the incorporation of circular economy principles in operations. All of these elements are an integral part of FCA's model of operating responsibly.

## ••• GROUPE PSA AND FCA ANNOUNCEMENT



In December 2019, Fiat Chrysler Automobiles N.V. and Peugeot S.A. signed a binding Combination Agreement providing for a 50/50 merger of their businesses. The proposed combination will be an industry leader with the management, capabilities, resources and scale to capitalize on the opportunities presented by the new era in sustainable mobility.

With its combined financial strength and skills, the merged entity will be well placed to provide innovative, clean and sustainable mobility solutions, both in a rapidly urbanizing environment and in rural areas around the world. The gains in efficiency derived from larger volumes, as well as the benefits of uniting the two companies' strengths and core competencies, will ensure the combined business can offer all its customers best-in-class products, technologies and services and respond with increased agility to the shift taking place in this highly demanding sector.

Completion of the proposed combination is subject to customary closing conditions, including approval by both companies' shareholders at their respective Extraordinary General Meetings and the satisfaction of antitrust and other regulatory requirements.

Our business plan includes a focus on technology development: autonomous driving, vehicle connectivity and electrification deployment. Among other things, the plan anticipates that we will offer electrified propulsion systems (battery electric, plug-in hybrid electric, full hybrid and mild hybrid) in global architectures spanning the full range of vehicle segments. The plan also anticipates that by 2022, more than 30 nameplates will feature one or more of these systems.

Our efforts to achieve progress toward these objectives reflects our commitment to create long-term value responsibly.

To achieve our objectives, the Group focuses on:

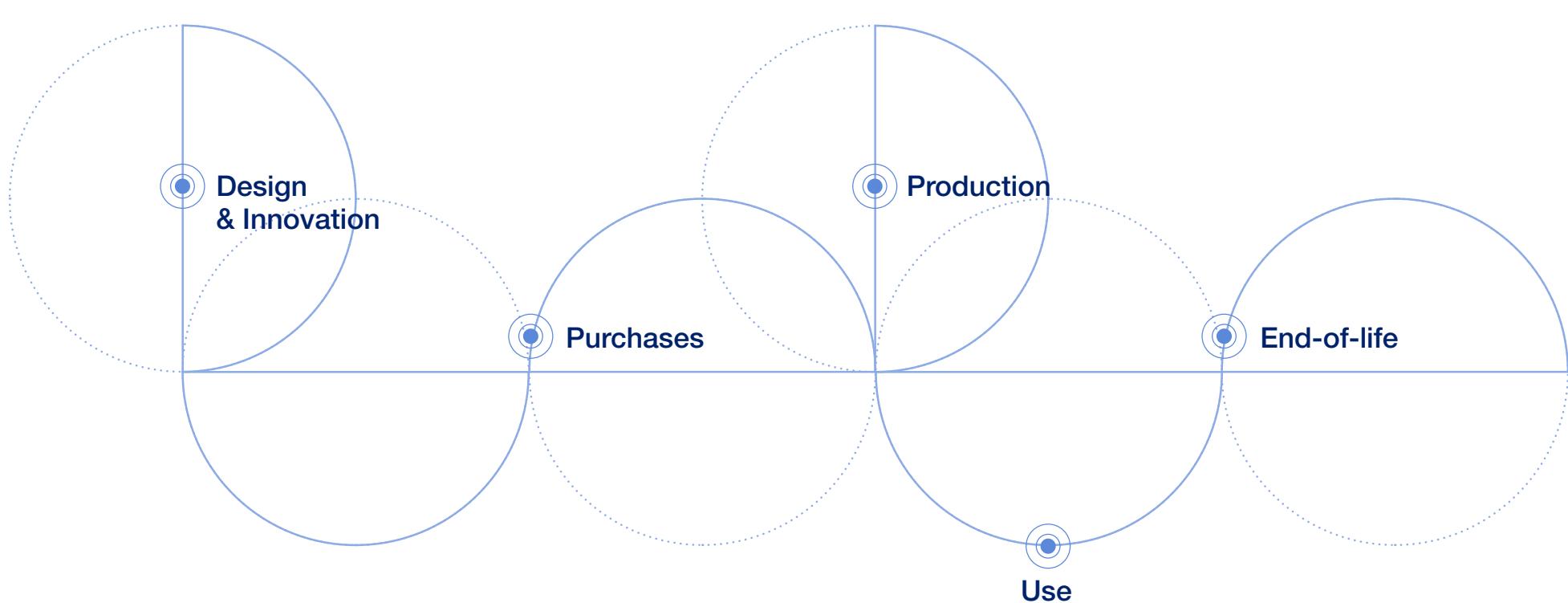
- a governance model based on transparency and integrity
- safe and sustainable products
- a competitive product offering and innovative mobility solutions
- effective communication with consumers
- constructive management and professional development of employees

- safe working conditions and respect for human rights
- mutually beneficial relationships with business partners and local communities
- responsible management of manufacturing and non-manufacturing processes to reduce impacts on the environment.

Across our value chain, FCA impacts our stakeholders directly or indirectly. The need to transition to a more sustainable future is one of the major challenges facing the world today, as expressed in the United Nations Transforming our World 2030 Agenda for Sustainable Development. We operate responsibly to contribute to the relevant United Nations Sustainable Development Goals supporting this Agenda.

The following graphics present a simplified view of the highly complex industry in which FCA competes to illustrate how key tangible and intangible inputs are converted through the Group's business activities, bringing value to the Company, to our customers, to society and to the environment.

• • •



## ... Design & Innovation

### MAJOR IMPACTS

- Innovation in products and processes
- Vehicle safety
- Vehicle fuel economy and emissions
- Vehicle quality
- Customer satisfaction and loyalty
- Product competitiveness and reputation
- Brand perception and value
- Vehicle material composition and end-of-life
- Environmental impact and natural resource consumption in production processes
- Employee health and safety in production processes

### KEY INPUT

Approx. **€4.2 Billion**  
in research and development

### VALUE GENERATED AND SHARED

**6,091 patents**

The following UN Sustainable Development Goals are relevant during this phase of the Value Chain:



## Purchases ...

### MAJOR IMPACTS

- Indirect employment in third-party operations
- Working conditions for third-party employees
- Local revenue for business partners and communities
- Indirect environmental impact and natural resource consumption
- Innovation of components and processes
- Technological sharing among regions and industries

### KEY INPUT

Approx. **2,100 suppliers** globally

### VALUE GENERATED AND SHARED

Approx. **€76 Billion** in total purchases

The following UN Sustainable Development Goals are relevant during this phase of the Value Chain:



## ••• Production

### MAJOR IMPACTS

- Direct employment
- Local revenue for communities where FCA operates
- Employee safety and working conditions
- Employee development through training
- Environmental impact and natural resource consumption from direct operations
- Process innovation
- Technological and know-how sharing across regions, Group companies and working teams

### KEY INPUT

**191,752 employees** working in more than 100 manufacturing facilities and more than 40 research centers worldwide, as well as other properties: parts distribution centers, proving grounds, warehouses and office buildings

Around **42 Million GJ of energy** consumed at Group plants worldwide

**18.8 Million m<sup>3</sup> of water** consumed (withdrawal) at Group plants worldwide

### VALUE GENERATED AND SHARED

**€11.4 Billion in personnel costs** as compensation for employee time and efforts

**3.4 Million tons of CO<sub>2</sub>** emissions at Group plants, a decrease of 9% vs 2018

**2.2 Billion m<sup>3</sup> of water** saved at Group plants worldwide with a recycling index of 99%

The following UN Sustainable Development Goals are relevant during this phase of the Value Chain:



## ••• Use

### MAJOR IMPACTS

- Social impacts on traffic, road safety and access to mobility
- Vehicle fuel consumption and emissions
- Customer satisfaction and loyalty
- Brand reputation and value

### VALUE GENERATED AND SHARED

FCA grants access to mobility for millions of people around the world through **4.4 Million** new FCA vehicles delivered to customers

### KEY INPUT

**€108 Billion** in revenue

The following UN Sustainable Development Goals are relevant during this phase of the Value Chain:



## ••• End-of-life

### MAJOR IMPACTS

- How raw materials are originally sourced
- Environmental impacts of vehicle and battery end-of-life: waste generation, dismantling, recycling, disposal management and remanufacturing

### KEY INPUT

Vehicles that are discarded by consumers worldwide

The following UN Sustainable Development Goals are relevant during this phase of the Value Chain:



# Materiality and Stakeholder Engagement

Each year, FCA conducts an analysis of sustainability-related topics which may be considered material to the Company. This analysis combines inputs from stakeholders, the FCA business plan, key global risks, corporate values, industry trends, information of interest for investors, and societal standards and expectations.

The materiality analysis, as the cornerstone of our continued engagement and dialogue with stakeholders, helps us better understand opportunities and risks.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



**19 MATERIAL TOPICS**



**200+ SELECTED INTERNAL AND EXTERNAL STAKEHOLDERS ENGAGED**



# Materiality and Stakeholder Engagement

FCA's sustainability reporting focuses on those topics that have been determined to be material, reflecting the organization's significant economic, environmental and social impacts; or substantially influencing assessments and decisions of stakeholders. These topics include the most important factors that relate to, and have an impact on, FCA's ability to create long-term value for our stakeholders, while integrating sustainability principles into the Company's daily activities.

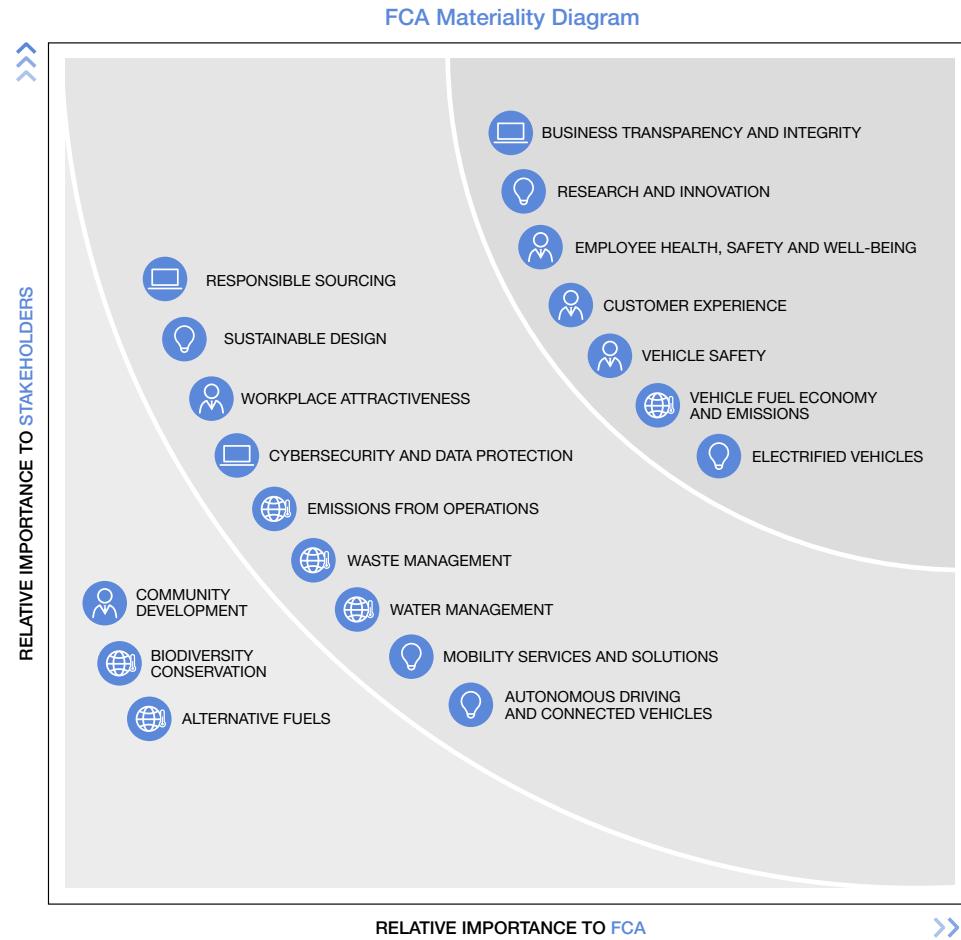
Our stakeholder engagement and development of materiality are conducted in accordance with internationally recognized frameworks and principles, such as the Global Reporting Initiative (GRI), including the principle of stakeholder inclusiveness; the AA1000 Principles Standard; the AA1000 Materiality Report guidelines; the AA1000 Stakeholder Engagement Standard; and the Materiality Background Paper for <IR>.

The FCA Materiality Diagram is reviewed periodically, and was updated for 2019 based on the results of our analysis of material topics helping prioritize report contents, as well as set targets to address the material aspects that have been identified.

- BUSINESS OPERATIONS
- EMPLOYEES, CUSTOMERS AND SOCIETY
- ENVIRONMENTAL AND CLIMATE IMPACT
- TECHNOLOGY AND INNOVATION

## FCA MATERIALITY DIAGRAM

All topics listed on the Materiality Diagram are important, with those found in the upper-right corner being of higher relative importance and impact to both FCA and our stakeholders. The most material topics reflect our focus in this report while other topics are covered in more detail through other channels.



In 2019, we revised our approach to determining material topics and their relative importance to FCA and our stakeholders. The aim was to narrow our sustainability reporting focus to the most relevant topics; concentrate our sustainability activities and communication on those areas; support the development of the longer-term targets; and maintain our processes aligned to international best practices and standards requirements.

The first phase of the process involved researching external sustainability trends, as well as risks, events and stakeholder expectations that may shape business activities over the coming decade.

Sources used for the analysis included external and internal studies, sector and media analysis and benchmarking leaders of sustainability best practices. The analysis identified 19 material topics which were then used during the assessment phase.

Customized materiality surveys were developed and completed via email, online, and live-events by internal and external stakeholders.

Internal stakeholders were selected within different Company functions based on their knowledge of specific sustainability topics, experience within FCA operations and understanding of external stakeholder expectations. We also involved external representatives from different groups such as trade associations, suppliers, dealers, fleet customers, opinion leaders and NGOs, and schools and universities.

The outcome of this process was an updated list of 19 topics categorized under four areas: business operations; employees, customers and society; environmental and climate impact; and technology and innovation. The results were organized in a revised materiality diagram which was reviewed by senior management to confirm the link between sustainability and business.

The materiality analysis uses the same boundaries within the organization as those described in the Definitions, Methodology and Scope section of this Report.

FCA's sustainability areas of commitment and most material topics are aligned with the United Nations Sustainable Development Goals (SDGs) and the objectives identified in the internationally-agreed 2030 Agenda for Sustainable Development.

FCA's Material Sustainability Topics	1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
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#### BUSINESS OPERATIONS

Business transparency and integrity				☑			☑	☑	☑		☑	☑		☑	☑
Responsible sourcing							☑	☑	☑			☑			
Cybersecurity and data protection							☑						☑	☑	

#### EMPLOYEES, CUSTOMERS AND SOCIETY

Employee health, safety and well-being		☑													
Customer experience			☑												
Vehicle safety		☑							☑						
Workplace attractiveness	☑		☑	☑	☑			☑		☑	☑				☑
Community development	☑		☑	☑	☑			☑		☑	☑				

#### ENVIRONMENTAL AND CLIMATE IMPACT

Vehicle fuel economy and emissions								☑		☑	☑	☑	☑		
Emissions from operations										☑	☑	☑	☑		
Waste management											☑	☑	☑		
Water management						☑					☑	☑	☑		
Biodiversity conservation											☑	☑	☑		☑
Alternative fuels								☑			☑	☑	☑		

#### TECHNOLOGY AND INNOVATION

Research and innovation							☑		☑		☑	☑	☑		
Electrified vehicles							☑				☑		☑		
Sustainable design											☑				
Mobility services and solutions									☑		☑				
Autonomous driving and connected vehicles									☑		☑		☑		

## ENGAGING STAKEHOLDERS



Gathering stakeholder input to determine materiality is an ongoing process. As a global enterprise with a complex, intricately connected value chain, FCA engages with a wide range of stakeholders, including employees, customers, suppliers, dealers, institutions, investors, trade unions, associations and local communities. Whether affecting or affected by our decision-making processes and associated actions, stakeholders help us to better identify risks and opportunities, as well as align our objectives to social, technological and regulatory changes around the globe.

Our sustainability-focused [Stakeholder Engagement Guidelines](#) form the basis for this continuous dialogue. They help define the goals of the dialogue, set the criteria for identifying and prioritizing stakeholders, and provide a general framework for sustainability-related stakeholder engagement activities.

We annually conduct surveys and stakeholder engagement activities related to sustainability topics, and work to innovate our dialogue with stakeholders in the belief that these activities are an essential part of a robust sustainability program. In each of the regions where FCA operates, our stakeholder initiatives are adapted to locally relevant topics. The regional results from our stakeholder engagement survey and events are analyzed to address differences and guide, globally, the review of potential updates in FCA's material sustainability topics. In 2019, more than 200 internal and external stakeholders were selected worldwide to complete our survey regarding sustainability topics. We also gathered qualitative data and captured some key topics and concerns through a free text field in the survey, intended to explore new or emerging material topics.

In addition, our "live," or face-to-face, stakeholder events each year reflect our efforts to reach a broad spectrum of key stakeholders. We typically work with representatives within FCA to identify which groups or individuals can most effectively help us explore the relevant and material topics we identified. The following are some examples of our 2019 engagement activities.

## ENGAGING EMPLOYEES

FCA employees play a particularly vital role in our sustainability efforts and are the focus of several stakeholder engagement activities each year. Our interaction with employees serves a two-fold purpose: to communicate to them the importance of the work they do every day to strengthen FCA's sustainability profile, and to learn potential areas for improvement from them.

### PROMOTING ENVIRONMENTAL PROTECTION

To promote biodiversity and encourage sustainability dialogue, 100 FCA employees participated in a special World Environment Day event at the former FCA proving ground site within La Mandria Park (Italy). Employees were involved in sustainability-related discussions while touring the park, which was formerly designated as a vehicle test track. The park is 158-hectares of land which can absorb up to 220 tons of CO<sub>2</sub> per year and also hosts a hydroelectric power plant.

### REGIONAL SUSTAINABILITY NETWORKS

Regional Sustainability Teams work with selected employees to form networks that further strengthen internal expertise and coordinate joint initiatives. These sustainability networks exist in each region and provide a forum where employees and managers are able to discuss sustainability issues. The networks also support the Sustainability Teams by incorporating sustainability elements into the business strategy and supporting sustainability communication, planning and reporting. As an example, in 2019, network representatives were engaged as key participants in identifying material topics that affect FCA and our stakeholders as we focused on a new materiality assessment.

### EMPLOYEE AWARENESS PROGRAMS

FCA's sustainability awareness programs include a variety of options for employees. The Sustainability Boulevard is a virtual platform which engages employees by testing their sustainability knowledge and offering ways they can contribute to the Company's sustainability profile. Another program launched globally in 2019 was the "We Care. We Act." campaign aimed at informing and engaging employees in sustainable suggestions and behaviors. The campaign included a series of videos which provided sustainable practices for both work and home. It also encouraged employees to share their own suggestions online with their coworkers.



## ENGAGING THE SUPPLY CHAIN

Because suppliers represent such an essential element in FCA's value chain, we engage extensively with them on sustainability topics. This engagement includes, among other activities, a dedicated sustainability class as a component of Supplier Training Week; one-on-one benchmarking and mentoring; and coordinating peer-to-peer coaching activities. Topics include aspects of FCA's expectations for suppliers, such as responsible working conditions, environmental impact, ethics, and tools for reporting to FCA.

Promoting the competitiveness and productivity of small and diverse businesses is also a focus of FCA. An example involves a mentoring program for potential suppliers located in the metropolitan region of Recife (Brazil). The program is a partnership between FCA and Sebrae-PE, a non-profit organization that promotes the sustainable and competitive development of small businesses. The program develops the local supply chain by improving business management, commercial service and workforce qualifications. In 2019, more than 50 small suppliers from areas such as civil engineering, technical assistance, machining, and training and events participated in the program.

## ENGAGING OTHER STAKEHOLDERS

Many of FCA's sustainability events are designed to engage a variety of external stakeholders across a range of sustainability issues, including the future of mobility. These activities range from classroom working groups and presentations in high schools and universities, to role-playing exercises at special sustainability events.

### VISIONARY DAYS

An example of FCA's sustainability engagement events includes the 2019 Visionary Days held in Italy. The FCA e-Mobility division led multiple events where people from different backgrounds shared their own concepts for the future of mobility. The events combined traditional elements of a conference with the interactivity and creative challenge of a "hackathon." Participants discussed future scenarios and presented ideas focused on sustainable mobility both from an ecological and economic viewpoint, including vehicles acting as services hubs, connecting with the surroundings, and reducing energy waste.

## ENGAGING ASSOCIATIONS AND INSTITUTIONS

FCA's approach to engaging public institutions, industry associations, and other organizations aims to make a positive contribution to business conditions that are competitive, as well as sustainable over the long term.

In Europe, the Group belongs to trade associations such as the European Automobile Manufacturers' Association (ACEA) for passenger cars and commercial vehicles. ACEA represents manufacturers with fully integrated automobile operations (i.e., research, design, development, production and sales operations) in the European Union (EU). The Association's mission is to define common interests, policies and positions in the framework of a dialogue with European institutions and other stakeholders. In addition, ACEA is engaged in communication activities about the role and importance of the automotive sector for the entire EU economy, and undertakes a strategic reflection on global sustainable mobility challenges. FCA is a founding member of the Association and contributes both financially through a membership fee and operationally through our experts' participation in working groups and task forces related to these priority areas: connected and automated driving; competitiveness, market and economy; environment and sustainability; international trade; research and innovation; safety; and transport policy.

In early 2020, two auto industry trade groups, Global Automakers and the Alliance of Automobile Manufacturers, merged to create the Alliance for Automotive Innovation. The new entity aims to speed advancement in transportation through public policy, stakeholder engagement and greater public understanding. In addition to automakers, Tier 1 suppliers, technology companies and new entrants to the mobility space can be members.

In Brazil, the Group has long been an active member of the Associação Nacional dos Fabricantes de Veículos Automotores (ANFAVEA). This nationwide association unites the country's automakers with the purpose of addressing industry and market issues affecting the automotive sector as well as coordinating and protecting the collective interests of the association's members.

FCA is also a member of the China Association of Automobile Manufacturers (CAAM). CAAM is a leading group aimed at facilitating the communication between the Chinese government and the automotive industry. This group promotes the development of the automotive industry in China, leveraging its main functions such as policy research, information service, international communication and exhibition service.





# Sustainability Targets

Our analysis of material topics, including input from key stakeholders, contributes to the development of long-term sustainability-focused targets.

••• These targets cover priority areas for FCA, such as quality and safety of vehicles; environmentally responsible products, plants and processes; good corporate governance; a healthy, safe and inclusive work environment; respect for human rights and dignity; and constructive relationships with local communities and business partners.

FCA periodically establishes sustainability-focused targets and monitors progress toward achievement through a three-phase approach:

In the Planning Phase, goals were drafted by the Sustainability Team in collaboration with FCA's operating segments, regions and corporate functions. These proposed targets were submitted to the Group Executive Council (GEC) which evaluated their consistency with the business plan and strategy, and either approved or modified the targets.

During the Management Phase, FCA's various operating segments, regions or corporate functions are accountable for managing projects and achieving the targets. These organizations take responsibility for implementing the initiatives by bringing their unique resources, tools and knowledge to bear in meeting the specific targets.

The Control Phase involves a series of project updates that target owners provide to the Sustainability Team, which in turn informs the GEC of ongoing progress.

The FCA Sustainability Report communicates progress toward achievement of these targets to stakeholders on an annual basis.

## ••• SUSTAINABILITY COMMITMENTS

### CORPORATE GOVERNANCE AND VALUES

- Foster a path of resilience and growth in response to Environmental, Social and Governance aspects

### INFORMATION AND COMMUNICATION TECHNOLOGY

- Implement innovative solutions to support competitive business activities

### EMPLOYEES

- Attract, develop and retain the best employees through inclusion, engagement, challenge and reward

### OCCUPATIONAL HEALTH AND SAFETY

- Strive for a zero injury rate and to maximize employee health and well-being

### COMMUNITY

- Support social inclusion and cultural and economic development in local communities

### PRODUCT

- Minimize environmental impacts from our products by reducing CO<sub>2</sub> emissions and improving fuel economy
- Offer new services that improve the mobility experience and provide greater access to affordable solutions
- Assess and manage environmental impacts throughout the entire product life cycle

### CUSTOMER FOCUS

- Improve vehicle preventive, active and passive systems and overall road safety performance
- Offer competitive products that meet the needs of customers worldwide
- Strengthen relationships with customers worldwide and achieve higher satisfaction levels

### PRODUCTION

- Optimize environmental performance of production processes

### LOGISTICS

- Deliver goods and vehicles on time while reducing the environmental impact of logistics

### RESPONSIBLE SOURCING

- Promote social and environmental responsibility among suppliers

## CORPORATE GOVERNANCE AND VALUES

**Commitment:** foster a path of resilience and growth in response to Environmental, Social and Governance aspects



### Targets

2020: demonstrate continued relevance of Group's sustainability performance to financial and non-financial stakeholders through global and regional recognition

2020: expand and innovate dialogue on sustainability topics to reach an increasing number of internal and external stakeholders worldwide

2020: incorporate sustainability targets in individual performance goals to drive behaviors in support of sustainability culture and values

2020: adopt, maintain and improve systems and processes designed to eliminate human rights related risks across the Group and implement remedial actions, in accordance with local constraints and requirements

2020: prevent and manage emerging risks to ensure business continuity and minimize economic, environmental and social impacts, both internal and external

### 2019 Results

✓ FCA's sustainability performance related to product, process and social aspect management recognized at the global and regional levels, including:

- Earned score of A- on CDP Climate Change assessment
- Earned score of B on CDP Water assessment
- Member of sustainability indexes including STOXX® Global ESG Impact, ECPI World ESG Equity, and ECPI Euro Ethical

✓ Among the FCA shareholdings held by the Group's top 200 institutional shareholders, 63% are held by investors that are considered as Highly or Medium ESG sensitive<sup>(1)</sup>

✓ More than 200 selected internal and external stakeholders involved in the revised materiality analysis through customized materiality surveys as well as focused engagement events. In the last eight years, collected more than 20,000 stakeholder responses through the sustainability survey and more than 4,000 involved in stakeholder engagement live events

✓ Sustainability targets incorporated in performance management system for individuals across the organization with responsibility for related projects

✓ The human rights self-assessment checklist was included as part of the standard internal audit process, with a coverage of 72% of the FCA workforce worldwide

✓ 87 sites identified as potentially exposed to flood risk and reanalyzed according to the flood risk assessment methodology

✓ Started to be applied globally the methodology for detection and mitigation of supplier risks

✓ Assessed 218 vehicle inventory parking lots located in 34 countries with respect to potential damage risk

✓ Insurable environmental exposures assessed and quantified through 82 self-assessed sites, and 25 ad hoc on-site visits conducted as ongoing project of the core loss prevention activity

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## INFORMATION AND COMMUNICATION TECHNOLOGY



**Commitment:** implement innovative solutions to support competitive business activities

### Targets

2020: support FCA digital transformation for smart manufacturing, digital workplace and virtual sales experience

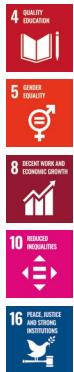
### 2019 Results

- ✓ Developed digital applications to improve efficiency through process innovation
- ✓ Reduced FCA-owned servers by migrating applications to the cloud leading to technological, financial and environmental benefits
- ✓ Extended digital shopping solutions leveraging virtual and augmented reality

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## EMPLOYEES



**Commitment:** attract, develop and retain the best employees through inclusion, engagement, challenge and reward

### Targets

2020: leverage diversity as a key asset and monitor equal opportunity implementation worldwide through Human Resources processes, to build a complete skill set and value everyone's contribution

2020: increase work-life balance opportunities to maximize employee satisfaction and effectiveness

2020: strengthen local community involvement through regional implementation of corporate volunteer programs, based on local needs, policies and constraints

2020: conduct people satisfaction surveys on a regular basis to monitor and improve effectiveness in talent acquisition, development and retention

2020: provide long-term, performance-related incentive plans and development programs at the regional level, in accordance with local requirements and constraints

2020: develop new initiatives and channels to increase employee contribution to the Group's sustainability profile

### 2019 Results

- ✓ FCA listed in the 2019 Thomson Reuters Diversity & Inclusion Index
- ✓ Approx. 7,000 internal opportunities made available to FCA salaried and hourly employees worldwide through a variety of channels, including job posting programs
- ✓ Diverse perspectives, best practices, success stories, professional knowledge and expertise shared across regions through international deployment of approx. 300 expatriates
- ✓ Approx. 24% of new hires were women, contributing to the female representation in FCA's workforce
- ✓ Approx. 17% of managerial positions held by women
  
- ✓ Variety of company programs made available to employees representing opportunities to balance their work and personal life, foster professional effectiveness and increase well-being
  
- ✓ Approx. 9,300 employees volunteered worldwide to support local communities, devoting more than 62,000 hours during work time
  
- ✓ People satisfaction surveys conducted globally:
  - approx. 46,000 hourly and salaried employees involved
  - survey results and key findings under evaluation for development of appropriate actions
  
- ✓ Approx. 54,000 employees eligible for additional variable pay component defined by trade union agreement upon achievement of the productive targets established in the 2019-2022 period of the business plan
- ✓ Approx. 5,200 employees participated in exchange programs between FCA regions and companies, high-level training, or MBA Executive programs
  
- ✓ Employees contributed approx. 2.2 million suggestions to improve business products and processes, increase efficiency and reduce costs

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## OCCUPATIONAL HEALTH AND SAFETY



**Commitment:** strive for a zero injury rate and to maximize employee health and well-being

### Targets

2020: achieve continued reduction in injury Frequency and Severity Rates, with ultimate goal of zero lost time injuries for all Group plants

2020: expand Health Promotion Program (HPP) to all plants worldwide, in line with local needs and constraints, to promote healthy lifestyles and safe working environment

2020: achieve OHSAS 18001 certification for all Group plants operating worldwide

### 2019 Results

- ✓ Reduced Frequency Rate for the 13th consecutive year with 0.6 injuries per 1,000,000 hours worked (-14% vs 2018 and -86% vs 2010)
- ✓ Severity Rate remained stable for the second year after 11 consecutive years of reduction, with 0.03 days of absence due to injuries per 1,000 hours worked (-77% vs 2010)
- ✓ HPP available in 84 plants, with focus on smoking cessation, nutrition education and promotion of a preventive culture through health and/or medical checks
- ✓ 91 plants certified to OHSAS 18001 or new ISO 45001, covering approx. 95% of manufacturing employees

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## COMMUNITY



**Commitment:** support social inclusion and cultural and economic development in local communities

### Targets

2020: advance youth education and training, with particular emphasis on science, technology, engineering and math programs, including initiatives that address innovation, mobility and environmental issues

### 2019 Results

- ✓ Committed charitable resources for a value of about €19 million to support education-related initiatives worldwide
- ✓ The FCA Foundation supported the launch of the CERN Science Gateway project with a commitment of a total of 45 million Swiss Francs distributed annually through 2022 based on milestone achievements
- ✓ Agreement between FCA and Politecnico of Turin (Italy) extended for the period 2019-2022 (€7.4 million): more than €1.4 million contribution granted to support the Automotive Engineering master's degree course in 2019
- ✓ Innovative training courses on digital transformation and robotics launched by Comau in Italy:
  - more than 3,000 primary and secondary school students participated in e.DO Experience program, aimed at reinforcing robotics and STEM skills
  - 3,500 secondary students attended Robotics License for the development and certification of robotic use and programming skills
- ✓ More than 5,000 students from disadvantaged areas trained worldwide through the TechPro<sup>2</sup> project
- ✓ Approx. €400,000 in grants from FCA Foundation to support FIRST programs: 114 teams at the elementary, middle and high school levels supported by more than 100 FCA employee mentors in the U.S. FCA donated more than €50,000, with 14 FCA mentors who supported 13 student teams in Canada

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2020: serve as a catalyst to help enhance the self-sustaining social-economic development of local communities

- 
- ✓ Committed charitable resources for a value of about €9 million to support community development and welfare, emergency relief and other efforts, in addition to Group employee volunteering activities
  - ✓ Local development opportunities and positive impacts generated in Brazil by the Árvore da Vida program:
    - more than 23,300 individuals reached from 2004 to 2019
    - about €365,000 invested in 2019
    - social and cultural initiatives continued in partnership with local network representatives
  - ✓ FCA contributed to public school improvements in Brazil through the Rota do Saber program:
    - about 250 schools involved
    - about 60,000 students and 2,000 teachers reached in the period 2015-2019
    - about €20,000 invested in 2019
  - ✓ Contributions to the United Way from FCA, FCA employees, the FCA Foundation and special events totaled more than €7.7 million
  - ✓ Hygiene conditions improved through the School Sanitation Program in India since 2014:
    - 162 government schools involved
    - more than 20,000 students benefited
    - 977 toilet and 318 hand wash facilities built
    - awareness programs on health and hygiene provided

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## PRODUCT



**Commitment:** minimize environmental impacts from our products by reducing CO<sub>2</sub> emissions and improving fuel economy

### Targets

2020: achieve 40% reduction in CO<sub>2</sub> emissions vs 2006<sup>(1)</sup> for mass-market cars sold in Europe, according to EU regulation requirements

2020: achieve at least 5% to 15% improvement in fuel economy<sup>(2)</sup> for major renewals of FCA US vehicles compared with replaced vehicles/models

2025: actively pursue actions in support of the U.S. EPA/NHTSA industry goal of 54.5 mpg by 2025

2020: develop electric/hybrid technologies, focusing on solutions that are economically viable, competitive in the marketplace, and beneficial to society

2020: maintain a wide offering of CNG models in Europe, promote technological innovation and retain significant position among leaders in Europe

2020: reduce CO<sub>2</sub> emissions by 30% vs 2008 on entire Maserati product range

### 2019 Results

- ✓ Reduced CO<sub>2</sub> emissions in Europe by 17% vs 2006 and by 23% vs 2000, while increasing product portfolio of mass-market cars
- ✓ Powertrain and technology upgrades for existing products contributed to fuel economy improvements of up to 8% on selected vehicles
- ✓ Product actions that contributed to fuel efficiency include:
  - 1.3-liter turbocharged engine with engine stop/start technology extended to the 2019 Fiat 500X and 2019 Jeep Renegade
  - Rear Wheel Drive configuration offered as standard in the 2019 Alfa Romeo Stelvio
  - aerodynamic and tire rolling resistance improvements integrated into the 2019 Fiat 500X and 2019 Jeep Renegade
- ✓ Launched the all-new Jeep Commander PHEV, a 5-passenger plug-in hybrid SUV developed for China:
  - first electrified vehicle in the global Jeep family
  - maximum pure all-electric range of 70 km and a combined fuel consumption as low as 1.6L/100km
- ✓ Presented during the year the following electrified models:
  - Jeep Compass PHEV
  - Jeep Renegade PHEV
  - Jeep Wrangler PHEV
  - Fiat 500 BEV
  - Fiat 500 Hybrid
  - Fiat Panda Hybrid
  - Fiat Professional Ducato BEV
- ✓ Announced the development of a Battery Hub in Turin, Italy at the Mirafiori plant beginning in 2020
- ✓ Signed partnerships with Enel X and ENGIE for offering innovative charging solutions and services to FCA customers in Europe
- ✓ Signed a Memorandum of Understanding with Terna, for the joint trialling of sustainability mobility services and technologies in Italy, such as Vehicle-to-Grid (V2G)
- ✓ FCA confirmed among leaders for natural gas vehicles in Europe with more than 770,000 natural gas vehicles sold since 1997
- ✓ 30% reduction estimated in 2019 for EU fleet

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

### Commitment: offer new services that improve the mobility experience and provide greater access to affordable solutions



#### Targets

2020: pursue research, advance development and delivery of new sustainable connectivity and mobility solutions that are economically viable for the Group and our customers

#### 2019 Results

- ✓ Announced the selection of HARMAN (Samsung) and Google Technologies for New Global Connected Vehicle "Ecosystem" to deliver faster and fully integrated connected customer experience in more than 150 countries
- ✓ Launched a partnership with the University of Modena and Reggio Emilia and the University of Trento (Italy) for the 1st edition of master in Autonomous Driving and Enabling Technologies
- ✓ Leasys, FCA Bank's long-term car rental company, launched CarCloud renting service for the Italian market allowing customers to exchange the vehicle based on their mobility needs

### Commitment: assess and manage environmental impacts throughout the entire product life cycle



#### Targets

2020: offer new products (vehicles and components) with environmental performance certification through integration of ISO 14040/44-compliant Life Cycle Assessment (LCA) methodologies

#### 2019 Results

- ✓ Critical review by a third-party certification firm for compliance verification of the LCAs applied to the following vehicles:
  - Lancia Ypsilon 0.9-liter CNG and 1.2-liter LPG vs 1.2-liter gasoline
  - Fiat Ducato 2.3-liter diesel Euro 6d vs Euro 6b
- ✓ LCA completed on:
  - Jeep Wrangler 2.0-liter vs Jeep Wrangler 3.6-liter
  - Fiat Toro Endurance 1.8-liter Flexfuel vs Fiat Toro Volcano 2.4-liter Flexfuel
  - Jeep Compass Longitude 2.0-liter Flexfuel vs Jeep Compass Longitude 2.4-liter gasoline
  - Fiat 500 1.2-liter gasoline vs Lancia Ypsilon 1.2-liter gasoline
- ✓ Implementation completed in FCA plants of the Global List of Automotive Process Substances (GLAPS) approach
- ✓ 28 new applications of sustainable materials approved
- ✓ Began collaborative work on the EU Horizon 2020 Si-Drive and SPIDER projects, at the creation of the next generation of high energy density lithium-ion batteries
- ✓ Approved SEAQUAL®, a recycled plastic yarn from the sea and land, for use in the seat fabric of the new Fiat 500 and Fiat Panda mild hybrid 2020 launch editions
- ✓ All Group vehicles sold in Europe were 95% recoverable and 85% recyclable by weight
- ✓ Tires collected by dismantlers in Italy resulted in approx. 29,000 tons being used in recycling activities
- ✓ 267 dismantlers selected on the basis of environmental and quality criteria to serve the FCA Italian ELV network
- ✓ Monitoring of ELV topics further expanded to 76 markets, also taking into account the arrival of electrified vehicles in the market

## CUSTOMER FOCUS

**Commitments:** improve vehicle preventive, active and passive systems and overall road safety



### Targets

2020: continue to focus on vehicle occupant safety through advanced solutions encompassing all safety aspects while:

- adapting to the rapidly changing regulatory requirements and third-party ratings in all regions
- maintaining high levels of structural crashworthiness while introducing Advanced Driver Assistance Systems (ADAS) such as Automatic Emergency Brakes (AEB) and Forward Collision Warning (FCW)
- offering modular architectures, innovative and efficient restraint systems and providing technically advanced active safety systems for mass-market vehicles including global applications
- continue to be an industry leader in user-centered HMI design approaches for all safety system customer interfaces

### 2019 Results

- ✓ “Safety First for Automated Driving,” (SaFAD), an organized framework for the development, testing and validation of safe automated passenger vehicles, was published by 11 industry leaders across the automotive and automated driving technology spectrum
- ✓ Opened all-new FCA Safety Center at the Fiat Automotive Center in Betim (Brazil) with a capacity to perform crash tests of up to four tons at 100 km/hour
- ✓ Signed an automotive led, voluntary commitment to incorporate rear-seat reminder technology in new vehicles, to help parents and caregivers remember to check the back seat as they leave a vehicle. FCA then extended this commitment worldwide, across its global passenger-vehicle lineup
- ✓ • 2020 Ram 1500 (crew cab) and certain 2019 Ram 1500 (crew cab) named IIHS Top Safety Pick+ rated vehicles
  - 2020 Jeep Renegade named an IIHS Top Safety Pick
  - 2019 Jeep Cherokee named an IIHS Top Safety Pick
- ✓ • 2020 Chrysler Pacifica achieved U.S. NCAP 5-Star rating
  - 2020 Chrysler Voyager achieved U.S. NCAP 5-Star rating
  - 2020 Jeep Grand Cherokee 4x4 achieved U.S. NCAP 5-Star rating
  - 2020 Ram 1500 achieved U.S. NCAP 5-Star rating
  - 2019 Chrysler Pacifica achieved U.S. NCAP 5-Star rating
  - 2019 Dodge Challenger achieved U.S. NCAP 5-Star rating
  - 2019 Dodge Charger achieved U.S. NCAP 5-Star rating
  - 2019 Jeep Grand Cherokee 4x4 achieved U.S. NCAP 5-Star rating
  - 2019 Ram 1500 achieved U.S. NCAP 5-Star rating

**Commitment:** offer competitive products that meet the needs of customers worldwide



### Targets

2020: achieve top quartile<sup>(1)</sup> competitive position for vehicle portfolio, leading to increased customer loyalty and advocacy for our products based on applicable regional benchmarks

### 2019 Results

- Brands that achieved first quartile placement in specific markets:
  - Fiat - EMEA
  - Lancia - EMEA
  - Jeep - APAC
- Models that achieved first quartile placement in specific markets:
  - Dodge Caravan - North America
  - Dodge Challenger - North America
  - Jeep Grand Cherokee - North America
  - Ram 1500 - North America
  - Fiat Panda - EMEA
  - Lancia Ypsilon - EMEA
  - Fiat Mobi - LATAM
  - Fiat Toro - LATAM
  - Jeep Compass (diesel) - LATAM
  - Jeep Compass - APAC

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## Key:

- + Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

### Commitment: strengthen relationships with customers worldwide and achieve higher satisfaction level



#### Targets

2020: support and engage existing and potential customers through a global Customer Care platform and dedicated initiatives or channels

2020: achieve customer service levels<sup>(2)</sup> in all regions in line with the Group's best performing region

2020: support customer experience within the dealer network by focusing on personnel development and quality management programs

#### 2019 Results

- ✓ Provided worldwide customer assistance in 29 different languages
- ✓ Handled approx. 44 million contacts worldwide
- ✓ Achieved customer service performance across regions ranging from 67% to 89% call response within 20 seconds
- ✓ Provided more than 5.6 million training hours to sales, after-sales and technical personnel within FCA's dealer network worldwide
- ✓ Through the TechPro<sup>2</sup> program, trained more than 5,000 students around the world for jobs in automotive repair centers and dealer networks, providing about 4.5 million hours of training in 7 different languages and offering 750 internships at FCA after-sales centers

## PRODUCTION

**Commitment:** optimize environmental performance of production processes



### Targets

2020: achieve 32% reduction in CO<sub>2</sub> emitted per vehicle produced vs 2010 at mass-market vehicle assembly and stamping plants worldwide

2020: achieve 30% reduction in energy consumed per vehicle produced vs 2010 at mass-market vehicle assembly and stamping plants worldwide

2020: use electricity generated from renewable sources for 100% of purchased electricity supplied from the grid and consumed by mass-market vehicle plants in the EMEA region

2020: achieve 40% reduction in water consumed per vehicle produced vs 2010 at mass-market vehicle assembly and stamping plants worldwide

2020: maintain water recycling index over 95% at all FCA plants worldwide

2020: achieve 14% reduction in waste generated per vehicle produced vs 2010 at mass-market vehicle assembly and stamping plants worldwide

2020: achieve 54% reduction in hazardous waste generated per vehicle produced vs 2010 at mass-market vehicle assembly and stamping plants worldwide

2020: achieve up to 98% waste recovery at Group plants worldwide, with specific targets for each company

2020: achieve 25% reduction in Volatile Organic Compounds (VOC) emitted per square meter painted vs 2010 at mass-market vehicle assembly and stamping plants worldwide

2020: achieve Environmental (ISO 14001) and Energy (ISO 50001) certification for all Group plants<sup>(1)</sup> operating worldwide

2020: extend WCM program to 99%<sup>(4)</sup> of Group plants operating worldwide and achieve bronze, silver, gold or world class award performance level for 100% of plants in WCM program

### 2019 Results

✓ Reduced by 27% CO<sub>2</sub> emissions per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 0.61 to 0.45 tons CO<sub>2</sub>/vehicle)

○ Reduced by 17% energy consumption per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 7.3 to 6.1 GJ/vehicle)

○ 16% of total electricity consumption used in Group production comes from renewable sources

✓ Reduced by 40% water consumption per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 5.0 to 3.0 m<sup>3</sup>/vehicle)

✓ Achieved 99% water recycling index at FCA plants worldwide

⊕ Reduced by 64% waste generated per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 217.2 to 78.5 kg/vehicle)

⊕ Reduced by 59% hazardous waste generated per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 8.2 to 3.4 kg/vehicle)

✓ Achieved 95% waste recovery at mass-market vehicle assembly and stamping plants worldwide

⊕ Reduced by 28% VOC emissions per square meter painted at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 32.4 to 23.2 g/m<sup>2</sup>)

✓ 95 Group plants certified to ISO 14001, accounting for nearly 100% of total Group industrial revenues<sup>(2)</sup> and covering 98% of manufacturing employees<sup>(3)</sup>

✓ ISO 50001 certification for plants accounted for 99% of total FCA energy consumption

✓ WCM program implemented in 96 plants, accounting for 99% of total Group manufacturing cost base

✓ Award performance level achieved in 69 plants (28 bronze, 35 silver and 6 gold level), accounting for 93% of Group plants adopting WCM

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- ⊖ Target postponed

## LOGISTICS



**Commitment:** deliver goods and vehicles on time while reducing the environmental impact of logistics

### Targets

2020: enhance logistics operations through optimization of fleet characteristics and application of methodologies designed to reduce the impact of freight and vehicle movement

2020: leverage existing and emerging processes and technologies to move materials while protecting part quality and the environment

### 2019 Results

- ✓ Low-emissions natural-gas powered trucks in FCA's transport fleet operating in North America and Europe avoided approx. 2,700 tons of CO<sub>2</sub>
- ✓ New projects implemented or expanded to improve worldwide transport operations, such as a new cubing methodology which avoided more than 5,300 tons of CO<sub>2</sub>
- ✓ Performance and environmental impact of packaging and protective materials improved through projects, such as recycling more than 160,000 wooden pallets and saving approx. €430,000, while lowering the environmental impact of producing and delivering the pallets

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

## RESPONSIBLE SOURCING



**Commitment:** promote social and environmental responsibility among suppliers

### Targets

2020: advance FCA initiatives and external engagements to increase traceability along the FCA supply chain for minerals that may be linked to human rights abuses and increase awareness of business implications

2020: evaluate all Tier 1 suppliers with potential exposure to high environmental or social risks through sustainability audits or assessments; conduct targeted third-party audits of all strategic suppliers

2020: monitor CO<sub>2</sub> emissions of 90-100% of top Group suppliers (representing approx. 57% of purchases by value) through the CDP supply chain program

### 2019 Results

- ✓ Conflict Minerals policy reinforced to increase supplier accountability - failure to submit the Conflict Mineral Reporting Template (CMRT) will be taken under executive review and potentially result in New Business Hold
- ✓ Contracted service provider iPoint to increase resources for CMRT instruction and submission
- ✓ Initiatives include:
  - Only OEM to contribute to help launch the RBA Upstream Due Diligence fund which can assist with offsetting costs of mine level assessments
  - Analysis for cobalt and mica content in parts and components
  - Joined Responsible Sourcing Blockchain Network for cobalt responsible sourcing traceability
- ✓ Delivered training on Conflict Minerals and ethical sourcing to 85 suppliers
- ✓ Engaged with multi-stakeholder groups in proactive and material actions supportive of the OECD Due Diligence Guidance for Materials
- ✓ 57 audits of FCA suppliers performed, of which 11 were conducted by FCA Supplier Quality Engineers and 46 conducted by third-party auditors
- ✓ More than 1,100 sustainability self-assessment questionnaires submitted by FCA suppliers, representing approx. 62% of FCA 2019 annual purchased value (from direct and indirect material suppliers)
- ✓ 270 suppliers invited to respond to the CDP Supply Chain program, with 209 responding, representing approx. 51% of the 2019 annual purchased value

### Key:

- ⊕ Target exceeded
- ✓ Target achieved or in line with glide path
- Target partially achieved
- Target postponed

# Corporate Governance

The foundation of FCA's governance model is the Code of Conduct and a collection of supporting statements, including guidelines, that reflect our commitment to a culture dedicated to integrity, responsibility and ethical behavior.

The Company governance model regulates the decision-making processes and the approach used by the Company and our employees in interacting with all stakeholders.

This model is supported by the whistleblowing process for reporting situations, events, or actions which may be inconsistent with the FCA Code of Conduct; an advanced risk management system; and an ongoing alignment with international best practices and the Dutch Corporate Governance Code.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



**1**  
**CODE  
OF CONDUCT**



**12  
GUIDELINES**

REFLECTING RESPONSIBLE  
COMMITMENTS



**12  
PRINCIPLES  
FOR ETHICAL BEHAVIOR**

# Corporate Governance

FCA's governance supports how we do business on a daily basis, enabling us to pursue sustainable growth and to create value while respecting the legitimate interests of stakeholders. The main elements of FCA's governance structure are described below, while full disclosure on this aspect is available in the [Annual Report](#).

- The Board of Directors – composed of 12 Directors, including both executive and non-executive – is responsible for the management and strategic direction of the Group. Shareholders determine the appointment of Directors, both executive and non-executive, at the time of the Annual General Meeting.
- The Board of Directors as a whole is composed of three executive Directors (i.e., the Chairman, the Chief Executive Officer and the Chief Financial Officer), having responsibility for the day-to-day management of the Company, and nine non-executive Directors, who do not have such day-to-day responsibility within the Company or the Group. The general authority to represent the Company shall be vested in the Board of Directors and the Chief Executive Officer.
- It is the responsibility of the non-executive Directors to supervise the policies carried out by the executive Directors, the general affairs of the Company and its affiliated enterprise, including the implementation of the strategy of the Company regarding long-term value creation. With a view to maintaining supervision of the Company, the non-executive Directors regularly discuss FCA's long-term business plans, the implementation of such plans and the risks associated with such plans with the executive Directors. We have determined that seven of our 12 Board members qualify as independent for purposes of New York Stock Exchange rules and the Dutch Corporate Governance Code.
- The Board of Directors adopted a diversity policy for the Board of Directors (the Diversity Policy), as the Company believes that diversity in the composition of the Board of Directors in terms of age, gender, expertise, work background and nationality is an important means of promoting debate, balanced decision-making and independent actions of the Board of Directors.
- The Company considers each of these diversity aspects key drivers to support the above-mentioned goals and to achieve sufficient diversity of views and the expertise needed for a proper understanding of current affairs and longer-term risks and opportunities related to the Company's business. The Board of Directors and its Governance and Sustainability Committee consider such factors when evaluating nominees for election to the Board of Directors and during the annual performance assessment process.
- The composition of the FCA Board of Directors reflects the following:
- there are 12 Directors, ensuring the effective functioning of the Board and its Committees
  - the Board is composed of two women and ten men
  - Board member average age is 58.
- During 2019, there were 18 meetings of the Board of Directors. The average attendance at those meetings was approximately 90%.
- During these meetings, the key topics discussed were, among others: the Group's strategy; the Group's financial results and reporting; analysis of strategic options, investments, acquisitions and divestitures; executive compensation; product plan and technological developments; risk management; legal and compliance matters; sustainability; human resources; implementation of the Remuneration Policy and the Remuneration Report; the new Long-Term Incentive Plan, including the metrics and targets; and the Stock Ownership and Retention Guidelines.

## BOARD COMMITTEES

The Board of Directors is supported by three Committees:

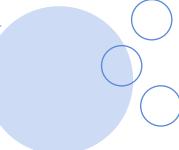
- Governance and Sustainability Committee
- Audit Committee
- Compensation Committee.

The Governance and Sustainability Committee is responsible for, among other things, assisting and advising the Board of Directors with: i) the identification of the criteria, professional and personal qualifications for candidates to serve as Directors; ii) periodic assessment of the size and composition of the Board of Directors; iii) periodic assessment (annually) of the performance of individual Directors and reporting on this to the Board of Directors; iv) proposals for appointment of executive and non-executive Directors; v) supervision of the selection criteria and appointment procedure for senior management; vi) monitoring and evaluating reports on the Group's sustainable development policies and practices, management standards, strategy, performance and governance globally; and vii) reviewing, assessing and making recommendations as to strategic guidelines for sustainability-related issues, and reviewing the annual Sustainability Report.

The Governance and Sustainability Committee is elected by the Board of Directors and is comprised of at least three Directors. More than half of the members shall be independent and at most one of the members may be an executive Director.

During 2019, the Governance and Sustainability Committee met once with 100% attendance of its members at that meeting. The Committee reviewed the Board's and Committee's assessments, the sustainability achievements and objectives and the recommendations for Directors' election.

### ••• EVALUATION OF THE BOARD OF DIRECTORS' PERFORMANCE



The Governance and Sustainability Committee has, among others, the duties and responsibilities to review annually the Board of Directors' performance, the performance of its committees and each Director's continuation on the Board of Directors. Reviews occur at appropriate regular intervals as determined by the Governance and Sustainability Committee.

We take actions in response to evaluations of the Board of Directors' performance on economic, environmental and social topics when the Board determines they are in the best interest of the Company. Actions may include additional training or participation in initiatives aimed at providing Board of Directors with knowledge of the business sector in which the Group runs its activity; of corporate dynamics and relevant changes; of the relevant regulatory framework. Structure and content of Board meetings, and participation at Committee meetings, ensures that the Directors are kept informed about Company operations and market conditions.

In 2019, the Governance and Sustainability Committee focused on the periodic assessment of the performance of the Board of Directors, its committees and the individual Directors. Based on the preparations by the Governance and Sustainability Committee, the non-executive Directors were able to review the Board of Directors' assessments, the individual Directors' assessments and the recommendation for Directors' election. The Board of Directors concluded that each of the Directors continues to demonstrate commitment to its respective role in the Company.



## SUSTAINABILITY MODEL

FCA's sustainability model incorporates the need to implement robust processes as well as strengthen cultural buy-in to simultaneously achieve our economic and social responsibility objectives.

The Group has established processes to align our long-term business strategy with the needs of internal and external stakeholders, to assess our ability to meet these targets, and to identify opportunities for improvement. The commitment to sustainability arises from a corporate culture that includes integrity, respect for others and a commitment to community service.

In order to implement meaningful sustainability practices and optimize the management of sustainability aspects within the Company, FCA involves all areas, functions and levels of employees, from the top of the management chain to workers in plants and offices around the world. The Group also actively promotes environmental and social responsibility among our many suppliers.

Several entities within the Group, primarily those referred to below, help direct a disciplined approach to sustainability management. The Board's Governance and Sustainability Committee evaluates proposals related to strategic sustainability initiatives, advises the full Board as necessary, and reviews the sustainability achievements and objectives.

The Chief Executive Officer (CEO) is supported by the Group Executive Council (GEC), a group led by the CEO and composed of senior leadership from regional operations, brands, industrial processes, and support/corporate functions. The GEC approves operating guidelines and plays a vital role in ensuring that sustainability efforts are aligned with economic and business objectives.

The Chief Audit, Sustainability and Compliance Officer is also a member of the GEC and coordinates the activities of the Sustainability Team. The Sustainability Team, with members located in Italy, Brazil, China and the U.S., facilitates the goal of continuous improvement, contributing indirectly to risk management, cost optimization, stakeholder engagement and effective communication to stakeholders of our commitments and results.

Discussions between stakeholders and the Board Committee regarding sustainability issues are carried out by the Sustainability Team as part of its assignment to maintain an interchange with internal and external stakeholders. Reports on these dialogues are then included in the annual disclosure and conveyed to the Governance and Sustainability Committee.



## CODE OF CONDUCT

The Code of Conduct is a pillar of the integrity system which regulates the decision-making processes and operating approach of the Group and our employees in the interests of stakeholders. The Code of Conduct amplifies aspects of conduct related to the economic, social and environmental dimensions, underscoring the importance of dialogue with stakeholders.

FCA endorses the spirit underlying United Nations (UN) Declaration of Human Rights, the International Labour Organization (ILO) Conventions and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Companies. The FCA Code of Conduct is intended to be consistent with such guidelines as applied under applicable local laws and aims to ensure that all members of the Company's workforce act with the highest level of integrity, comply with applicable laws, and build a better future for our Company and the communities in which we do business.

The FCA integrity system is comprised of these primary elements:

- Principles that capture the Company's commitment to important values in business and personal conduct
- Practices that are the basic rules that must guide our daily behaviors required to achieve our overarching Principles. The Practices supplement the Principles with useful detail.
- Procedures that further articulate the Company's specific operational approach to achieving compliance and that may have specific application limited to certain geographical regions and/or businesses as appropriate
- Statements, including Guidelines, that cover specific issues to emphasize the Company's accountability and commitment to a culture of responsibility and integrity. These cover, among others, matters related to human rights, competition, sustainability for suppliers, environmental management, responsible taxation, advertising and marketing communication, and Conflict Minerals.

The full set of guidelines is available on the [corporate website](#).

The Code applies to all Board members, officers and full-time and part-time employees of Fiat Chrysler Automobiles N.V. and its subsidiaries. The Code also applies to all temporary, contract and all other individuals and companies that act on behalf of FCA, wherever they are located in the world.

We use our best efforts to ensure that the Code is regarded as a best practice of business conduct and observed by those third parties with whom we maintain business relationships of a lasting nature such as suppliers, dealers, advisors and agents. Group contracts worldwide include specific clauses relating to recognition and adherence to the principles underlying the Code of Conduct, as well as compliance with local regulations, particularly those related to corruption, money-laundering, terrorism and other crimes constituting liability for legal persons.

The Principles of the Code may be consulted and downloaded from FCA's website, the employee portal and other employee communication channels aimed at reaching the entire workforce. Copies can also be obtained from Human Resources, the Legal Department or Audit and Compliance.

FCA disseminates the Code of Conduct and the values of good governance to employees. The level of knowledge of the Code of Conduct is measured via training with modules that test comprehension. Completion rates are closely monitored. Other communications reinforce the training, such as short videos featuring senior management that are distributed to the entire workforce and that deal with discrete topics under the Code.

During 2019, FCA offered training on conflict of interest, anti-corruption, anti-trust, corporate governance and human rights, including non-discrimination and harassment prevention, totaling roughly 104,000 individual training sessions for FCA employees.

### ••• FCA ETHICS AND COMPLIANCE COMMITTEE

The FCA Ethics and Compliance Committee provides assistance to the Company's Audit Committee and management in order to have oversight at Group level, and supports the goal to continuously improve an ethical culture of integrity and compliance with applicable laws, regulations and Company policies. The Committee's members include the Chief Audit, Sustainability and Compliance Officer, the General Counsel, the Chief Human Resources Officer and the Chief Financial Officer, and is supported by regional Ethics and Compliance Committees. The Committee reports to the CEO and to the Company's Audit Committee.

One of the Committee's responsibilities is to design, implement and oversee FCA's Compliance Program. The Compliance Program is tailored to address the areas of material risk that the Company has identified in its risk assessment processes and consists of various elements including the Code, training and

communication plans, the Ethics Helpline, and an assessment program with an outside ethics organization that ensures continuous improvement.

As a whole, the program is intended to ensure that the Company has adequate systems and processes, to identify, investigate and remedy instances of non-compliance with the law and the Group's policies and procedures and an efficient mechanism to allow the Group's workforce and stakeholders to communicate instances of potential Code of Conduct violations, disclosures of conflicts of interest and questions on Company policies.

Regular cadence of communications reinforces the Group's culture of integrity, including communications from senior management, middle management, the compliance team and others. In addition, global and local training helps promote the FCA culture of integrity while familiarizing the workforce with its obligations under the Code of Conduct.



## ACTING RESPONSIBLY

The FCA Code of Conduct clearly and affirmatively requires employees to report issues of non-compliance. Unless local law provides otherwise, employees must report violations of law, regulation or Company policy of which they become aware, including but not limited to, issues involving vehicle safety, vehicle emissions, financial reporting, or reports to governmental authorities. Any failure in reporting such violations could place the Company at risk, and may be the subject of disciplinary action.

FCA's workforce and business partners can always effectively, and in most countries anonymously if desired, communicate any concern, including any vehicle safety, emissions or regulatory concern, or any conflict of interest, through the [Ethics Helpline](#).

The Ethics Helpline offers a worldwide, common and independent intake channel via telephone (38 dedicated numbers in 22 languages) and web to report any concerns of alleged situations, events, or actions that may be inconsistent with the FCA Code of Conduct. It is managed by an independent provider, available 24 hours a day, seven days a week. FCA has chosen this reporting channel to meet compliance needs and maintain a consistent reporting environment.

In addition, the FCA Ethics Helpline also allows employees, suppliers, dealers, consumers and other stakeholders to request advice about the application of the Code of Conduct (for example, to verify definitions of terms or restrictions under the Code).

FCA employees may also seek advice concerning the application and interpretation of the FCA Code of Conduct by contacting their immediate supervisor, Human Resources representatives, or the Legal Department.

Violations of the Code of Conduct are identified through:

- reports received through the Ethics Helpline
- reports made to management or Human Resources
- periodic activities carried out by the Audit and Compliance department
- checks performed as part of the standard operating procedures.

FCA analyzes and investigates the allegations received through the Ethics Helpline; the results and any potential actions are assessed by the Ethics and Compliance Committee at the regional level and where deemed necessary escalated to the global FCA Ethics and Compliance Committee. The relevant internal functions are notified of the violations. The FCA Audit Committee of the Board of Directors is periodically updated on the status of the allegations with a specific focus on significant cases.

### Violations of the Code of Conduct

by category

[ SDGs 16 ]

	Total closed cases	Total confirmed cases
Managing Our Assets and Information	277	98
Interacting with External Parties	82	27
Conducting Business	117	92
Protecting Our Workforce <sup>(1)</sup>	1,086	186
<b>Total</b>	<b>1,562</b>	<b>403</b>

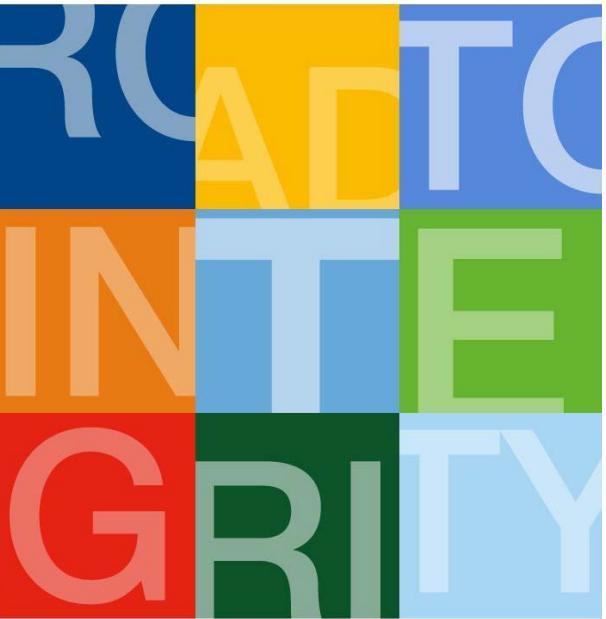
<sup>(1)</sup> Following the definition of the roles and responsibilities of the FCA Ethics and Compliance Committee in 2019, the Human Resources compliance cases were included in reporting.

The violations of the Code of Conduct have been grouped according to the four categories that organize the Principles of the Code. Accordingly, Managing Our Assets and Information includes Communicating Effectively, Protecting FCA Assets and Maintaining Appropriate Records.

The category Interacting with External Parties comprises Avoiding Conflicts of Interest and Supporting Our Communities. The Conducting Business category covers Sustainably Purchasing Goods or Services, Transacting Business Legally and Engaging in Sustainable Practices. Finally, Protecting Our Workforce includes behaviors related to Maintaining a Fair and Secure Workplace and Ensuring Health and Safety. See the complete [Code of Conduct](#) for further details about each category. For all Code violations, the disciplinary measures taken are commensurate with the seriousness of the case and comply with local legislation.

The auditable universe of FCA companies is assessed annually for significant risks, including those related to corruption on the basis of quantitative criteria: location, activity, and sector as well as qualitative criteria such as interviews with senior management and professional opinions. The most relevant risks arising from the assessment are audited to ensure 100% coverage every three years of all commercial companies, and every five years for all other companies.

## ... DO THE RIGHT THING



To enhance FCA employees' familiarity with the Code of Conduct and create a stronger awareness of the highest ethical standards embodied in it, the video series "Do the right Thing" was launched in 2019 through a dedicated intranet page. The videos incorporated information, examples and questions asked about the Code of Conduct and explained some of the most common ethical issues that may come up in day-to-day activities, with the aim to help guide everyday decision-making. The video series was introduced by the CEO to share the top-level commitment to ethics and integrity and included global messages and essential guidelines from different global business leaders regarding common ethical concerns.

## HUMAN RIGHTS

The Group is committed to the prevention of adverse human rights conditions. FCA requires adherence to applicable local laws that are designed to recognize international principles for the respect and support of fundamental human rights in all geographic areas where the Group operates.

FCA promotes these principles and expects our suppliers, contractors and other business partners, with whom we do business, to adhere to these standards.

The [FCA Human Rights Guidelines](#), which are publicly available, are consistent with the spirit and intent of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights (Ruggie Framework), the United Nations Sustainable Development Goals, the OECD Guidelines for Multinational Companies, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization, and the U.K. Modern Slavery Act 2015.

The Human Rights Guidelines cover the rights we seek to ensure for, and with, our major stakeholders:

- Employees: FCA prohibits the use of child and forced labor. We seek to provide a diverse and inclusive workplace, free from discrimination and harassment. We recognize and respect workforce members' freedom of association and are committed to providing employment conditions that are competitive and compliant with all applicable employment, wage and working hour laws. FCA conducts all of our worldwide operations with the highest regard for the health and safety of our workforce in accordance with applicable laws and is dedicated to consistently improving health and safety measures to help ensure that the potential for injury in the workplace is minimized.
- Customers: FCA is committed to offering safe, reliable, high-quality vehicles to our customers.
- Communities: FCA is committed to socially responsible engagement with the communities where we have operations.
- Business partners and suppliers: FCA expects our suppliers, contractors and other business partners with whom we do business, to adhere to our human rights standards. They are also required to comply with all occupational health and safety related rules and regulations, and to adopt measures and standards that contribute to an overall improvement in occupational health and safety performance throughout the value chain.



Our due diligence processes include actions to safeguard against human rights abuses in our business and in our supply chain.

As part of our initiative to internally identify and mitigate any related risks, the following tools have been developed:

- an annual survey aimed at detecting child and forced labor at worldwide FCA companies, including those located in countries that have not ratified ILO Conventions on these issues. In 2019, no incidents of child labor or forced and compulsory labor were reported in any of the companies mapped.
- a Human Rights self-assessment performed by the Audit and Compliance organization as part of the standard internal audit process, in order to cover due diligence requirements of the UN Ruggie Framework Guiding Principles on Business and Human Rights. Checks are also performed in those countries with a high risk based on the yearly Audit Plan.

Areas covered by the self-assessment include:

- Child labor and young workers
- Forced labor
- Freedom from discrimination
- Conditions of employment
- Security
- Supply Chain Management

In 2019, the human rights self-assessment compliance checklist was performed by individual legal entities and reviewed by the Audit and Compliance organization, with a coverage of 72% of the FCA workforce worldwide, involving the following countries: Argentina, Brazil, Canada, China, Italy, Mexico, Poland, Spain and the U.S.

Alleged human rights violations are reported through the same channels as other types of potential violations, including the FCA Ethics Helpline and the telephone contact list available on our corporate website.

### *Data Privacy Rights*

FCA considers the personal rights and privacy of each and every individual to be fundamental in our business relationships and intends to protect values such as confidentiality and personal data protection rights.

FCA aims to operate in accordance with the laws and regulations around the world that govern the collection and processing of personal data. Our Code of Conduct and [Data Privacy Guidelines](#), available on our Company website, and specific Privacy Policies, provide guidance on the management of personal and sensitive data, and the prevention of potential privacy and security risks and incidents.

FCA collects a significant amount of personally identifiable information related to employees, contractors, suppliers, customers and other persons with whom we have a relationship. Treatment of the data must respect the principles of lawfulness, fairness and transparency to ensure that the data subjects trust how their data will be used. The Group had already committed to the essential principles of "privacy by design" and "privacy by default" and is constantly improving the security of its data storage and exchange networks.

With the aim of promoting and monitoring the data privacy compliance, FCA appointed the Group Data Protection Officer (DPO) who defined the FCA Privacy Organization. Regional and Business DPOs are responsible for defining and providing guidance to the organization on requirements of relevant data privacy regulations. Along with collaborating with each other, they support their Regional Privacy Offices which consist of ICT and Legal professionals.

FCA provides training and awareness within the Group companies and takes part in working groups among professionals to foster the exchange of best practices. In particular, FCA participates actively in discussions led by the European Automobile Manufacturers' Association (ACEA), sharing best practices to comply with privacy regulations relating to new technologies applied to the automotive sector, in particular with the increasing relevance of connected vehicles.



## ENVIRONMENTAL PROTECTION

FCA is conscious of the effect that our activities and products have on society and the environment, and of our role in developing solutions to reduce our environmental footprint.

We foster environmental protection in our overall approach to business and have established [Environmental Guidelines](#), publicly available on our website, to promote and instill these values in our products and operations.

We evaluate the impact of our vehicles on the environment throughout their entire life cycle. Our approach to responsible vehicle development includes dedication to efficient powertrains, improved aerodynamics, weight reduction, safety, quality, increased use of renewable materials, and alternative mobility solutions. We believe that immediate and tangible results can best be achieved by combining conventional and alternative technologies, while recognizing and accommodating the different economic, geographic and fuel requirements of each market.

In our industrial operations, FCA has adopted World Class Manufacturing (WCM), a structured production system that promotes sustainable, systematic improvements aimed to evaluate and address all types of waste and losses, and reduce injuries at our manufacturing operations by applying methods and standards with rigor, and with the involvement of the entire manufacturing workforce.

Responsibility for protecting the environment rests with everyone at FCA, as well as with our business partners and the customers who drive our vehicles. We encourage the safe and eco-friendly use of our products, providing customers and dealers with information regarding the use, maintenance and dismantling of vehicles and other products. We expect our non-managed operations such as suppliers, dealers, contractors, business partners, licensees, and joint venture partners to comply with all environmental-related regulations and to contribute to an overall improvement in environmental impact throughout the value chain. We encourage our employees to take an active part in our efforts to protect the environment, and provide a wide range of engagement opportunities, communications and training activities to support this objective.

FCA acknowledges the challenges posed by climate change and as a result, has set targets that contribute to the goal of transitioning to a low-carbon future.

To reduce the impact of our vehicles, we strive to reduce CO<sub>2</sub> emissions and improve fuel economy in response to the unique regulatory requirements of FCA's major markets.

In the European Union (EU), FCA has set a target to achieve a 40% reduction in CO<sub>2</sub> emissions by 2020 compared with the baseline of 2006 for mass-market cars sold in Europe.

In the U.S., we have targeted actions in support of the U.S. EPA/NHTSA's goal of increasing industry year-over-year average fleet wide fuel economy performance. We have set year-over-year fuel economy reduction targets, including the achievement of at least a five to 15% improvement in fuel economy for major renewals of FCA US vehicles compared with replaced vehicles/models. This target has been achieved, and in some cases surpassed, in the years since it was established.

Global goals for our manufacturing plants include:

- reducing energy consumed per vehicle produced by 30% from 2010 to 2020
- reducing CO<sub>2</sub> emissions per vehicle produced by 32% from 2010 to 2020
- reducing water consumption per vehicle produced by 40% from 2010 to 2020.

FCA is also helping mobilize suppliers to become actively involved in cutting greenhouse gas emissions: we have set a target to monitor CO<sub>2</sub> emissions of at least 90% of top suppliers (accounting for about 57% of purchases by value) by 2020.

## TRANSACTIONING BUSINESS LEGALLY

Included in the FCA Code of Conduct's Principle "Transacting Business Legally" are, among others, rules related to anti-bribery, anti-corruption, competition law and government and public institution relations.

The Group's policy is that no director, officer, employee, agent, or business partner shall directly or indirectly, give, offer, promise, authorize, solicit or accept anything of value to a government official for an improper purpose in connection with their work for the Company. FCA also prohibits facilitating payments or "grease payments" as well as commercial bribery (i.e., transactions not involving government officials).

These principles apply to third parties that act on FCA's behalf. Each FCA company that engages third parties to act on its behalf must ensure that such representatives sign written agreements that contain clauses that require their compliance with anti-corruption laws, and that the representatives are subject to the Company's applicable due diligence procedures, if any.



FCA also conducts appropriate due diligence investigations prior to any merger and acquisition transaction, and ensures that the final agreements in any such transactions include appropriate anti-corruption representations, warranties and related clauses.

FCA's record keeping and internal accounting and control Practices and Procedures are designed to ensure integrity and accuracy in the recording and reporting of all business transactions.

Alleged violations are reported through the FCA Ethics Helpline, as well as through the same channels as other types of potential violations.

Compliance with competition laws is also crucial to the Group's reputation. To fulfill FCA's commitment to compliance in this area in all countries where we do business, FCA has adopted a comprehensive compliance program, which includes Competition Guidelines, periodic training, awareness and counseling.

When dealing with our business partners, our workforce is expected to always maintain the highest degree of integrity and to act solely in the best interests of the Company.

Conflicts of interest may arise when members of FCA's workforce engage in activities or have interests that compromise the interests of our Company, because these activities or interests may compromise objective business decision making or otherwise interfere with the performance of work-related duties.

Thus, in order to assist the workforce in the management of conflicts of interest or any potential conflicts, the Group implemented a dedicated module to submit conflicts of interest disclosures through the FCA Ethics Helpline.

As reported in the FCA Code of Conduct, the Group is committed to conducting our government and public institution relations, including lobbying, in accordance with applicable laws and ethics rules as well as in full compliance with the Code and any applicable local procedures.

Political contributions by the Group are only allowed where permitted by law and must be authorized at the appropriate level within each Group company. In 2019, no contributions were made by FCA to political parties.

#### **LEGAL PROCEEDINGS**

The Group is subject to governmental investigations and legal proceeding on which the Group has not received any final judgment as referred to in the paragraph "[Regulatory Actions](#)" of this Report.

The Group monitors the status of pending legal procedures and consults with experts on a regular basis. During 2019, the Group has not received an individual final judgment, or group of related final judgments that would be considered material to the Group's operations, relating to a breach of i) environmental legislation, ii) rights of local communities, iii) privacy, iv) product liability, v) corruption, vi) unfair competition, intellectual property and antitrust, vii) contractual liability, viii) product and service information and labeling, ix) litigation with suppliers and x) human rights.

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# Risk Management

Risk management is an important business driver and is integral to the achievement of the Group's long-term business plan. We take an integrated approach to risk management, where risk and opportunity assessment are at the core of the leadership team agenda.

Our success as an organization depends on our ability to identify and capitalize on the opportunities generated by our business and the markets in which we compete. By managing the associated risks, we strive to achieve a balance between our goals of growth and return and the related risks.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



50+  
**RISK DRIVERS**  
IDENTIFIED



**€35+**  
**MILLION**  
INVESTED IN  
LOSS PREVENTION  
AND PHYSICAL RISK  
MITIGATION MEASURES

# Risk Management



The management and mitigation of risks to our business encompass a broad array of possibilities, including socio-economic uncertainty; regulatory initiatives; competitive actions; industrial accidents; natural disasters; risks posed by climate change; liability claims and lawsuits; portfolio management and investor decisions; employee health, safety, and retention issues; and similar exposures within the FCA supply chain.

•••

Whether considering local, regional or global risks, their impact can range from minor to significant. They are often tangible — usually quantified in financial terms — or more qualitative, such as reputational risk among consumers, business partners or investors. After first identifying the risks, we take preemptive steps to reduce the likelihood of occurrence, develop plans for responding to events should they occur, and where possible and economically feasible, secure insurance to cover potential losses.

The three primary elements of the globally-integrated FCA approach are:

- the Enterprise Risk Management process, which increases visibility to key risks that could hinder FCA's ability to achieve our strategic goals. All regions collaborate to identify and prioritize risks based on impact and vulnerability, determine the acceptable risk tolerance, and monitor mitigation actions and risk metrics for key global risks throughout the year
- the Business Continuity Management process, which establishes and validates a structured approach to restoring normal business operations after major disruptions — typically those events that impair production across multiple days and/or manufacturing plants
- the Loss Prevention process, which identifies conditions that could result in property and business interruption losses; assigns probability and estimates the impact; implements optimized prevention, protection, and risk transfer countermeasures; and monitors the process for effectiveness. These activities are not only focused on the more common fire and natural hazard risks, but have been extended to several other pure risks through the development of innovative risk solutions.

The risk management process used by FCA is a factor in our sustainable development and provides a competitive advantage in a fast-changing and challenging global business environment.

## ENTERPRISE RISK MANAGEMENT

FCA's Enterprise Risk Management (ERM) model defines a risk as any event that could impact the Company's ability to achieve its objectives.

Our approach to managing those risks is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and was adapted to the unique needs of the Group. Adhering to the core elements of business planning, execution, monitoring and adapting allows us to manage by making informed, risk-based decisions. By incorporating best practices identified during evaluations of other industrial groups, we can better respond to new requirements or to significant emerging issues such as climate change, macroeconomic developments, or joint ventures. More than 50 risk drivers have been identified, which are further broken down into approximately 100 potential events.

The analysis of potential risks is:

- dynamic: due to periodic evaluation of the main risks with follow-up and monitoring of mitigating actions identified and/or implemented
- predictive: through prospective risk assessment
- cross-functional: through risk assessment with direct involvement of business areas.

We appoint ERM coordinators for each operating segment of the Group, who are responsible for conducting cross-functional meetings with the heads of key operating segments. These meetings provide the forum to facilitate discussion, identify and evaluate potential risks, and formulate risk mitigation plans.

An enterprise risk assessment is performed annually, based on a bottom-up approach beginning with the functional areas, and concludes with the review by the responsible Chief Operating Officers. The central ERM team consolidates results into a Group report for review and validation with the Global Risk Management Committee and Group Executive Council. As part of the consolidation, significant global focus risks are identified and monitoring actions are established. Once validated, results are submitted to the Audit Committee, assisting the Board of Directors in their responsibility for strategic oversight of risk management activities.

Key global risks identified in 2019 include risks related to customer satisfaction; product portfolio and technology strategy; technology development and product launch; talent management; interruption of critical supplies and supplier quality; regulatory compliance; corporate cybersecurity and commercial policies. Each key global focus risk has been classified by risk categories and control measures and mitigating actions are subsequently defined for each identified risk. In addition, sustainability-related topics, as disclosed in the FCA materiality diagram, were included in the ERM risk assessment discussion, driving to an alignment with the global focus risks for the Group.

For further details, see [Significant Risks Identified and Control Measures Taken](#) in the 2019 FCA Annual Report.

## BUSINESS CONTINUITY MANAGEMENT

Managing business operations and returning to normal production schedules when a catastrophic event causes a major disruption requires planning and discipline. These potential events include natural disasters, pandemics, facility issues, cyberattacks, or unforeseen events within our supply chain. Our business continuity management is a structured and disciplined approach to reducing the likelihood and severity of disruptions, and reducing recovery time in the event of a disruption.

The business continuity management process has four elements:

- Critical production processes for each plant are mapped to key inputs, including facility infrastructure, process equipment, data technology, human resources, and suppliers. Current recovery strategies are documented. Data is made available to employees, and knowledge can be shared across business units and plants
- An enterprise impact analysis is created to identify plant interrelationships, and the resultant financial impact of each plant. Financial impact is also determined for individual vehicle or component product lines within each plant

- Key operational risks and mitigation initiatives may then be associated to any facet of the production system until resolved
- A Business Continuity Plan is developed to summarize information required for business recovery. A flexible approach allows each plant to develop a situation-specific response. Elements of the plan are tested annually, at a minimum, through a simulation exercise.

The results and priorities of the Business Continuity Management process are reviewed regularly by management.

By the end of 2019, Business Continuity Plans had been developed for 21 of the higher-risk manufacturing plants in the United States, Canada and Mexico, accounting for approximately 80% of FCA's total North America revenue attributed to vehicle sales. Plans have also been developed for a core set of supporting corporate functions in the U.S., Canada and Mexico that most directly impact operations.

Disaster Recovery Management is complementary to business continuity management as it entails strategies and processes to plan for, respond to, and recover from significant business disruptions impacting Information and Communications Technologies (ICT). Many business functions are extremely time sensitive and cannot be interrupted for an extended period of time. Accordingly, disaster recovery's goals include minimizing downtime and restoring business operations, and supporting applications within acceptable time frames.

The Disaster Recovery Team oversees program administration, governance, and compliance. The regional Chief Information Officers are responsible for ensuring that the Disaster Recovery program is executed within ICT, following standards and guidelines outlined by the National Institute of Standards and Technology (NIST).

Disaster Recovery enables FCA to:

- help ensure the safety and well-being of personnel, customers, and other individuals conducting business at FCA
- minimize the loss of data, revenue, and customers in the event of a disaster
- meet our contractual and legal obligations.

Because disruptions to business operations may also impact non-manufacturing activities, FCA Services has put Business Continuity Plans (BCP) in place in its operations. FCA Services is the shared service center dedicated to supporting FCA's worldwide processes and activities within Finance, Taxation, HR Services and Customs. The FCA Services BCP follows the best practices and requirements of international standards (FCA Services is ISO 27001 certified) and focuses on continuity of services.

This BCP includes:

- Policies and Procedures regularly updated followed by all FCA Services countries
- Enterprise Risk Assessment and Business Impact Analysis to identify the risks and evaluate financial, reputational and operational impact. To mitigate the risks, action plans and new countermeasures are implemented
- Key Performance Indicator to assess the correct alignment of all parties with the BCP requirements and the full achievement of all objectives
- Business Continuity Plans with all steps and actions to be taken in case of a disruption covering incidents that could affect part or the whole company business processes
- disruption scenarios to be prepared addressing adverse situations
- consistent control and monitoring of events that could impact the business
- testing, from simulation exercises to full testing, to ensure the validity of the plan and involve and train employees
- Business Continuity Plan enhancements as a result of testing performed.

All FCA Services Business Continuity activities are reviewed every year by a Steering Committee as well as by internal and independent external auditors to assure the correctness and consistent improvement of the Business Continuity Plan.

## LOSS PREVENTION MANAGEMENT



Natural hazards can threaten the Group's physical assets and business continuity. Industrial losses from natural disasters such as earthquakes, flooding, tornadoes or severe storms, are on the rise. Climate change will further alter the magnitude and frequency of these incidents, and may introduce new hazards in areas that have not previously experienced them.

FCA benefits from a risk management policy strongly focused on loss prevention and mitigation to help prevent property damage that could result in interruptions to our business. To be effective, loss prevention must be embedded in day-to-day activities, in new projects and initiatives, and is supported and promoted by the organization's highest levels of management.

More than 10 years ago, FCA created a center of competence whose mission is to develop advanced and innovative engineering solutions related to physical risks created by natural events. The goal of the competence center is to reduce the detection time of new natural hazard risk-related events and to quickly initiate loss prevention or mitigation practices and procedures. Its focus is the allocation of resources and efforts among risk reduction, risk sharing, disaster response and recovery efforts.

Specific activities include monitoring and insuring against pure risks - such as fire, explosions, and natural disasters - and playing a central role in managing events that have the potential to impact the continuity of operations or integrity of physical assets at the Group's 1,243 sites worldwide covered by the insurance programs.

Our Risk Management policy aims to ensure that the Group has a consistent basis for measuring, controlling, monitoring and reporting risk at all levels. Four pillars describe our approach:

- preventing accidents or mitigating their effects
- adopting higher international standards for risk prevention
- minimizing the cost of risk by optimizing loss prevention, investment, self-insurance and risk transfer programs
- centralizing and consolidating relationships with global insurance markets.

The Loss Prevention Management process is conducted with the support of external consulting firms specialized in industrial risk. They use field audits to provide an impartial, in-depth and consistent assessment of risk across the Group.

During 2019, FCA's risk management entities focused on managing 156 sites worldwide, representing 84% of total insured value based on 2020 insured values. To ensure that industrial risk is adequately and efficiently monitored, 100% of FCA's total insured value managed by Fiat Chrysler Risk Management is surveyed at least once every three years and more than 50% is surveyed annually. In 2019, 78 sites (out of 156), representing approximately 77% of FCA's insured value, and 251 new projects were inspected or monitored to ensure conformity with international standards in loss prevention.

In 2019, FCA invested €35.59 million in targeted loss prevention and physical risk mitigation measures (of which €12.73 million were for new initiatives) that led to a reduction in overall loss expectancies of approximately €2.4 billion during the year. Figures relate to the insurance year from July 1, 2018 to June 30, 2019.

By concentrating and strictly controlling the fire protection investments at selected vital sites, an overall Global Efficiency Index (GEI) of 0.95 was achieved, representing a reduction of €100 of Loss Expectancy for every €0.95 invested. Industrial groups that obtain investment in protection and potential damage reduction ratios less than 1/100 are considered an industry best practice by the insurance market.

These investments have enabled FCA Group to achieve an 82% Highly Protected Risk (HPR) certified insured value from the international insurance market at the end of 2019. This rating reflects the highest level of loss prevention practice and protection standards in combating property damage risks. Such practice and protection standards must be assessed and certified by external, internationally-recognized experts. This significantly high value places the Group among the industrial excellence in the field of loss prevention.

To bolster the sustainability and resilience of the Group, the risk management function launched several forward-looking and innovative risk engineering approaches and solutions to better understand the impacts of natural hazards and respond appropriately. The ability to assess losses and costs associated with natural hazards is essential for better hazard mitigation. This proactive approach will continue to reduce the detection time of newly developing or changing risks, and to promptly adapt the FCA loss prevention and mitigation practices and procedures.

The following projects are core operational activities:

- insurable environmental risk management
- earthquake risk re-engineering project
- flood risk re-engineering project
- parking lot risk management
- supplier risk management
- cyber risk management.

### **INSURABLE ENVIRONMENTAL RISKS**

FCA uses an innovative environmental risk management methodology developed in collaboration with Environment, Health and Safety (EHS) departments across the Group, a major international consultancy and certification firm, and an insurance partner. This program, which has become a cornerstone of the loss prevention activities of FCA, enables the Group to:

- obtain objective and quantified assessments of its insurable environmental exposures
- understand and clearly communicate priorities and benefits
- inform the insurance market of activities to prevent and mitigate potential environmental losses
- obtain environmental insurance coverage appropriate to the level of risk exposure and potential loss
- execute prevention activities in line with Group strategies.

Since the launch of the project, 94% of FCA's worldwide total insured value was analyzed and quantified using this methodology.

To validate information collected through 82 self-assessments, 25 ad hoc on-site visits have been conducted at Group sites considered representative in terms of size, activity and geographical distribution, since the launch of the project. In 2019 alone, there were 26 self-assessments and two ad hoc on-site visits. The visits were conducted by environmental risk engineers from a leading global environmental risk insurer to validate the consistency of the self-assessments and identify possible improvement opportunities.

These activities enable the development of the Group's environmental maps, which provide a quantification of the overall level of risk, using a scientifically-based certified self-assessment tool. Results presented to the insurance market confirm that FCA's insurable environmental risks have been adequately identified and quantified and are properly managed, enabling the Group to secure insurance coverage.

### **EARTHQUAKE RISK PROJECT**

A robust risk management decision-making process requires quantitative estimates of expected losses due to seismic events. In the last decade, seismic events affecting industrialized countries demonstrate that a structured risk-engineering program based on sound risk estimation is vital to control exposure to potential property damage and business interruption.

Fiat Chrysler Risk Management, in collaboration with specialized risk consultants and universities, developed the Integrated Approach to seismic risk assessment and management, a multi-level framework that allows simultaneous seismic risk assessment and rational allocation of available resources. Unlike traditional approaches to seismic risk, this methodology encompasses individual quantification of all basic components of that risk: the seismic hazard of the site, the expected building structural response, and the unique economic activities and asset values.

In 2019, the collaboration consolidated the application of the Integrated Approach to key Group sites worldwide. In particular:

- the Level 1 analysis, which is aimed at quantitative and transparent seismic risk prioritization, covered 51 sites, bringing the total to 129 sites since the launch of the project, covering all the significant industrial sites worldwide. Level 1 analysis is considered completed
- the Level 2 analysis, providing quantitative seismic loss assessment, was applied to locations identified as "target" sites during the Level 1 analysis, bringing the total to eight sites since the launch of the project. This analysis will continue in the upcoming next years.

## FLOOD RISK PROJECT

An effective and objective flood risk assessment requires updated risk maps obtained using advanced modeling tools. To confirm the effectiveness of FCA methodologies, Fiat Chrysler Risk Management has formed a working team consisting of specialists from the loss prevention engineering departments of four recognized insurance and reinsurance global leaders. Enabled by their natural hazard research centers, the reinsurance companies provide mapping tools based on geomorphological satellite imagery and mathematical modeling for the first macro analysis of the risk portfolio. The engineering departments of the insurance companies provide their risk analysis based on visual and instrumental interpretation techniques along with field checks.

This methodology for industrial flood risk assessment was applied globally. Eighty-seven sites were identified as potentially exposed and all were reanalyzed applying the above methodology. The initiative is considered complete and the risk assessment will be updated during each subsequent survey.

## PARKING LOT PROJECT

This global project aims to assess and proactively manage natural hazard risks that expose finished FCA vehicles stored in parking lots to damage such as fire, hail, natural hazards and external exposure.

An international team comprised of logistics and risk management specialists and supported by the Group risk engineering provider developed a risk mapping tool to:

- collect key data to quantify and compare risks on accumulation and potential exposures
- produce both global exposures and specific hazard risk maps highlighting top risks and priorities
- define both prevention and protection risk treatment priorities and outline the most appropriate action plans.

The initiative covers 218 vehicle parking lots located in 34 countries.

## SUPPLY CHAIN RISK

FCA strives to implement strategies that manage both everyday and exceptional risks along the supply chain, while better identifying suppliers throughout its many tiers. It is critical to understand supplier profiles at lower tier levels to ensure a complete risk assessment and response in the event of potential supply disruptions. Working to develop tools that support supply chain mapping has become an important focus. These data tools can provide FCA with an advantage of speed-to-resolution and prioritize FCA with resources over competitors.

Our supply chain risk approach was developed in 2015, focusing on analysis and mitigation of property and business interruption risks. The initial study involved the Purchasing team in EMEA during 2015 and 2016, and confirmed the expected results in terms of supplier risk identification, quantification and mapping. The pilot was launched in EMEA in 2017 using a dedicated risk ranking tool, the Global Risk Index, to select both large component manufacturing groups and smaller suppliers. In 2019, this methodology was extended to the other regions.

Through this approach, suppliers who are identified under certain risk criteria are encouraged to work with FCA to ensure that risk management processes in place are able to secure the flow of key components.

To accommodate supplier size and organizational structure, we have adopted varied risk assessment techniques. Large, global suppliers with well-structured risk management organizations are analyzed with deductive methodologies that measure their risk management and business continuity processes and procedures. Smaller suppliers are visited by a specialized loss prevention team that determines their alignment with international loss prevention standards adopted by FCA and, where needed, recommend risk reduction action plans.

## CYBER RISK MANAGEMENT

Fiat Chrysler Risk Management has created varied work groups, made up of multidisciplinary specialists from FCA internal functions and departments as well as from insurance companies for developing advanced and innovative risk engineering approaches and solutions.

Specialized teams composed of FCA cyber risk experts and insurance market leaders, and coordinated by the Fiat Chrysler Risk Management loss prevention team, analyze globally the ICT macro processes to verify alignment with industry best practices. Where necessary, they recommend focused improvements that further enhance their resilience. The risk management function ensures that this initiative is consistent with other risk management processes in place.

FCA's dedicated cyber risk insurance coverage is designed on the basis of a comprehensive and thorough analysis of:

- the threats of exposure of vital company assets, including the information that must be protected and at which level
- policies and procedures in place to reduce the risk of attack in the event of a security breach
- plans and procedures in place to neutralize threats and remedy security issues.

# Employees and Community



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# Employees

Everything we do at FCA starts with our employees and how they support our business, customers and communities around the world. Employees with diverse perspectives and backgrounds create value for stakeholders inside and outside the Company. We work to provide a rewarding and safe working environment that values innovation and enables employees to collaborate in ways that transform differences into strengths, breaking down geographic and cultural barriers and developing each person's potential.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



**~192,000  
EMPLOYEES**



**1**  
**GLOBAL**

LEADERSHIP MODEL



**1.4  
MILLION**  
HOURS OF TRAINING



**86%**  
**REDUCTION IN INJURY  
FREQUENCY RATE**  
WORLDWIDE VS 2010



# Employees

FCA employees at all levels bring their knowledge, creativity and experience to the job in order to identify opportunities and act as catalysts for change. This enables the Group to adapt and respond quickly to the market and to competitive actions.

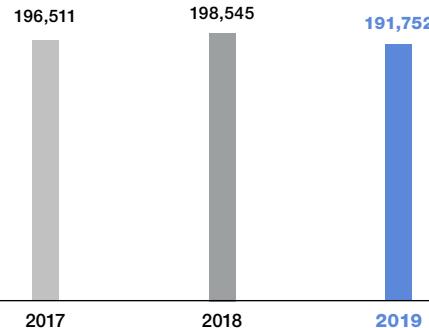


To achieve the Company's objectives, the Human Resources function supports robust processes designed to secure the talent required by the business and provide employees with opportunities during their entire career, from recruiting to retirement.

As of December 31, 2019, the Group employed 191,752 people.

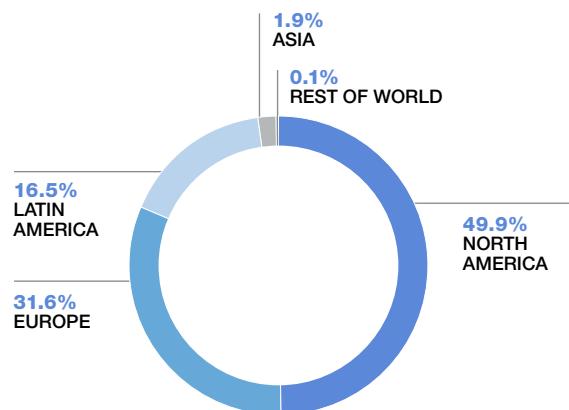
## Workforce Trend by Year

FCA worldwide (no.)



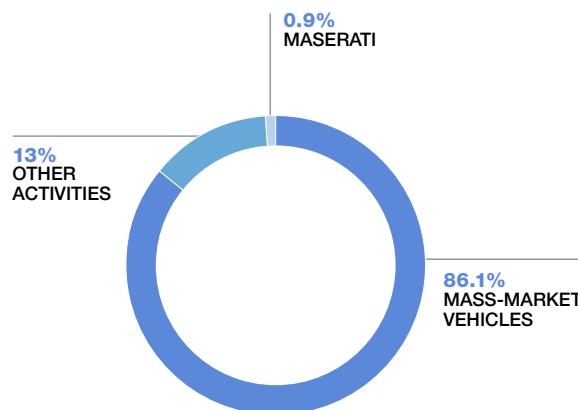
## Workforce by Geographic Area

FCA worldwide



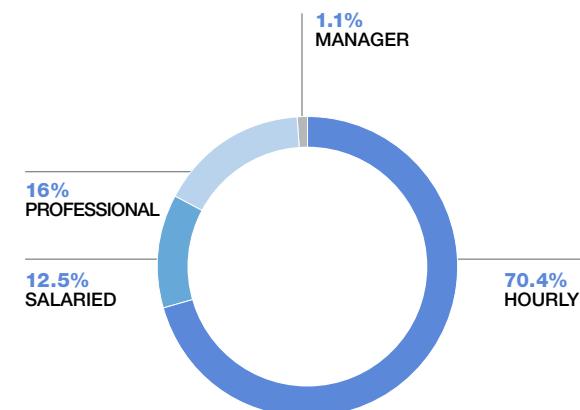
## Workforce by Operating Segment

FCA worldwide



## Workforce by Category

FCA worldwide



## DIVERSITY AND INCLUSION



At FCA, we embrace a culture of diversity and inclusion that supports our desire to constantly push ourselves ahead, leading to innovation and excellence through collaboration and dynamic change. Employees are expected to follow the business ethics and behavioral expectations of FCA's Code of Conduct that details the Group's commitment to maintaining a fair, secure, productive and inclusive workplace for all members of our workforce, one in which everyone is valued for their unique contributions to the Company. The Company regards the diversity of our workforce as a key asset and does not tolerate any form of discrimination.

Today, this perspective is more important than ever, empowering equal employment opportunities based on merit without regard to race, color, sex, sexual orientation, gender identity, transgender status, age, protected veteran status, marital status, religion, national origin, disability status, genetic information or other basis protected by law. Promoting equal opportunity in the workplace is vital to FCA's human resources management and the Company's long-term success. A wider, more diverse pool of talent improves the Company's understanding of our workforce and our customers.

Several programs are in place across the Group to foster a diverse and inclusive work environment among employees. The Diversity and Inclusion Office leads change and provides a broad range of opportunities for our workforce in North America. In addition to Corporate initiatives focused on diversity and inclusion, the Company's ten Business Resource Groups: African Ancestry Network, Asians Connected Together, Diverse Abilities Network, First Nations, Gay and Lesbian Alliance, Latins in Connection, Middle Eastern Employees Together, Women's Alliance, Working Parent Network and the FCA Veterans' Group provide multicultural learning opportunities, mentoring and networking events, community outreach initiatives, charitable activities and contribute policy and process improvements.

FCA is aligned with the vision of the United Nations Sustainable Development Goal on Gender Equality through a number of activities that aim to advance the role of women in the automotive workforce. These include, among others, formal processes to monitor the application of our core equity and fairness principles to compensation levels, annual salary reviews and promotions, work-life balance arrangements and events to foster interest in technical careers among women.

### Women by Employment Category

FCA worldwide (%)

[ SDGs 5 ]

	2019	2018	2017
Hourly	18.8	18.5	18.3
Salaried	29.0	29.5	28.9
Professional	21.0	20.6	20.5
Manager	16.6	16.7	16.1
<b>Total workforce</b>	<b>20.4</b>	<b>20.2</b>	<b>20.0</b>

FCA received a number of recognitions for our commitment to diversity in 2019. As an example, FCA was ranked in the Refinitiv Diversity & Inclusion Index in the global "Top 25 Most Diverse & Inclusive Companies." The index lists the most successful companies in promoting and leveraging diversity and inclusion in the workplace. We were also recognized as one of DiversityInc's "Noteworthy Companies for Diversity" and for the 16th year were included in Latina Style's 2019 list of Top 50 U.S. companies for Latinas.

The Company offers employment opportunities for individuals with disabilities. A survey monitoring the employment of workers with disabilities is performed every two years in countries where legally allowed. In 2019, a survey monitoring the employment of individuals with disabilities was conducted across 39 countries, covering 99% of the Group's total workforce. The survey showed that in the countries where regulatory requirements exist (14 mapped), employees with disabilities made up 3.7% of total employees, compared to the 3.5% reported in the 2017 survey.

## MANAGEMENT AND DEVELOPMENT



Our employees are one of our greatest strengths in providing the Company with the competitive edge needed in our industry. We value diversity and inclusion and invest considerable resources in employee management and development.

We operate according to the following leadership principles:

- we recognize and reward performance
- we define leadership as leading change and leading people
- we embrace and cherish competition
- we aim to achieve best-in-class performance
- we collaborate and simplify decision making, striving for speed, rigor and discipline in all we do.

We expect every decision, including the appointment of leaders, to be influenced by these foundational elements as we continue our efforts to be an organization of best-in-class talent in today's automotive industry.

### TALENT ATTRACTION



FCA recognizes the ever evolving expectations of our workforce, especially as they relate to rewards and challenges. Aligning FCA's current and future needs with skilled professionals, whether those already part of today's workforce, or those just beginning their career, makes attracting and retaining talented individuals a top priority at each step from recruitment through retirement.

FCA has been involved for 14 years in supporting university teams that design and manufacture prototypes to compete in the European Formula SAE events. FCA offers technical support during the Italian competition held at the Circuit in Varano de' Melegari (Italy). Beginning in 2014, FCA also partnered with SAE International's Collegiate Design Series on a car-building competition that takes students from the classroom to the racecourse in both Formula and Baja vehicle classifications. In this program, student teams from several universities work with more than 60 FCA engineers, and are provided the opportunity to test their vehicles at the Chelsea Proving Grounds (U.S.). Students develop skills such as project management, budgets, timing, design, building, testing and validation. Many student team leaders manage teams of 15 - 50 students, helping them build leadership skills and learn how to manage people - attributes highly desired in the workplace.

To support FCA efforts to attract the best talent, we sponsor programs such as the U.S. National Black MBA Association Graduate Student Case Competition. This annual event enables talented, high-potential MBA candidates from the nation's leading business schools to compete for more than €44,500 in scholarships. The solution they present gives these students an opportunity to demonstrate their knowledge and problem-solving skills to a multi-sector panel of business executives.

We also have strategic relationships with several universities to help bridge the gap between the classroom and the Company. These collaborations are designed to combine classroom education with hands-on, industry-level experience. This gives students the opportunity to receive specialized instruction that caters to their career interests, while nurturing the skills needed for FCA's future workforce.

In Italy, FCA continues to collaborate with the Politecnico of Turin for the Automotive Engineering degree program. This program focuses on three main areas: teaching, research and internationalization. FCA employees are involved in lecturing and coordination activities. In 2019, FCA granted €1.4 million to support this degree program.

### TALENT MANAGEMENT, RETENTION AND SUCCESSION PLANNING

FCA provides the means for our workers to grow professionally, which helps us retain and develop talented and motivated employees. The Human Resources organization, managers and all other employees share duties and responsibility in this development, and this cooperation creates an attractive working environment and a workforce equipped to respond to the challenges of our industry.

Performance and Leadership Management (PLM) is the appraisal system adopted worldwide to assess the performance of management, professional and salaried employees. This individual performance assessment process is one of the elements upon which the variable compensation is based. The PLM process provides the framework for talent management and succession planning. This rigorous, global process helps identify individuals with the technical and managerial skills needed for FCA and our employees to succeed.



Through PLM, specific targets are established to guide and assess employees in relation to their results and behaviors. Complete performance and leadership evaluations were conducted during 2019 for approximately 57,600 FCA employees. Sustainability targets are incorporated in the performance management system for individuals across the organization with responsibility for related projects. This process encompasses virtually all salaried employees.

Talent reviews and succession planning processes are designed to create opportunities for individuals to develop the leadership skills necessary to further FCA's future growth. Such opportunities include assignments to other geographic or business areas as well as engagement with senior management. Approximately 7,000 internal mobility opportunities were made available to FCA salaried and hourly employees worldwide. This approach helps protect the Company's future, leveraging our workforce by preparing the next leaders for their roles.

### LEARNING MANAGEMENT



To remain competitive in an auto industry undergoing transformational change, employees are encouraged to envision a career that involves continuous learning. FCA offers a number of development opportunities, including training, coaching, mentoring and job rotations.

The Group invested more than €34 million in training during 2019, delivering about 1.4 million hours of training to approximately 100,000 Group employees.

Investments in classroom, online and on-the-job training focused primarily on the Group's four core training concepts: development of job-specific know-how (76.6%), managerial skills (4.6%), cross-cultural awareness and language skills (6.7%) and corporate campaigns, rules and commitments (12.1%).

Where possible, FCA endeavors to measure the direct business impact of our training activities, in addition to monitoring process efficiencies and effectiveness. The Cost Deployment of Training model, used within the World Class Manufacturing (WCM) program, can be applied to a portion of total training costs. By monitoring on-the-job training and the associated generation of process improvements, FCA identified estimated savings of approximately €1.1 million enabled by a training cost of about €600,000 in 2019.

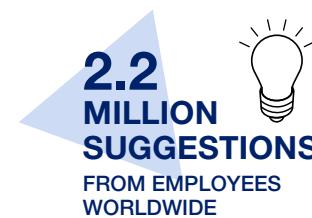
Because electrification is one of the key product focus areas, FCA provides specialized training that includes; classroom, on-the-job and virtual learning programs. One of the virtual learning programs, called e-Mobility Boulevard, offers technical electrification-related content to more than 20,000 employees worldwide and is available 24 hours a day, seven days a week.

### DIALOGUE WITH EMPLOYEES

We believe that dialogue is an important contributor to employee satisfaction, so FCA seeks to foster a company culture where new ideas are encouraged and valued at every level. Formal opportunities for exchange and dialogue include town halls, engagement surveys, employee meetings, team-building events and department gatherings. We use these opportunities to plan and address specific actions aimed at maximizing overall employee satisfaction and engagement.

During 2019, more than 46,000 hourly and salaried employees were involved in various engagement surveys. In some instances, these engagement campaigns were customized to match an organizational need, and deployed to particular segments of the Company or to employees worldwide from the same business area. This and other information derived from the above-reported initiatives allow FCA to evaluate and develop appropriate actions.

Several tools and programs are also in place worldwide to collect suggestions from employees. The WCM program offers our largest worldwide example of employee engagement. In 2019, 2.2 million WCM suggestions were collected to foster shared learning and best-in-class performance. Across the organization, other suggestion channels are available for the collection of improvement proposals, resulting in an additional 12,000 ideas generated through direct and spontaneous engagement of employees worldwide.



## COMPENSATION AND REWARD

FCA is committed to offering a total compensation system based on equitable and fair criteria, providing an inclusive work environment and equal opportunities for workers. By rewarding employees' abilities and efforts, the Company's compensation philosophy acknowledges the value of a high performance culture and the importance of a market-driven approach.

The Company has defined a compensation system that involves several components. This comprehensive package rewards employees for their contribution to the Company's results, provides development opportunities, and allows them to share in the business success they help create.

FCA reviews many factors to determine base salary, benefits and variable incentives, and strives for fair and objective treatment for employees around the world.

The specific criteria for compensation adjustments focus on competitiveness with respect to market position, giving priority to top performers. Variable compensation and career development are impacted by individual contribution, which is vigorously evaluated through a common performance and leadership management framework that is deployed throughout the entire organization, under which employees are assessed on an annual basis. Additionally, the Group monitors the application of our core equity and fairness principles relative to compensation levels, annual salary reviews and promotions. Managers and human resource professionals utilize defined guidelines, which are reviewed annually, in making compensation determinations.

## BENEFITS

In 2019, 74% of employees are eligible for a supplementary retirement plan. During 2019, approximately 76%<sup>(1)</sup> of these employees participated in this type of plan, representing roughly 56% of the total employee base. Supplementary retirement plans provided by the Group fall into two categories: defined contribution plans and defined benefit plans.

Company-provided health plans are also available for FCA employees, and more than 74% of the surveyed population participated in a company-provided health plan. Childcare services are offered at some locations to help employees achieve work-life effectiveness by responding to the needs of the family.

The Group promotes a healthy lifestyle through comprehensive wellness programs and access to dedicated fitness facilities, which are available in certain areas.

### Principal Employee Benefits

FCA worldwide (% of employees eligible for benefit)

Supplementary retirement plans	74
Company-provided health plans	86
Life insurance	71
Financial support for disability/invalidity	74
Employee cafeteria or lunch vouchers	55
Childcare services <sup>(2)</sup>	35
Wellness and nutrition programs <sup>(3)</sup>	75
Gym/fitness services <sup>(4)</sup>	59
Others <sup>(5)</sup>	30



<sup>(1)</sup> 2019 data on benefits refers to 191,125 employees (covering approximately 99.7% of total workforce). It does not include 627 employees of 3 Companies, insourced during the 2019 year and under integration on Human Resources reporting process.

<sup>(2)</sup> Includes kindergarten, free gymnasium access for children, assistance with homework, summer camps/holidays, other services dedicated to childcare.

<sup>(3)</sup> Includes nutrition coaching, smoking cessation training, medical check-ups, medical screening, other wellness programs.

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

<sup>(5)</sup> Includes benefits such as company cars, transportation, housing, interest-free loans.



## WORK-LIFE BALANCE

FCA offers programs and tools to help employees balance their personal and professional lives. Depending on the employee location and local requirements, FCA provides guidelines, processes, technology enablers, tools and collaborative workspaces to address the expectations of an evolving labor market. Operational needs, the business climate and compatibility of job assignments are considered as employees and managers explore options that enable positive work-life integration. Based on the role, FCA offers arrangements and initiatives to improve work-life balance include flextime, job-sharing, part-time or reduced hours, telecommuting, compressed workweek/summer hours, parental leave and other leaves.

## ▲▲▲ EMPOWERING OUR PEOPLE

Across our regions, a variety of programs are in place to enable work-life integration. FCA is piloting a work from home program, Working Agile, in Italy that supports work-life balance, cultural growth and empowerment while increasing work flexibility. The program offers select employees the opportunity to work from home several times per month. Along with minimizing CO<sub>2</sub> in the environment, employee benefits include reducing transportation time and costs, while strengthening motivation and morale. Based on early success, the program is expected to expand. North America, LATAM and APAC regions implemented similar policies to manage working outside the company's facilities, bringing more flexibility and autonomy to its employees. Eligibility is based on the operational group and employee's function.



In 2019, roughly 23% of employees<sup>(6)</sup> were covered by one or more of the available flexible working arrangements. Specifically, 3.6% of the workforce is employed part-time, of which about 51.8% are women; 2% took parental leave related to childbirth and care; approximately 7.4% participated in other types of leaves; and 10% were covered by other types of work schedule flexibility (e.g., flexible working hours, working from home, job-sharing). The actual figure may be considerably higher, as this percentage does not include participation resulting from informal agreements with local managers, which are not formalized or tracked.

The Group supports equitable choices for maternity, paternity and adoption benefits, which encourage employees to balance parental responsibilities with their careers. While labor law requirements may vary from country to country, parental leaves are provided to all employees to the extent required to comply with local regulations. In some countries, the Group exceeds local requirements with dedicated policies. Return-to-work and retention rates following parental leave are two key indicators of the mid- and long-term capability of the Company to provide employees with career growth opportunities and achieve balance between their home and work lives.

Financial health is also an important aspect of work-life balance. An FCA initiative in Italy called Conto Welfare allows employees to convert some of their pre-tax earnings into a spending account they can use on a wide range of health, wellness, well-being, care, education and pension benefits or services. In addition to the tax benefit, the Company contributes an additional five to ten percent toward their spending account. In 2019, more than 7,800 employees enrolled in Conto Welfare. This initiative supported employee welfare and work-life balance, granting access to services and resources from a wide range of local providers. Flexible spending accounts available in the U.S. also give eligible employees the opportunity to set aside a portion of their pre-tax earnings to help pay for certain health care and dependent day care expenses.

In the U.S., FCA supplements the financial resources and tools available to employees by offering a student loan refinancing benefit. We recognize that this innovative offering is a way to attract and keep top talent who have invested in their education as well as the education of their children.



## OCCUPATIONAL HEALTH AND SAFETY

Throughout our facilities around the world, FCA aims to provide all employees with a safe, healthy and productive work environment. We focus on identifying and evaluating safety and health risks; implementing health, safety and ergonomics standards; using collaborative robots in manufacturing operations; promoting employee awareness and safe behavior; and encouraging a healthy lifestyle. Environment, Health and Safety (EHS) managers are responsible at the Group level for establishing health and safety operating procedures and standards, and for supporting local EHS professionals in implementing them. In addition, they are responsible for monitoring national and local legislation, as well as applicable health and safety rules and regulations.

The goal of achieving zero injuries is formalized in the targets set by the Company, as well as through the global adoption of an Occupational Health and Safety Management System (OHSMS) certified to the OHSAS 18001 standard. FCA has committed that all of our plants operating worldwide in 2020 will be OHSAS 18001 certified. At the end of 2019, 91 Group plants, representing 95% of manufacturing employees, or those directly or indirectly involved in manufacturing processes, were OHSAS 18001 certified.



FCA has adopted World Class Manufacturing (WCM) methodologies and tools, including a Health and Safety pillar, which also contribute to improving safety in a systematic manner. WCM is a rigorous manufacturing methodology that involves the entire organization and encompasses all phases of production. The WCM Safety Pillar applies risk prediction methodology, a tool to identify the potential unsafe acts that could happen while performing an activity and assess all potential related risks. The methodology is then used to determine the proper countermeasures. See the Production section of this Report for more information about WCM.

Risk identification and assessment, both on a routine and non-routine basis, are conducted according to a specific Group procedure applied worldwide with the purpose of singling out major risk areas and implementing preventive action plans. Areas within the plants are then classified depending on the risks identified.

Effective implementation of health and safety standards at FCA facilities is made possible through a combination of preventive measures and the collaboration of employees. Employees are involved through training that focuses on the importance of safeguarding health and safety; complying with policies and procedures; contributing to the adoption of additional safety measures; and promoting appropriate prevention behaviors across all organizational levels and roles. They are also engaged in initiatives designed to increase safety awareness and participate in a comprehensive system for gathering feedback and suggestions. Useful and implementable ideas are put into practice, shared across multiple facilities, incorporated into FCA's OHSMS and the project owners are recognized for their involvement.



FCA engages in ongoing dialogue about improving employee health and safety with the employee-representative bodies in accordance with current laws and the collective agreements applied in the various countries in which the Group operates. The analysis conducted in 2019 revealed that almost all employees covered by those collective bargaining agreements were also represented on issues such as health and safety.

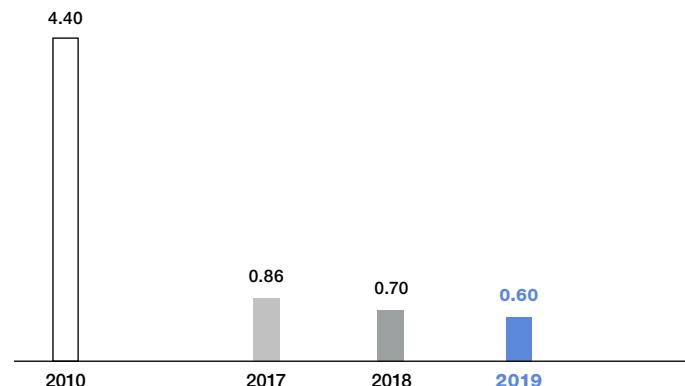


## SAFETY INSIGHTS

FCA has significantly reduced the frequency and severity of work-related injuries over the past several years through the application of tools and methodologies provided by the OHSMS and by the WCM Safety pillar, together with the active involvement of employees, development of specific competencies and targeted investment.

### Frequency Rate

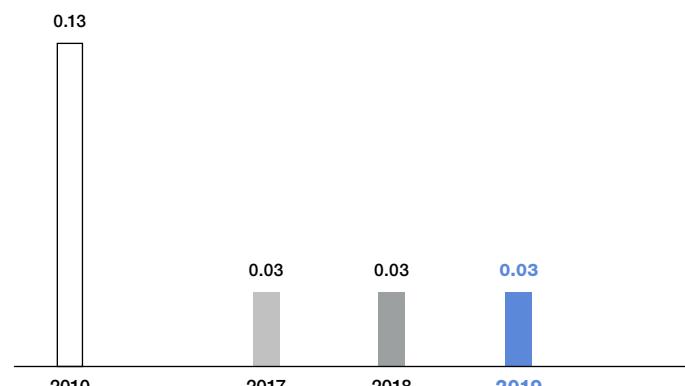
FCA worldwide (injuries per 1,000,000 hours worked)



### [ SDGs 3 ]

### Severity Rate

FCA worldwide (days of absence due to injuries per 1,000 hours worked)



### [ SDGs 3 ]

Work-related injuries are analyzed to determine the causes and to take appropriate measures to avoid recurrence. In 2019, the Frequency Rate index was down 14% compared to the previous year (with 0.60 injuries per 1,000,000 hours worked) and the Severity Rate was substantially unchanged compared to 2018 (with 0.03 days of absence due to injuries per 1,000 hours worked).

FCA's investment in occupational health and safety, combined with the measures adopted, has resulted in a progressive reduction in the level of risk attributed to Group plants in Italy by INAIL, the Italian accident and disability insurance agency. As a result, the Group was eligible for "good performer" premium discounts, which led to savings of more than €125 million from 2012 through 2019.



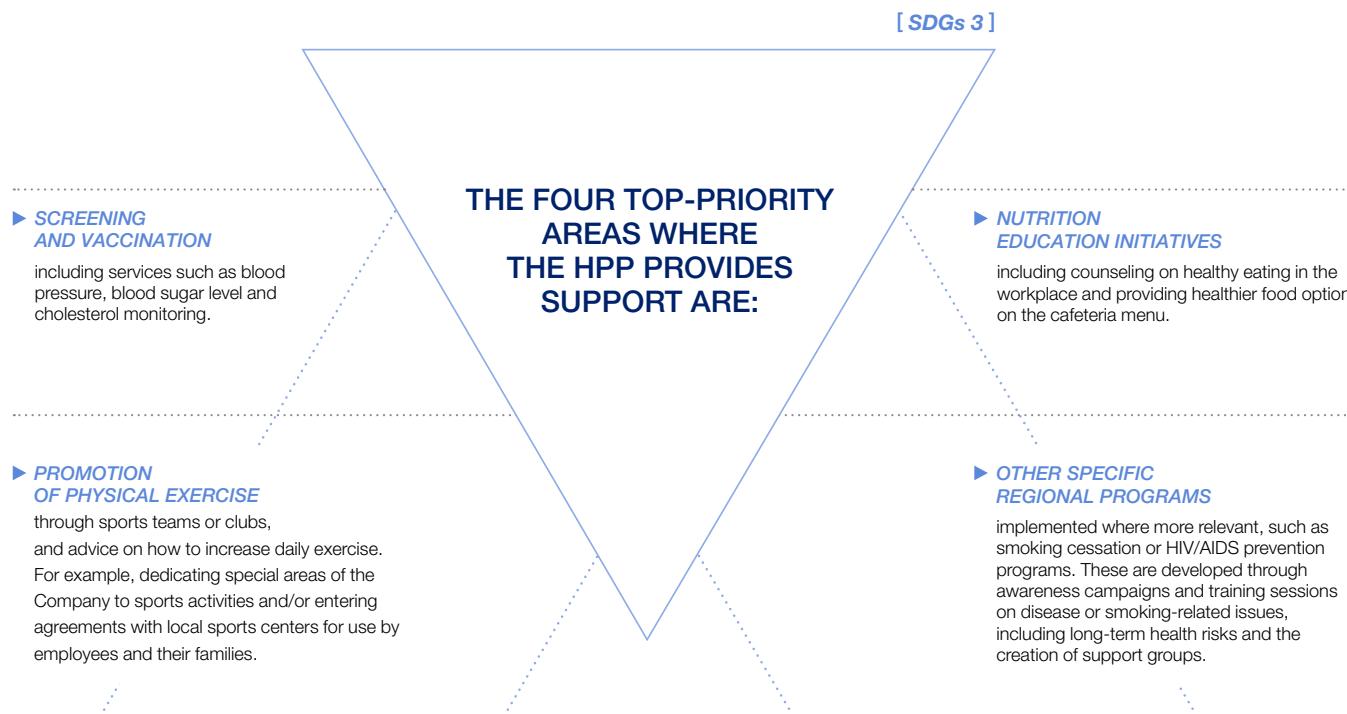
Occupational illnesses refer to diseases that develop gradually over time as a direct consequence of working activities carried out by an employee. FCA regularly monitors occupational illness trends, and in 2019 recorded approximately 400 cases worldwide. The occupational illness frequency rate was 1.13 cases per 1,000,000 hours worked (compared to 0.90 in 2018). This indicator (and changes from year to year) typically bears a low correlation to recent or current health and safety risk prevention measures because, unlike the injury indicators, occupational illness can relate to issues that originated years or even decades prior to being confirmed. Occupational illnesses are quite complex and are usually related to risks associated with historical working methods or environmental conditions that have long since been mitigated or eliminated.



## HEALTH PROMOTION

FCA offers numerous programs and services for employees and their families to promote and support individual safety, well-being and a healthy lifestyle at and away from the workplace. The Health Promotion Program (HPP) is based on needs reported both inside and outside FCA, and follows the health and safety principles of the main international

organizations, including the World Health Organization (WHO), the U.S. Occupational Safety and Health Administration (OSHA), the European Agency for Safety and Health at Work (EU-OSHA), and the International Labour Organization (ILO). In 2019, the HPP was available in 84 plants in 15 countries, continuing to address local issues where appropriate.





## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

FCA respects workforce members' freedom of association, and publicly affirms this commitment in the FCA Human Rights Guidelines. These Guidelines state that business partners and suppliers with whom the Group does business are also expected to adhere to our standards, including, but not limited to, human rights. Moreover, the Sustainability Guidelines for Suppliers describe expectations for Group suppliers and sub-suppliers worldwide.

Workforce members are free to choose to join a trade union in accordance with local law and the rules of the various trade union organizations. FCA recognizes and respects the right of our employees to be represented by trade unions or other representatives established in accordance with the locally applicable legislation and practice. When engaging in negotiations with representatives, FCA's actions and behavior seek a constructive approach and relationship. As confirmation of the importance the Group places on social dialogue, trade union representatives from Group companies are involved through specific meetings on strategic business operations (e.g., business plan).

At December 31, 2019, 87.3% of employees worldwide, including Sevel (Italy), were covered by collective bargaining agreements at any level, based on an average figure that covers a variety of situations in accordance with regulations and practices in the various countries and 90.4% of employees not covered by collective bargaining benefit from conditions that are supplemental to, or better than, the minimum required by law.

In 2019, a survey covering approximately 87% of the total workforce worldwide, including Sevel (Italy), showed that 84% of employees were covered by representative bodies. Representative bodies, generally elected by local plant workers, are entitled to be informed and consulted, and negotiate on specific issues as provided by law or applicable collective agreements.

In the European Union countries, employee representative bodies are established for companies or sites where employee numbers exceed the minimum limits specified by national laws or procedures. In the North America region, representatives are present at sites where a trade union has been established. In China, FCA employees are free to form a representative council in accordance with national labor laws, local rules and regulations.

In most countries, dialogue occurs through industrial and employers' associations to which the Group companies belong.

In 2019, an analysis was carried out in those countries that have not ratified fundamental International Labour Organization (ILO) Conventions on freedom of association or the right to organize and collectively bargain. It covered over 99% of employees at Group companies in Brazil, the U.S., Canada, Mexico, China, India and Malaysia, and showed that the application of these rights and principles is ensured through local legislation.

Relevant examples of collective bargaining agreements in countries where FCA has a significant presence are summarized below.

### ITALY

unionized 41.8%

nonunionized 58.2%

In Italy, substantially all FCA employees are covered by collective bargaining agreements and all FCA companies apply the 2019-2022 company-specific collective labor agreement (CCSL). Negotiations with signatory trade unions for its renewal began at the end of November 2018 and on March 11, 2019 a four-year agreement was reached. Meetings were also held with the trade union Fiom-Cgil, which is not signatory to the CCSL, following its request to start negotiations having as reference its own document for collective bargaining. Managers in Italy are also covered by a company collective bargaining agreement.

### UNITED STATES

unionized 75.6%

nonunionized 24.4%

In the U.S., the Company applies the terms of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) - FCA US four-year national collective bargaining agreement signed in December 2019. This Agreement covers more than 49,000 employees and is in effect until September 15, 2023.

## CANADA

unionized 91.3%

nonunionized 8.7%

In Canada, FCA Canada LLC applies the terms of the four-year labor agreement signed in October 2016 covering almost 10,000 employees. The Agreement with Unifor is in effect until September 21, 2020.

## MEXICO

unionized 82.4%

nonunionized 17.6%

In Mexico, FCA Mexico, S.A. de C.V. applies the four-year agreement reached in June 2016 with The Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada Similares y Conexos de la Republica Mexicana representing more than 14,000 employees. This agreement is in effect until May 9, 2020.

At the European level, regulations require that all community-scale undertakings establish a European Works Council (EWC), which ensures workers the right to information and consultation. FCA first established an EWC in 1997 on the basis of the agreement signed in 1996, and which was subsequently renewed with amendments and modifications. The last renewal agreement for the FCA EWC, signed in July 2016, was in effect until the end of 2018. As provided by the agreement itself, it has been automatically renewed.

Overall, in 2019, collective bargaining conducted in accordance with local law and practices, resulted in 262 trade union agreements at either the Company or plant level. In 2019, the level of labor unrest and local labor action in Group companies was negligible and mostly related to local issues at individual plants.



## MANAGEMENT OF PRODUCTION LEVELS

During 2019, the management of production levels varied within the regions based on market demand.

- In the EMEA region, the response strategy to the contrasting levels of market demand for certain models continued in 2019 leading to the use of forms of flexibility depending on the required volumes. In cases where it was necessary to manage temporarily reduced production, the Company continued our policy for employment protection by taking advantage of temporary layoff schemes or schemes defined by law through collective agreements or company policies. In 2019, the use of temporary layoff benefit schemes by Italian Group companies was often supported by training and retraining programs for workers.
- In 2019, construction started at the Mirafiori plant on the full Battery Electric Vehicle platform for the Fiat 500 BEV, along with the announcement of a Battery Hub to be developed in 2020. At the Melfi plant, work began for the production start-up of the new Jeep Compass and Jeep Renegade PHEV. Finally, during retooling at Italian engine plants in 2019 (due to an intervention program for the construction of the new engines that will equip new models), employees received on-the-job training as well as other targeted training. Since full working activity for all workers of the above-mentioned plants was not expected in 2019, the consequent temporary overstaffing was managed through temporary layoff benefit schemes, in agreement with the trade unions.
- Teksid and Comau, FCA's components and production systems brands, and FCA Italy signed trade union agreements in 2019 to enable an overall rebalancing of employment and to set preconditions for potential opportunities of occupational turnover. These agreements were about the voluntary departure of employees close to meeting pension requirements through a procedure for workforce reduction and for the payment of a voluntary redundancy incentive.
- In the North America region, the Company has spent the past several years realigning its installed capacity in an effort to meet the demand for SUVs and trucks, utilizing existing plant infrastructure. To expand further its SUV capacity, including electrified models, the Company is constructing a new assembly plant in Detroit (U.S.). In support of these initiatives the Company continues to utilize flexible operating patterns at North American facilities and to assess the number of manufacturing employees needed to support our current and anticipated production volumes, as well as additional engineering, research and development and other highly skilled employees to support product development, sales, marketing and other corporate activities.





## MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

Although regulations and practices from a local, regional and national level can vary, FCA strives to keep employee representatives involved when operational changes impact employees.

Within the European Union (EU), Directive 2001/23/EC stipulates that when a transfer of an undertaking, business, or part of an undertaking or business occurs as a result of a legal transfer or merger, a disclosure and consultation process is required with employee representatives. The procedure must be initiated reasonably in advance of the transfer. FCA companies comply with this Directive as implemented by the relevant laws and regulations of each EU member state.

The agreement for the FCA European Works Council also specifies conditions when employees are to be informed and consulted.

Outside the European Union, local laws and practices apply:

- U.S.: A federal law known as the Worker Adjustment and Retraining Notification Act (WARN Act), which applies to both unionized and nonunionized employment sites, requires an employer to give a minimum of 60 days' advance notice of any action that constitutes a plant closing or mass layoff. Several states also regulate required notice periods for certain operational changes.
- Canada: Notice of termination regulations vary by province. In Ontario, where the majority of the Canadian workforce is employed, notification must be given at least eight weeks prior to termination for employees with eight years or more of service. The remaining FCA Canada LLC employees are located in Alberta and Quebec, where the maximum notice requirement is eight weeks for employees with more than ten years of service.

At unionized sites and/or plants in the U.S. and Canada, the level of union involvement is normally defined by the collective bargaining agreement signed between the company and the trade union and is applicable at the plant level. The agreements usually specify the information and consultation procedures to be followed in such circumstances. At nonunionized plants, it is common practice to make a company-wide announcement to all employees of organizational changes relating to outsourcing, giving reasonable prior notice of the operation.

- Mexico: Companies are required to notify the Federal Arbitration and the Conciliation Board, as well as the trade unions, prior to any large-scale employee layoffs or plant closures. In Mexico, according to Federal Labor Law, prior to any large-scale employee layoffs or plant closures, companies are required to inform the Federal Labor Agency and the union. According to FCA's Union Bargaining Agreement, in case of any large-scale employee layoff, the Company and the Union will agree to the terms and conditions applicable to such layoff. However, no notification period is expressly defined in Mexican labor law.
- China: Labor Contract Law states that all operational changes such as reorganizations, restructuring, or actions reducing the workforce by 20 or more employees or less than 20 but accounting for 10% of company employees must be notified to the labor union or to the employees 30 days in advance. The company must also provide the local labor authorities with a workforce reduction plan.



# Community

FCA is committed to building a secure future for our Company and for society as a whole. We embrace our responsibility to balance business with social needs by supporting education, creating jobs, promoting employee engagement, volunteerism, and targeting our charitable giving to address local needs. Our partnerships with nonprofit organizations, community, academic and local leaders provide an important connection between our employees and the communities where they live and work. Our approach to community engagement is reflected in the fact that Supporting our Communities is one of the key Principles of the FCA Code of Conduct, which guides FCA's commitment to important values in business and personal conduct.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



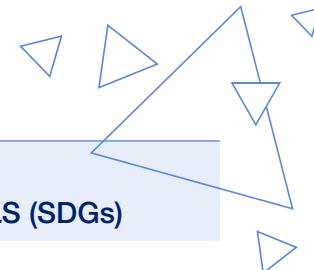
**~€28 MILLION**  
COMMITTED TO BENEFIT LOCAL COMMUNITIES



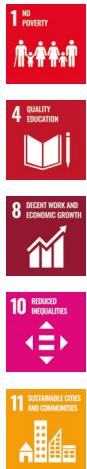
**62,000+ HOURS VOLUNTEERED BY EMPLOYEES**



**100,000+ HOURS DONATING BLOOD BY EMPLOYEES**



# Community



Our community investment activities reflect our efforts to promote thriving, resilient communities. In 2019, we committed charitable resources for a value of about €28 million,<sup>(1)</sup> including contributions from the FCA Foundation. In alignment with the United Nations Sustainable Development Goals, our social contribution efforts focus on education to empower people and build resilient communities with effects that can extend generations into the future. In addition, initiatives and charitable contributions are made to support local community needs in the countries where we operate.



The Group's 2019 activities focused on a variety of causes: 68% for education-related initiatives; 13% for community development and welfare, including health programs; 19% for emergency relief and other efforts. The majority of the Group's charitable activities around the world are operated through the FCA Foundation, which is governed by a Board of Trustees consisting of corporate executives. The FCA Foundation directs its resources towards the focus of education, community service, and support for members of the U.S. military, veterans and their families.

In addition to monetary contributions from the Company, FCA encourages our employees to donate their time and skills. During 2019, FCA employees around the world volunteered more than 62,000 hours during work time in support of social projects and more than 100,000 hours donating blood.

## ADVANCING EDUCATION

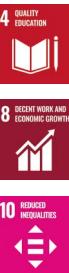
A significant portion of FCA's community engagement is focused on education and helping develop the workforce of tomorrow. We partner with academic and nonprofit organizations across the globe to promote educational opportunities, and subsequently, employability. These partnerships include programs to mentor youth, encourage them to remain in school and help them develop the life and technical skills necessary to succeed. Many of our initiatives aim to expand science, technology, engineering and math (STEM) skills and opportunities, as the demand for skilled professionals is expected to continue to grow across the automotive industry.

### *FIRST Robotics*

FIRST (For Inspiration and Recognition of Science and Technology) is an international, kindergarten through twelfth grade not-for-profit organization founded to inspire interest and participation in science and technology. In 2019, the FCA Foundation awarded more than €400,000 in grants to FIRST programs and served as the Volunteer Sponsor of the 2019 FIRST Championship (U.S.). More than 100 FCA employees served as team mentors to guide 114 student teams at the elementary, middle and high school levels to design, build and program robots to perform prescribed tasks against a field of competitors. Additionally, FCA donated more than €50,000, with 14 FCA mentors who supported 13 student teams in Canada. Through this process, students learn basic physics, electrical and mechanical engineering, machining skills, teamwork and creative problem solving.

### *TechPro<sup>2</sup> program*

This international project, launched in 2008, provides technical and vocational training to young people from disadvantaged backgrounds or underprivileged areas of the world. The project is monitored and updated to integrate improvements and specialized topics. For example, in 2019, advanced training on wiTECH 2.0, the tool for diagnosing electronic vehicle systems, was incorporated into the project.



<sup>(1)</sup> Based on non-accounting data and calculation methods which may include estimates. Amounts in currency other than Euro were converted based on exchange rate at December 31, 2019. The reported figure does not include initiatives whose sole purpose is to promote a brand. Amounts refer to all FCA companies worldwide consolidated on a line-by-line basis at December 31, 2019.

### ▲▲▲ CERN SCIENCE GATEWAY



CERN launched the Science Gateway project, a new scientific education and outreach center designed to engage audiences of all ages.

With construction starting in 2020, the Geneva (Switzerland) center is expected to open in 2022. The Science Gateway, with a footprint of 7,000 square meters, will host more than 300,000 visitors per year including students, researchers and others who are passionate about the mysteries of the cosmos. Funding for the project comes from external donations and the FCA Foundation, is the leading contributor donating 45 million Swiss Francs. CERN, with FCA Foundation support, will develop an educational initiative to encourage students to pursue careers in the scientific, technological and mathematical fields.

### *Sergio Marchionne Student Achievement Awards*

The Student Achievement Awards program - created in 1996 and renamed in 2018 to honor Sergio Marchionne - annually recognizes children of employees completing secondary school or university for academic excellence. Awards and scholarships are offered around the world where FCA has a major presence, including Brazil, China, India, Italy, France, Belgium, Poland, Spain, Portugal, United Kingdom, United States, Argentina, Canada, Mexico and Serbia.

### *e.DO Experience for Young Generations*

FCA's production systems brand, Comau, developed a program of courses in Italy ranging from basic digital literacy to advanced programming certifications, including training for teachers. More than 6,000 students from elementary to high school had the opportunity to participate in the program. In addition, e.DO, a modular robot that Comau created for the program, engages and entertains students while teaching basic coding, robotics and STEM skills. The training can lead to completion of the Patentino della Robotica (Robotics License), which is recognized by the Italian Ministry of Education. Based on the success of this program in Italy, Comau has also launched similar robotics training projects in China, U.S. and Brazil.

### *WINGYAAN - Young Girl Education Program*

In 2019, Fiat India Automobiles Private Limited (FIAPL), in collaboration with the Symbiosis Skills and Open University (SSOU) of Pune, Maharashtra (India), launched WINGYAAN, the Girl Education and Employability Promotion program. The program supports young girls from rural areas who have passed the 10th Standard but could not pursue further studies due to social and economic conditions. The two-year program includes a Manufacturing Excellence curriculum, on-the-job training, residence and facilitation of employment opportunities.

### *FCA and Politecnico of Turin Partnership*

FCA, in collaboration with Politecnico of Turin (Italy), invests in education, training and research. The collaboration, established in 1999, was extended to 2022 with the signing of an agreement to provide €7 million. The agreement encompasses international programs, including the option for students to complete their degree at the University of Windsor (Canada), Oakland University (U.S.) or to complete a dual Master's degree that is recognized internationally.



### Rota do Saber

FCA launched the program in 2015 near the Company's plant in Goiana (Brazil). This program trains elementary school teachers and school administrators to strengthen the quality of public education. In the city of Igarassu, the Basic Education Development Index in elementary school grew 46%, exceeding the target defined by the Brazilian Government. In 2019, the Rota do Saber initiative assisted 6 municipalities, reaching approximately 60,000 students, 2,000 teachers and about 250 schools.

### Vozes Daqui

The project launched in 2019 near the Company's plant in Goiana (Brazil). The aim of the project is to offer youth in municipal schools the opportunity to become more active in school and the community. With an investment of more than €300,000, the three-year project will serve nine schools in the city of Goiana, benefit approximately 450 students, 25 teachers and managers and 40 community leaders and residents.

## WORKING ALONGSIDE THE COMMUNITY

FCA recognizes the importance of building strong relationships within the community. By working together, we can best understand where to apply our resources to make a positive impact. We encourage our employees to lead by example; combining charitable financial donations with volunteer opportunities allows us to address community needs and foster employee engagement. Formal policies govern employee volunteer efforts in some regions. FCA employees around the world have volunteered in 2019 through such activities as mentoring youth, cleaning up streams and rivers, packing and delivering food and other supplies to those in need, assisting following a natural disaster, among hundreds of other initiatives. FCA's Motor Citizens program, for example, offers salaried employees in the U.S., Canada and Mexico a variety of engagement activities. In 2019, more than 9,300 employees took part in more than 1,900 Motor Citizens volunteer projects during work hours. In other areas, volunteer activities are organized to target specific conditions and concerns.

Examples of regional initiatives illustrate the breadth of FCA's engagement:

### Toledo Assembly Complex: Season of Service

In the U.S., FCA employees at the Toledo Assembly Complex dedicated their time and talents to serving the community during the launch of the new Jeep Gladiator.

Over the course of four weeks, 600 employees dedicated nearly 4,500 hours on 80 volunteer events throughout the Toledo area, participating in numerous service projects at homeless shelters, food pantries and senior and youth recreation centers.

### Árvore da Vida: Developing Local Communities

Since 2004, FCA has supported a social project called Árvore da Vida in the Jardim Teresópolis community, near the FCA plant in Betim (Brazil). The program aims to promote social, cultural and economic growth of independence and empowerment of local residents. More than 23,300 people have benefited from the program since its inception. 2019 marked the 15th anniversary of this project - FCA's longest-standing community project in Brazil. This milestone was celebrated with the Árvore da Vida's choir and musical group, which includes approximately 300 youth ranging from 11 to 15 years old.

### Cooperárvore: Combining Entrepreneurship and Environmental Responsibility

The Brazilian program, formed in 2006 by women from the community surrounding the FCA plant in Betim (Brazil), focuses on local entrepreneurial activities to generate income. FCA donates fabric and seat belt remnants from the plant and Cooperárvore transforms them into fashion accessories and other items. Over the past 13 years, Cooperárvore has contributed to improving the quality of life for more than 70 households. Since it was created, Cooperárvore has repurposed about 40 tons of material. Along with the positive impact on the families involved, the program illustrates the benefits of a circular economy.

### Rain Water Harvesting Program

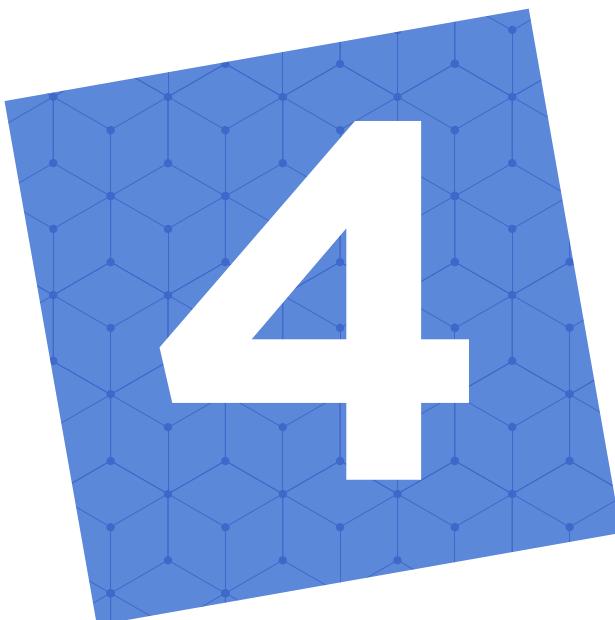
Fiat India Automobiles Private Limited (FIAPL) launched a Rain Water Harvesting project in 2014 in water-deficient areas of the Pune District in Maharashtra. During 2019, the company created additional rain water harvesting opportunities with the potential to capture 121 million liters in 14 villages. FIAPL has also focused on water conservation in the drought-prone areas of the Latur District in Maharashtra. This project involves water conservation activities at 14 sites, which have the potential to harvest 180 million liters of rain water.

### Share Your Heart: Crowdfunding in Japan

Since 2014, FCA has been supporting local communities in Japan through a crowdfunding activity called Share Your Heart. Projects are chosen based on the causes that are embraced by FCA, including education for children, female empowerment, inclusion, community support, environmental protection and hospitalized children. In the past five years, the platform has raised approximately €324,000 for 44 projects as a result of donations from more than 3,000 contributors.



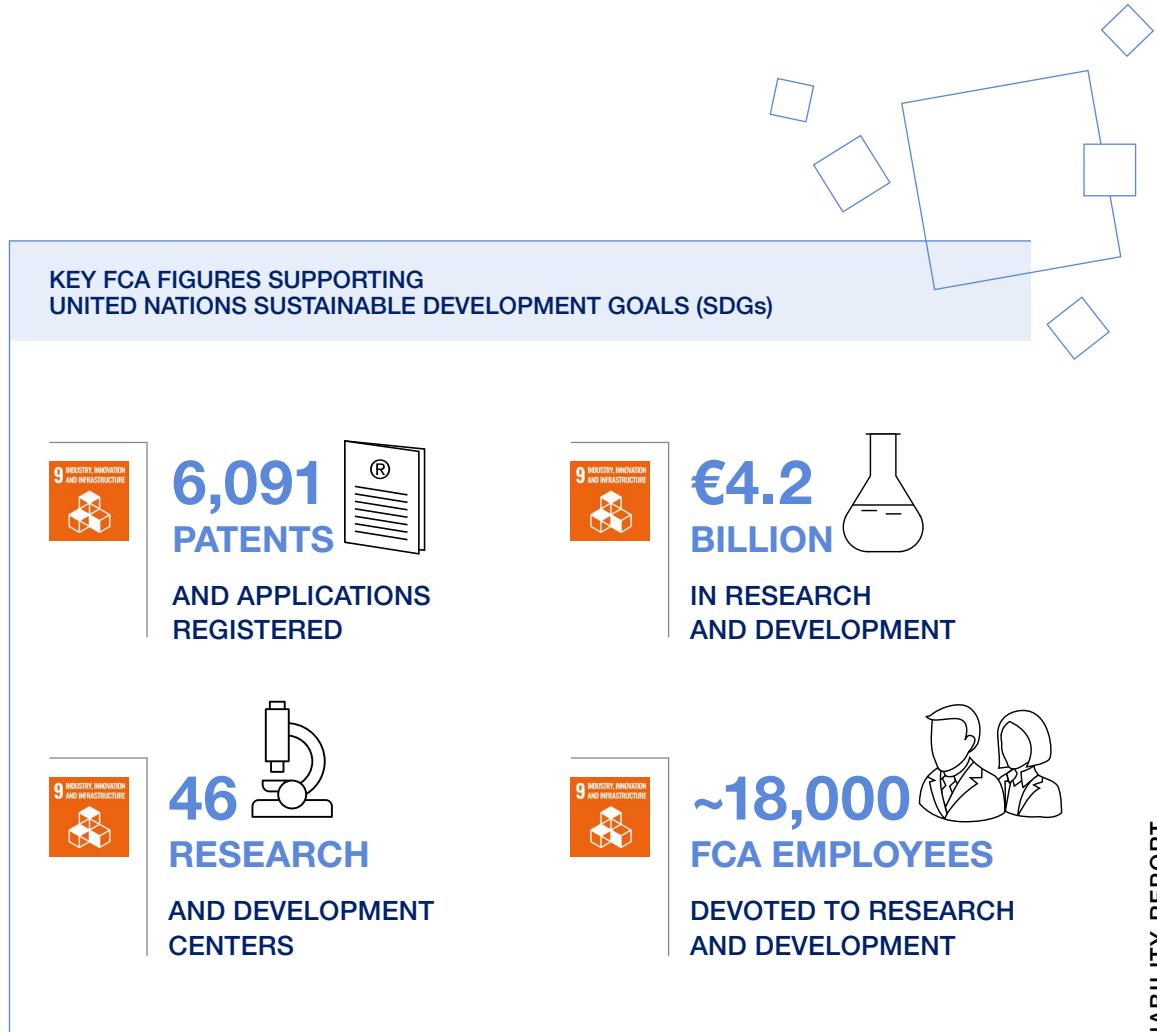
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# Research and Development

FCA's history of innovation spans more than a century. It is marked with numerous engineering breakthroughs that are now standard equipment, industry-wide, around the world. We remain committed to delivering this level of excellence, and recognize that our success depends on our ability to develop innovative, high-quality products that consumers are proud to own and drive. Innovation plays a key role in product research and development, and the Group uses internal idea generation, research projects and partnerships. Our business plan includes the renewal of key products, the launch of products in segments where we previously had no presence, the implementation of various electrified powertrain applications and partnerships relating to the development of autonomous driving technologies.





# Research and Development

FCA's global research and development activities are aimed at improving the design, performance, safety, fuel efficiency, reliability, consumer perception and sustainability of the Group's products and services.

- In 2019, the Group invested approximately €4.2 billion in research and development, representing around 3.9% of net revenues from industrial operations. Approximately 18,000 employees at 46 locations worldwide were involved in the Group's innovation activities, continuing to generate a significant intellectual property portfolio. At year-end 2019, FCA had 6,091 patents and patent applications, and 2,035 protected product designs. Patent applications are filed in Europe, the U.S. and around the world to protect technology and improvements considered important to our business.

Important areas of focus for the Group's research and development activities and business plan include:

- continuing to collaborate and partner with technology and auto industry leaders - these initiatives provide the opportunity to leverage each other's capabilities and achieve the synergies and economies of scale needed to advance the development of autonomous driving technologies
- continuing to invest in a suite of technical solutions to keep pace with evolving regulatory requirements in each region while, at the same time, enhancing the specific strengths of our brands
- expecting to offer more than 30 vehicle nameplates with electrified solutions.

The global innovation and product development activities are centrally coordinated by the Chief Technology Officer (CTO). In particular, the CTO leads FCA Research and Development (R&D) and is responsible for stimulating opportunities for synergies and technology transfer across the entire enterprise. The primary FCA R&D facilities are located in Turin and Modena (Italy), Auburn Hills (U.S.), Betim (Brazil) and Chennai (India).

## AUTONOMOUS DRIVING AND CONNECTIVITY

FCA's business plan takes into account the challenges and opportunities presented by the advances in autonomous driving and connectivity. We are devoting resources to research and develop an approach to address changing consumer expectations driven by growing demand for safety, convenience, mobility-as-a-service, connectivity and quality time.

Autonomous technology demonstrates the ability of vehicle systems to take over an increasing number of tasks which are currently performed by the driver. For example, Highway Assist "partial automation" vehicle technology is currently offered on several Maserati models. This system includes Mobileye vision technology to enable SAE Level 2 (hands on) automated driving on designated highways.

FCA is pursuing a multi-partner strategy for developing advanced driver assistance and autonomous driving technologies, working with leaders in their respective industries.

Our ongoing partnerships include other major technology players in autonomous driving. We are collaborating with Waymo (formerly the Google self-driving car project), to integrate its self-driving technology into the Chrysler Pacifica plug-in hybrid. Additionally, we continue to work with Aptiv to develop an SAE Level 2+ (hands off - eyes on) automated driving system for our next generation vehicles and is planned to launch in 2021.

We are also continuing the development of an SAE Level 3 (hands off - eyes off) capable automated driving platform. To that end, a team of FCA engineers is integrated in an autonomous vehicle development team with BMW in Munich (Germany). This allows us to leverage each other's individual strengths, capabilities and resources to enhance the platform's technology, increase development efficiency and reduce time to market. Since 2018, FCA has been involved in the L3Pilot European collaborative project where 11 automakers perform vehicle automation trials in a wide range of driving situations. FCA manages all pilot operations for the L3Pilot across the European test sites. FCA vehicles include Maserati cars which are equipped with the Highway Pilot function.

Along with the rise of autonomous driving technology, consumer expectations and demands related to connectivity within vehicles are also increasing. FCA continues to work with its suppliers to develop its cloud-based global connectivity solution that connects vehicles to the Internet and allows the driver and passengers to interact with the car and outside world. We are working with HARMAN, a Samsung company, and Google technologies to deliver a new “ecosystem” that will enhance the connected life of FCA vehicle owners globally and will deliver an enhanced user experience. Vehicles can also receive over-the-air software updates, ensuring owners benefit from new capabilities and the latest software applications. This solution is scalable and provides real time availability of services and information. A first release of this connectivity system has been launched in EMEA and China, and FCA intends to extend the roll-out to all regions, while also adding new user features.

### ■■■ CYBERSECURITY

Cybersecurity is a high priority for FCA as connectivity and autonomous features roll out to more and more of our vehicles. FCA has a cross-functional team of professionals focused on the cybersecurity of our corporate systems and vehicles through activities such as threat monitoring, design enhancements, and penetration testing. Cybersecurity is considered throughout a vehicle's life cycle, including during development, manufacturing and service. In addition, FCA is actively engaged in the development of international industry standards through participation in ISO and SAE International committees and in the development of best practice guidelines through active participation in the Automotive - Information Sharing and Analysis Center (Auto-ISAC). The Auto-ISAC also enhances the industry's ability to quickly learn of new threats and vulnerabilities, and to work in a collaborative manner on threat triage.

## INNOVATION AND COLLABORATION

FCA fosters innovation by encouraging creativity among our workforce, as well as through collaboration with suppliers and external organizations such as universities, research centers and other institutions. Inviting, including and empowering diverse viewpoints can promote more effective collaborations, innovation and better decision making.

Among other methods, FCA stimulates innovation internally through training and workshops at our Innovation Spaces located around the world. The Innovation Teams support employees with idea generation, problem solving, process optimization, and strategy and vision development. Creative and unique approaches are used to unlock alternative thinking and generate new solutions.

The Group engages in long-standing collaborations with universities, research centers and other industrial players, through research groups and joint projects. These close ties are instrumental in encouraging creative thinking, rewarding talent and leveraging synergies. Two key examples include our International Dual Master's Degree Program with Politecnico of Turin (Italy) and the University of Windsor (Canada), and our partnership with McMaster University (Canada). The partnership with McMaster University focuses on developing next-generation, energy efficient, high performance, cost effective electrified powertrain components and control systems suitable for a range of vehicle applications. This collaboration has contributed to technical advancements and the expansion of FCA employee competency and to new employees engaged in the field of hybrid and electric vehicle technologies.

FCA US is also member of the United States Council for Automotive Research (USCAR), a collaborative technology organization aimed at strengthening the technology base of the U.S. auto industry through cooperative research and development. USCAR is involved, through collaboration, with the United States Automotive Materials Partnership LLC (USAMP) and the United States Advanced Battery Consortium LLC (USABC). USABC has a combination of 31 active and completed battery programs under a U.S. Department of Energy (DOE) cooperative agreement with a budget of \$125 million in total expenditures. Additionally, USAMP has a cooperative agreement with DOE for the Low Cost Magnesium Sheet project, with a budget of more than \$8 million in total expenditures.

In addition, CRF, FCA's research center in Europe, plays an active role in the European Technology Platforms. It is the focal point for collaborative research programs on topics related to, among others, autonomous driving; connectivity; electrification and eco-driving; lightweighting and materials; and circular economy initiatives.



# Efficient Powertrains and Technologies

FCA's approach to responsible vehicle development includes dedication to efficient powertrains, improved aerodynamics, weight reduction, vehicle safety, quality, increased use of renewable materials, and innovative mobility options such as autonomous technology and connectivity solutions.

Economically viable results can best be achieved by combining, where technologically possible, conventional and alternative technologies, while recognizing and accommodating the different regulatory requirements of each market. FCA acknowledges the challenges posed by climate change and has established targets to contribute to the goal of transitioning to a low-carbon future.

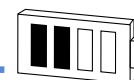
## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



€9  
  
**BILLION**

COMMITTED TOWARD  
FIVE-YEAR  
ELECTRIFICATION PLAN



**30+**   
**NAMEPLATES**  
BY 2022 EXPECTED  
TO FEATURE ELECTRIFIED  
PROPULSION SYSTEMS

## POWERTRAINS AND ELECTRIFIED PROPULSION TECHNOLOGIES



Maximizing powertrain efficiency is part of FCA's commitment to reduce vehicle CO<sub>2</sub> emissions and improve fuel economy. This includes developing more efficient engines and transmissions and optimizing the vehicle/powertrain systems.

FCA's business plan reflects our expectation to continue reducing CO<sub>2</sub> emissions. The plan anticipates that we will offer electrified propulsion systems (battery electric, plug-in hybrid electric, full hybrid and mild hybrid) in global architectures spanning the full range of vehicle segments. We have confirmed plans to make significant investments in vehicle electrification development, and manufacturing facilities in North America and Italy, to support the growing demand for electrified vehicles. By 2022, we expect to offer more than 30 nameplates with electrified powertrains.

## ELECTRIC AND HYBRID TECHNOLOGIES

FCA has developed a suite of electrification technologies, including: 12-volt engine stop/start, 48-volt mild hybrid, high voltage plug-in hybrid, and full battery electric vehicles, all of which offer improvements in fuel economy and a reduction in CO<sub>2</sub> emissions. These developments have occurred at FCA technical centers primarily in Auburn Hills (U.S.), Modena and Turin (Italy). Substantial work has also been performed with suppliers and universities located around the globe.

The 12-volt stop/start system turns off the engine and fuel flow automatically when the vehicle comes to a halt and re-starts the engine upon the driver disengaging the brake. Phase-in of this technology began in 2013 model year and in 2019 it was used in approximately 49% of FCA's global production volume.

The Chrysler Pacifica plug-in hybrid achieves an efficiency rating of 82 miles per gallon equivalent (MPGe), based on U.S. Environmental Protection Agency testing standards and has an approximately 72% reduction in CO<sub>2</sub> compared to the non-hybrid Chrysler Pacifica. Power to the wheels is supplied via a 16 kWh battery through the hybrid electric drive system which is comprised of a specially adapted new version of the award-winning Pentastar 3.6-liter engine and the new e-Elite hybrid transmission. During 2019, we launched in China the all-new Jeep Commander plug-in hybrid with a maximum pure electric range of 70 kilometers and a combined fuel consumption as low as 1.6 liters per 100 kilometers. This is the first electrified vehicle in the global Jeep family and it also represents the brand's entry into China's rapidly-growing New Energy Vehicle market.





In 2018, FCA launched three applications of a mild hybrid system using belt starter generator (BSG) technology, which offers improvements in fuel economy and a reduction in CO<sub>2</sub> emissions. This new 48-volt mild hybrid technology is marketed as “eTorque” in the 2020 Jeep Wrangler equipped with the 2.0-liter turbo engine, and the Ram 1500 5.7-liter and 3.6-liter applications. The system offers faster and smoother stop/start functionality, a real-time powertrain efficiency optimization manager which balances motor and engine torque, enhanced and extended fuel shut-off during certain maneuvers, and regenerative braking to recharge the 48-volt battery. The system also delivers significant gains in fuel economy. For example, the 2019 Ram 1500 5.7-liter HEMI V-8 equipped with eTorque has a 13% improvement in city fuel economy and 10% reduction in combined CO<sub>2</sub> over the base HEMI in a 4x2 Crew Cab model. In 2020, a new BSG 12-volt 1.0-liter naturally-aspirated engine is expected to be launched in the Fiat Panda, Fiat 500 and Lancia Ypsilon for Europe.

At the 2019 Geneva International Motor Show, FCA presented plug-in hybrid variants of the Jeep Renegade and Jeep Compass. The electric units are integrated into the new 1.3-liter turbo gasoline engine to increase efficiency and overall power. For the Jeep Renegade and Jeep Compass, the simultaneous action of the internal combustion engine and the electric motor delivers up to 240 hp. The fully-electric Fiat Centoventi, a concept conceived for sustainable and affordable urban mobility, was also displayed at the 2019 Geneva International Motor Show. In addition, a fully-electric variant of the Fiat 500 was announced in 2019, and will be manufactured for the European market at the Mirafiori plant in Turin (Italy) beginning in 2020. The Ducato Electric was also unveiled in 2019 and is expected to be launched in 2020 in Europe.

In February 2019, FCA announced plans to invest a total of \$4.5 billion in five of our existing U.S. plants, and to work on building a new [assembly plant in the city of Detroit \(U.S.\)](#). This action is expected to increase capacity for our Jeep and Ram brands, including production of two new Jeep-branded white space products, as well as electrified models. The proposed projects would create nearly 6,500 new jobs.

FCA also announced the development of a [Battery Hub in Turin \(Italy\) at the Mirafiori](#) plant beginning in 2020. The Battery Hub is expected to be dedicated to battery assembly and also host prototyping and experimentation activities, as well as training courses. The initial investment in place for the Battery Hub will be approximately €50 million.



## ■■■ e-MOBILITY

FCA's strategy is not limited to electrifying vehicles, but also to creating a new mobility system, ensuring customers can drive an electric vehicle on a daily basis in a sustainable way. To support this approach, the e-Mobility department was formed and aims to build strategic partnerships and create solutions for new mobility scenarios. In 2019, FCA signed new partnerships with global leaders in the energy sector, Enel X and ENGIE. The partners will work with FCA across all major markets in Europe with the primary objective to offer private and public charging solutions and services. This initiative also includes research and testing of new technologies to reduce the total cost of ownership of electrified vehicles. To support the flexibility and safety of the electricity grid, FCA has also signed a Memorandum of Understanding with Terna.

An innovative technology lab will be located in Turin (Italy) to test the potential connection of FCA's electric vehicles to the electric grid.

The aim of the pilot project is to supply ancillary services to the grid and, potentially, to let FCA customers exchange power from their vehicles to the grid and vice versa, maximizing value from the vehicle battery when it is not in use.

As electric vehicles become more connected, FCA aims to provide customers dedicated mobile services with an improved technical environment by collaborating with Transatel to increase the connection between the vehicle and the driver. The platform will also support services such as rate-per-kilometer options, long-term car rental and peer-to-peer car-sharing solutions. In addition, the partnerships with Generali and LexisNexis Risk Solutions will develop tailor-made insurance services and products for electric vehicles in Italy and in the main European markets.



## ENGINES

We have developed global small and global medium displacement gasoline engine families to improve fuel economy and emissions. These engine families include three and four cylinder turbocharged versions (the global small engine family also has three and four cylinder naturally aspirated variants). Each engine family features a modular approach using a shared cylinder design (allowing for different engine configuration, displacements, efficiency and power outputs). Each is based on a specific cylinder configuration which provides important synergies for the engine development (common combustion development and common design layout) and for manufacturing (common machining, assembly features and components and subsystems). These engine families are fully deployed and cover a large range of vehicle applications and include features and technologies such as direct fuel injection, downsizing, integrated exhaust manifold, MultiAir variable valve lift, turbocharging, and cooled exhaust gas recirculation. All of these features enable the engine families to be competitive among small and medium displacement engines with respect to fuel consumption, performance, weight and noise, vibration and harshness behavior.

In 2019, a locally-produced plug-in hybrid version of the global medium displacement turbocharged engine with dual overhead camshaft was launched in the all-new Jeep

Commander in China. Additionally, in 2019, a 1.3-liter direct-injection turbocharged engine with engine stop/start technology was newly paired with a 9-speed automatic transmission in the Jeep Renegade to increase fuel efficiency and reduce emissions. Future evolution of the two engine families is expected to include advanced technologies and electrification to further reduce CO<sub>2</sub> emissions.

## TRANSMISSIONS AND DRIVELINE

Our automatic transmission portfolio includes 8- and 9-speed units developed in an effort to provide our customers with improved efficiency, performance and drive comfort. Long travel damper and pendulum damper technologies are used to allow the engine to operate at a lower speed and higher torque - where the engine is more efficient at converting the fuel energy to mechanical energy.

Other improvements are used to reduce the power consumption of the transmission. The second generation TorqueFlite 8-speed improves transmission efficiency via improved line pressure control and reduced clutch drag. The addition of transmission oil heaters allows the transmission to quickly warm up to operating temperatures and improve transmission efficiency. FCA is investigating many other technologies to increase transmission system efficiency such as selectable one-way clutches and reduced oil viscosity.

In support of global fuel consumption and CO<sub>2</sub> requirements, FCA has developed our first dedicated hybrid transmission, the eFlite, used in the Chrysler Pacifica plug-in hybrid and in the Jeep Commander plug-in hybrid produced by our joint venture partner in China. The new eFlite hybrid transmission architecture is an electrically variable front wheel drive transaxle with a split input configuration and incorporates two electric motors, both capable of driving in full electric mode. The lubrication and cooling system makes use of two pumps, one electrically operated and one mechanically driven.

The 6-speed manual transmission for rear-wheel drive applications, introduced on the Jeep Wrangler and all-new Jeep Gladiator, offers optimized ratio spread to allow the engine to operate more efficiently. Industrialization began in 2019 for enhanced and updated variants of our small and midsize front-wheel drive manual transmissions and high efficiency bearings have been incorporated in updates to our midsize front-wheel drive manual transmissions.

Our axle and driveline portfolio updates increase capability and reduce power consumption on the Ram 1500, Jeep Wrangler and all-new Jeep Gladiator. The Ram 1500 also offers an axle heating system and lubrication optimization for improved efficiency.

## ALTERNATIVE FUELS



FCA's vehicle emission reduction strategy includes the use of alternative fuels, from natural gas to biofuels, offering technologies that are aligned with the fuels available in various markets, and capable of reducing emission levels.

### NATURAL GAS AND BIOMETHANE

FCA is among the EU-market leaders in compressed natural gas (CNG) propulsion. Since 1997, the Group's output of CNG-powered vehicles in Europe exceeded 770,000 vehicles. Natural gas is one of the most economical fuels available and a viable alternative to traditional fuels. It produces a low level of regulated emissions and studies have shown it generates 23% less CO<sub>2</sub> emissions compared with gasoline. In addition, natural gas has the potential to become a renewable fuel source in the form of biomethane.

Biomethane, which is produced by upgrading biogas, has the same properties and uses as fossil natural gas. Biogas is derived from organic materials such as manure, crop residues and organic municipal waste. A natural gas vehicle can also run on biomethane and, on a well-to-wheel basis, produces roughly the same level of CO<sub>2</sub> emissions as an electric-powered vehicle running on electricity generated from renewable fuel.

## BIOFUELS

In Europe, all engines sold are compatible with blends of up to 10% bioethanol with gasoline (E10), and up to 7% biodiesel with diesel (B7). In Brazil, FCA has a full range of Flexfuel vehicles that run on varying blends of gasoline and bioethanol. Brazil has an extensive bioethanol distribution network, supported by long-standing government policies and readily available raw materials. In 2019, more than 425,000 FCA Flexfuel vehicles were registered in Brazil, accounting for approximately 86% of vehicles licensed by the Group in this market. FCA also offers vehicles capable of running on gasoline blends containing up to 85% ethanol (E85 flexible fuel) or biodiesel blends of up to 20% (B20) in the North America region.

## EFFICIENCY SOLUTIONS

FCA augments our powertrain innovations by integrating technologies that optimize energy demand of our vehicles. These include improving aerodynamics, reducing weight, minimizing tire rolling resistance and brake drag, offering engine stop/start systems and using thermal control technologies.

The wider use of smart technologies, which provide dynamic management of the vehicle's powertrain systems, has contributed to an improved balance between performance and fuel economy. These technologies include smart charging, optimized engine cooling systems and cylinder deactivation. The value of thermal management, or using available "waste" thermal energy, is being leveraged in multiple products. This approach allows vehicle systems to operate at a higher efficiency by tailoring individual components to run at more optimal temperatures. The Group believes that there is still significant potential to reduce the fuel consumption and emission levels of these engines through technological advancements.

### IMPROVED AERODYNAMICS

Fuel economy can be improved by optimizing vehicle aerodynamic performance. From the earliest development stage, the aerodynamic performance of every vehicle profile is measured, optimized, tested and certified in the full-scale, aerodynamic wind tunnels of the Group. Selected FCA vehicles use active aerodynamic technologies that are automatically activated under certain operating conditions to improve aerodynamic drag and reduce fuel consumption and CO<sub>2</sub> emissions. Depending on the vehicle, these active technologies may include active grille shutters, active front air dams, active aero front splitters, and adjustable height suspension.



## WEIGHT REDUCTION

FCA aims to design and produce lighter, more fuel-efficient vehicles that also meet the expectations of our customers. This includes adopting a number of weight reduction solutions that help manage vehicle energy demand and improve fuel economy. For example, the 2020 Jeep Gladiator features lightweight, high-strength aluminum doors, door hinges, hood, fender flares, windshield frame and tailgate, which help reduce weight and boost fuel economy.

## EMISSIONS AND FUEL ECONOMY



FCA addresses the fuel economy and CO<sub>2</sub> emissions of our vehicles at the start of the product development process by focusing on:

- powertrain technologies (e.g., engines, transmissions, hybrid and electric propulsion)
- vehicle energy demand (e.g., aerodynamics, weight, tire performance).

FCA vehicles must comply with comprehensive local, regional and national laws and regulations with respect to vehicle emissions and fuel economy. The Group develops technologies that respond to these regulatory requirements, while also addressing vastly different consumer preferences and demands around the world. In support of this, the Vehicle Safety and Regulatory Compliance organization in the four regions where FCA operates report to the Company's Chief Technical Compliance Officer.

We pursue compliance with fuel economy and greenhouse gas regulations in the markets where we operate through the most cost effective combination of developing, manufacturing and selling vehicles with better fuel economy and lower emissions, purchasing compliance credits and paying regulatory penalties. The cost of each of these components of our strategy has increased and is expected to continue to increase in the future. As the costs of each of these components, particularly the relative costs of each component, changes, we intend to adjust our strategies in an effort to maintain the most cost effective means of complying with the regulations.

The 2018-2022 business plan presented our expectation to continue reducing CO<sub>2</sub> emissions through a collection of technologies that will vary by market, and align with the vehicle mix, consumer needs and regulatory framework.

The regulatory environment outlook across our four major regions shows continued consistent CO<sub>2</sub> reductions, ranging from 25-30% between 2019 and 2024. This anticipated regulatory stringency balanced with customer preferences, guides research and development for future products and is highlighted below for the main markets and key product segments, including 2019 and past results.

## UNITED STATES

In the U.S., vehicle fuel efficiency is measured by fuel economy expressed in miles per gallon (mpg). An increase in fuel economy corresponds to an increase in vehicle efficiency, and a corresponding reduction of fuel consumption and CO<sub>2</sub> emissions. The National Highway Traffic Safety Administration (NHTSA) and the U.S. Environmental Protection Agency (EPA) regulate vehicle fuel economy. EPA and the California Air Resource Board (CARB) regulate greenhouse gas (GHG) emissions.

EPA and NHTSA have issued two joint final rules governing GHG and fuel economy, respectively, for light-duty vehicles, covering model years 2012 through 2025. The rules provide for year-over-year increases in each automaker's average fleet-wide fuel economy, and corresponding decreases in GHG emissions, through model year 2025. The EPA and NHTSA conducted a "mid-term" review to evaluate the appropriateness of model year 2022-2025 CAFE/GHG standards and the original assumptions the agencies made as a basis for those standards. The "mid-term" review concluded that model year 2022-2025 standards were inappropriate. In September 2019, EPA and NHTSA issued a new Joint Rule that prohibits California from having a GHG program. California and other stakeholders challenged the new Joint Rule in federal court. FCA and other OEMs have intervened in this litigation to ensure the ability to participate in the case and any outcome.

FCA is committed to improving vehicle fuel efficiency and has a target to actively pursue actions in support of the EPA/NHTSA fuel economy/GHG emissions targets and described its plan for achievement of this objective in its business plan.

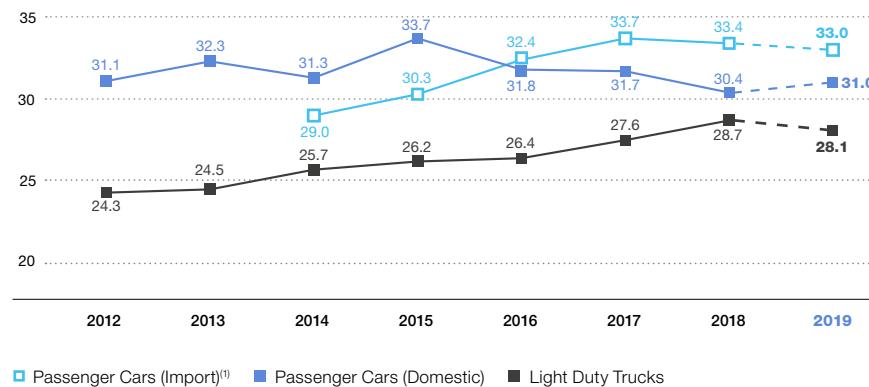
FCA has also set a target to achieve at least a five to 15% improvement in fuel economy for major renewals of FCA US vehicles compared with replaced vehicles/models. This target has been achieved, and in some cases surpassed, in the years since it was established. However, in 2019 there were no major renewals of FCA US vehicles.

Corporate Average Fuel Economy (CAFE) is the sales-weighted average fuel economy that a manufacturer's fleet must achieve. Data reported to NHTSA is provided by model year. The 2019 fuel economy data reported in the graph below, is based on the most recent NHTSA required submission, which reflects mid-model year data for 2019. Previous year data in the table is adjusted to reflect final EPA/NHTSA reports. NHTSA's regulations set separate, independent standards for domestic and imported passenger cars, as well as for light duty trucks. Actual fleet performance is dependent on many factors, including the vehicles and technologies FCA offers, as well as the mix of vehicles consumers choose to buy.

### Fuel Economy According to Corporate Average Fuel Economy Standards

[ SDGs 13 ]

FCA mass-market vehicles sold in the U.S. (mpg)



<sup>(1)</sup> FCA's import passenger car fuel economy was first reported in 2014, and includes both mass-market and luxury vehicles sold in the U.S., including Fiat, Maserati, Alfa Romeo and Ferrari brand vehicles. The spin-off of Ferrari from the Group was completed on January 3, 2016 and is included through 2015.

Although the U.S. policy is complex with three separate CO<sub>2</sub> regulations, it contains a flexible array of new technology incentives to encourage industry movement toward an electrified future. For instance, U.S. regulation includes a tax credit to purchasers of up to U.S. \$7,500 to incentivize demand and help to offset relatively low fuel prices and increasing consumer preference for SUVs and pickup trucks. This incentive is available on the first 200,000 qualifying electrified vehicles sold by each OEM and then begins to phase-out.

U.S. consumers tend to have long commutes and ready access to charging capability at home. FCA plans, by 2022, for 5% of its overall fleet (including commercial vehicles) to be high voltage electrified powertrain versions, with a focus on plug-in systems, 17% of the fleet to be equipped with mild hybrid systems and the remaining 78% to retain conventional internal combustion engines.

### BRAZIL

With its ability to grow sugar cane in high volume, Brazil is able to address CO<sub>2</sub> reduction with a different approach. Today about 30% of vehicle fuel usage in Brazil consists of sugar cane produced ethanol. Sugar cane ethanol is 80% renewable from "well" (or field) to wheels and provides approximately 12.5% CO<sub>2</sub> reduction on an equivalent 30/70 fuel mix E100/E22 basis. The Brazilian government recently launched a plan (RenovaBio) to improve quality and productiveness of ethanol, targeting an increase of share on Ethanol E100 in the fuel matrix from the current 30% to 40% by 2022 and to 55% by 2030. In addition, the Brazilian government and FCA are working very closely on research and development opportunities to further reduce CO<sub>2</sub> emissions through improvements to ethanol-fueled engines.

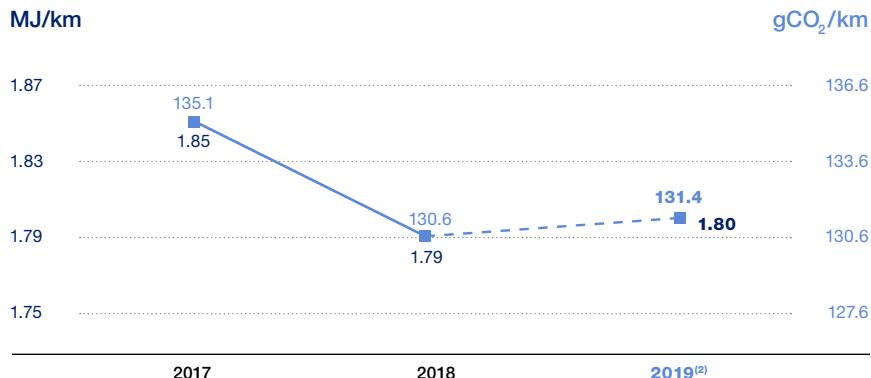
Rota 2030 is a long-term program (three cycles of five years each) which includes key principles related to energy efficiency for all vehicles sold in Brazil. Key Rota 2030 regulations were approved by the Brazilian Congress and sanctioned by the Brazilian President in December 2018 and FCA had its eligibility approved in May 2019.

The regulation for the next phase of Energy Efficiency (CO<sub>2</sub>/fuel efficiency) beginning in 2022 incorporates three fleets split into passenger, large SUV and light commercial vehicle categories. Among other things, the rule rewards the improvement of sugar cane ethanol combustion efficiency and also recognizes and provides credit flexibilities for technologies that provide benefits in conditions that are not seen on the standardized government test cycles.

### Average Energy Consumption and CO<sub>2</sub> Emissions

[ SDGs 13 ]

FCA mass-market cars in Brazil (MJ/km and gCO<sub>2</sub>/km)



<sup>(2)</sup> 2019 data is an FCA estimate.

Brazilian consumers already widely use ethanol fuel, readily available in the current retail fuel market. In Brazil, gasoline contains 22% ethanol, diesel contains 8% biodiesel. Pure ethanol (E100) accounts for about 30% of sales by volume. More than 425,000 Flexfuel vehicles were registered in 2019, accounting for approximately 86% of the vehicles licensed by the Group in this market. FCA believes that Brazilian fleet CO<sub>2</sub> reduction targets will be met through 2025 with increased usage and efficiency of its ethanol based engines and without any high voltage electrification. FCA also participates in the government's vehicle fuel consumption monitoring program (PBEV - Brazilian Labeling Program Vehicle).

## CHINA

The Chinese government has stated intentions to become the global leader in electrification, connectivity and autonomous driving in the next decade. The regulatory policies include requirements on corporate average fuel economy and new energy vehicle credit and incentives for new energy vehicles which are defined as battery electric, plug-in hybrid, or fuel cell vehicles.

From a consumer perspective, China has the highest number of first time car buyers in the world. Since much of the vehicle consumer demographic resides in urban areas, access to public charging is expected to be a critical element to achieving China's electrified objectives.

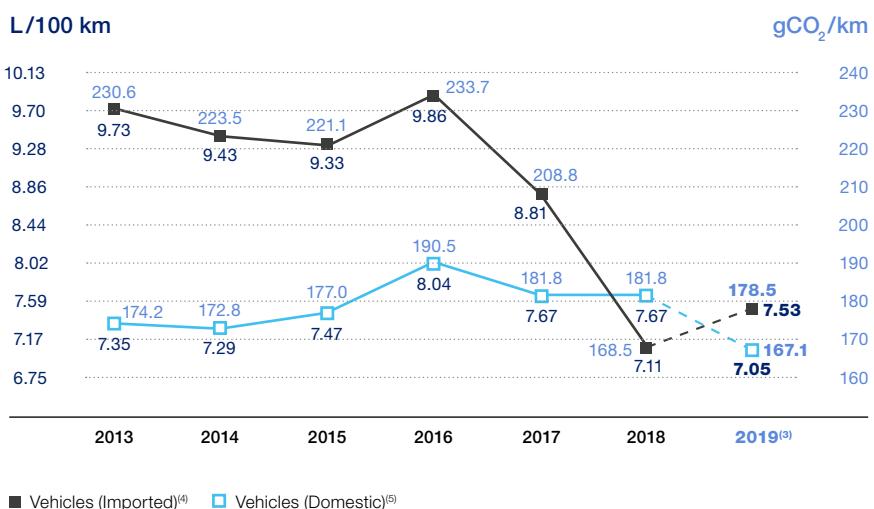
China 5 standards, which mirror Euro 5 standards, are currently in place in China nationwide. China 6 standards were released in 2016 and will be required nationwide beginning in July 2020 with China 6a thresholds and in July 2023 with China 6b thresholds. China 6a and 6b have more stringent tailpipe emissions thresholds than Euro 6 and also add European Union (EU) real driving emissions and U.S. onboard diagnostics, onboard refueling vapor recovery and evaporative emission control system requirements. Some regions within China implemented China 6b in 2019, such as Shanghai, Guangzhou, Shenzhen, Yangtze River Delta, Pearl River Delta, Chengdu, Chongqing and Tianjin. Beijing implemented China 6b at the beginning of 2020. FCA's entire China fleet has been developed with the intent to meet China 6 standards.

With respect to fuel economy, in China Phase IV of the Corporate Average Fuel Consumption (CAFC) is currently in place and provides an industry target of 5.0 liters per 100 kilometers by 2020 under NEDC. Each OEM must meet a specific fleet average fuel consumption target related to vehicle weight. The phase-in of this fleet-average requirement began in 2016, with increasing stringency each year through 2020. Additional provisions for Phase IV include meeting a quota for New Energy Vehicles (NEVs) credit beginning in 2019. NEVs consist of plug-in electric hybrids, battery electric vehicles, and fuel cell vehicles. Currently no off-cycle credit flexibilities exist in the China regulation, although credit multipliers are granted for NEVs.

[ SDGs 13 ]

### Average Fuel Consumption and CO<sub>2</sub> Emissions

FCA mass-market cars in China (L/100 km and gCO<sub>2</sub>/km)



■ Vehicles (Imported)<sup>(4)</sup>    □ Vehicles (Domestic)<sup>(5)</sup>

<sup>(3)</sup> 2019 data is an FCA estimate.

<sup>(4)</sup> Include Jeep, Chrysler and, from 2017, Alfa Romeo brand vehicles.

<sup>(5)</sup> Include those produced by the GAC-FCA joint venture.

Beginning in 2021, China will adopt WLTP for conventional and plug-in hybrid electric vehicles and a unique Chinese test cycle is also expected to be applicable to battery electric vehicles in the same year. A draft version of Phase V CAFC and NEV credit rules has been released by the Chinese government with increasing stringency reaching a target of 4.6 liters per 100 kilometers by 2025 under WLTC. The final rules are expected to be issued soon.

In September 2017, China's Ministry of Industry and Information Technology released administrative rules regarding CAFC and NEV credits that became effective in April 2018. Non-compliance with the CAFC target in these administrative rules can be offset through carry-forward CAFC credits, transfer of CAFC credits within affiliates, the OEMs use of its own NEV credits, or the purchase of NEV credits. Non-compliance with the NEV target can only be offset by the purchase of NEV credits. The homologation of new products that exceed CAFC targets will be suspended for OEMs that are unable to offset CAFC and/or NEV deficits until the deficits are offset.

The Group has implemented fuel efficient technical solutions such as engine stop/start technology. The 2019 Jeep Wrangler and locally-produced Jeep Cherokee, Jeep Compass, Jeep Grand Commander and Jeep Renegade have ESS as a standard configuration. The Jeep Commander PHEV was launched in China in September 2019, expanding the NEV portfolio that FCA offers in the region.

FCA's plan is, by 2022, for 18% of the overall fleet (including commercial vehicles) to use high voltage electrification, with the highest penetration of full battery electric of any region, 6% of the fleet to be equipped with a mild hybrid system and 76% of the fleet to retain conventional internal combustion engines.

## **EUROPEAN UNION**

Europe represents the most challenging combination of regulatory stringency and consumer price sensitivity. The EU is driving a significant reduction in CO<sub>2</sub> in 2020, and metropolitan areas are implementing low emission zones in an attempt to improve air quality in city centers. Conventional internal combustion engine applications will likely be restricted, especially with aging vehicles. The CO<sub>2</sub> financial penalty structure is very significant.

In Europe, emissions are regulated by the European Commission (EC) and the United Nations Economic Commission for Europe (UNECE). The EC imposes standardized emission control requirements on vehicles sold in all 28 EU member states, while non-EU countries apply regulations under the UNECE framework.

Euro 6 emission levels are in effect for all passenger cars and light commercial vehicles and require additional technologies and further increase the cost of diesel engines compared to prior Euro 5 standards. Further requirements of Euro 6 have been developed by the EC and became effective for all new passenger cars registered after September 1, 2018. In addition, a new test procedure to directly assess the regulated emissions of light duty vehicles under real driving conditions became effective for newly homologated passenger cars in 2017 and for all new passenger cars registered after September 1, 2019 and will become effective for new light commercial vehicles registered after September 1, 2020.

Each automobile manufacturer must meet a specific sales-weighted fleet average target for CO<sub>2</sub> emissions as related to vehicle weight. This regulation sets an industry fleet average target of 95 grams of CO<sub>2</sub> per kilometer starting in 2020 for passenger cars (130g/km until 2019).

The EU has also adopted standards for regulating CO<sub>2</sub> emissions from light commercial vehicles (LCVs). This regulation requires that new light commercial vehicles meet a fleet average CO<sub>2</sub> target of 147 grams of CO<sub>2</sub> per kilometer in 2020 (175g/km until 2019).

A new regulatory test procedure for measuring CO<sub>2</sub> emissions and fuel consumption of light duty vehicles, the World harmonized Light vehicles Test Procedure (WLTP), entered into force in September 2018 for all registered passenger cars and in September 2019 for all registered LCVs. The WLTP is expected to provide CO<sub>2</sub> emissions and fuel consumption values that are more representative of real driving conditions. In April 2019, the Regulation (EU) 2019/631 which sets new CO<sub>2</sub> emissions targets starting from 2025 and 2030 was adopted and requires a 15% reduction from 2021 levels in 2025 (both passenger cars and LCV), a 37.5% reduction for passenger cars and a 31% reduction for LCV in 2030 from 2021 levels.

In the European Union, FCA has set a target to achieve a 40% reduction in CO<sub>2</sub> emissions by 2020 compared with the baseline of 2006 for mass-market cars sold in Europe. FCA's CO<sub>2</sub> emissions data for 2019 is not yet available under the process required by Regulation (EC) No. 443/2009. The average CO<sub>2</sub> emissions of the Group's mass-market cars sold in EU during 2019 is estimated to be 124.8 g/km. This represents a 17% decrease compared with 2006 (the benchmark year used in EU regulations to set the 2012-2019 and 2020 targets), and a 23% reduction compared with 2000, which was the first year the EU Commission monitored average emissions.

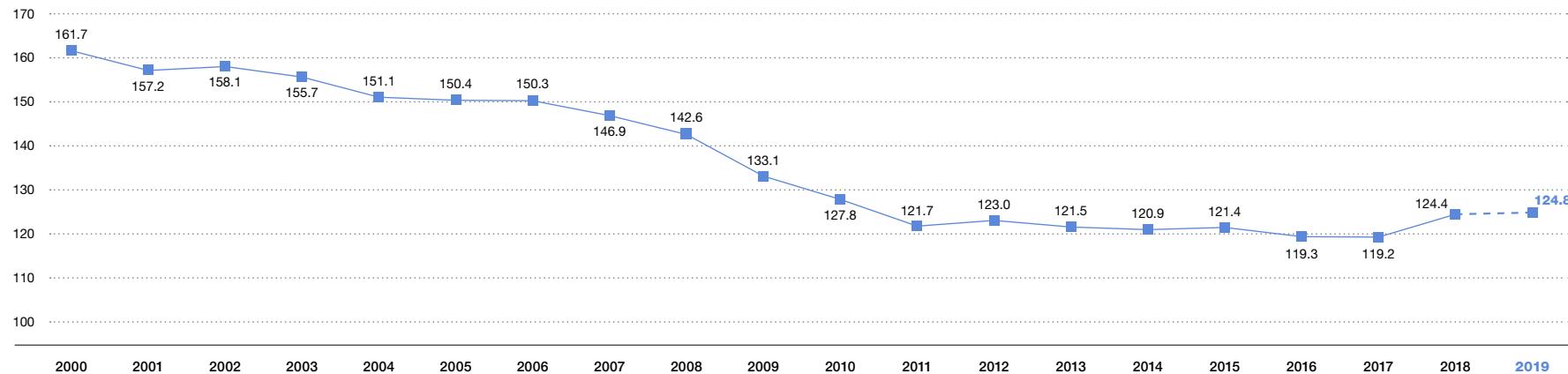
FCA adopted a multi-faceted approach to move toward the 95 gCO<sub>2</sub>/km target by leveraging conventional technologies, high voltage electrification, pooling arrangement contribution and compliance exemption for 2020.

Many consumers in Europe need reduced cost of vehicle ownership given high fuel prices and pressure on disposable income. As the demand for diesels continues to decrease, FCA intends to use mild hybrids as a replacement. The region will need to address the development of charging infrastructure so that zero emission vehicles are more convenient for consumers.

FCA's plan is, by 2022, for 16% of the overall fleet (including commercial vehicles) to use high voltage electrification, 37% of the fleet to be equipped with a mild hybrid system and 47% to retain conventional internal combustion engines.

**Average CO<sub>2</sub> Emissions for Newly-Registered Passenger Cars**  
FCA mass-market cars in the European Union (gCO<sub>2</sub>/km)<sup>(6)</sup>

[ SDGs 13 ]



<sup>(6)</sup> Source: 2000-2018 EU Commission data; 2019 FCA estimate. The average CO<sub>2</sub> emissions in 2019 include pooling arrangement contribution in order to meet the obligations under Art. 4 of Regulation (EC) 443/2009. CO<sub>2</sub> values are defined in accordance with EU Regulation 692/2008 and on the basis of the measurement / correlation method referring to the NEDC cycles as per Regulation EU 2017/1153.

## REGULATORY ACTIONS

On January 10, 2019, we announced that FCA US reached final settlements on civil environmental and consumer claims with the U.S. Environmental Protection Agency (EPA), U.S. Department of Justice, the California Air Resources Board, the State of California, 49 other States and U.S. Customs and Border Protection, for which €748 million was accrued during the year ended December 31, 2018. Approximately €350 million of the accrual related to civil penalties to resolve differences over diesel emissions requirements. A portion of the accrual was attributable to settlement of a putative class action on behalf of consumers in connection with which FCA US agreed to pay an average \$2,800 per vehicle for each eligible customer affected by the recall. We continue to defend individual claims from approximately 3,200 consumers that have exercised their right to opt out of the class action settlement and pursue their own individual claims against us (the Opt-Out Litigation). We have engaged in further discovery in the Opt-Out Litigation and participated in court-sponsored settlement conferences, but have reached settlement agreements with only a very small number of these remaining plaintiffs.

The settlements do not change the Company's position that it did not engage in any deliberate scheme to install defeat devices to cheat emissions tests. Further, the consent decree and settlement agreements contain no finding or admission with regard to any alleged violations of vehicle emissions rules.

In the U.S., we remain subject to diesel emissions-related investigations by the U.S. Securities and Exchange Commission and the U.S. Department of Justice, Criminal Division. In September 2019, the U.S. Department of Justice filed criminal charges against an employee of FCA US for, among other things, fraud, conspiracy, false statements and violations of the Clean Air Act primarily in connection with efforts to obtain regulatory approval of the vehicles that were the subject of the civil settlements described above. We continue to cooperate with these investigations and present FCA's positions on concerns raised by these governmental authorities. We may also engage in discussions in an effort to reach an appropriate resolution of these investigations. We are also subject to a number of related private lawsuits.

We have also received inquiries from other regulatory authorities in a number of jurisdictions as they examine the on-road tailpipe emissions of several automakers' vehicles and, when jurisdictionally appropriate, we continue to cooperate with these governmental agencies and authorities.

In Europe, we have been working with the Italian Ministry of Transport (MIT) and the Dutch Vehicle Regulator (RDW), the authorities that certified FCA diesel vehicles for sale in the European Union, and the UK Driver and Vehicle Standards Agency in connection with their review of several of our vehicles.

We also initially responded to inquiries from the German authority, the Kraftfahrt-Bundesamt (KBA), regarding emissions test results for our vehicles, and we discussed the KBA reported test results, our emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its exclusive jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. Thereafter, mediations have been held under EC rules, between the MIT and the German Ministry of Transport and Digital Infrastructure, which oversees the KBA, in an effort to resolve their differences. The mediation was concluded with no action being taken with respect to FCA. In May 2017, the EC announced its intention to open an infringement procedure against Italy regarding Italy's alleged failure to respond to EC's concerns regarding certain FCA emission control calibrations. The MIT has responded to the EC's allegations by confirming that the vehicles' approval process was properly performed.

In December 2019, the MIT notified us that the Dutch Ministry of Infrastructure and Water Management (I&W) had been communicating with the MIT regarding certain irregularities allegedly found by the RDW and the Dutch Center of Research TNO in the emission levels of certain Jeep Grand Cherokee Euro 5 models and a vehicle model of another OEM that contains a Euro 6 diesel engine supplied by us. In January 2020, the Dutch Parliament published a letter from the I&W summarizing the conclusions of the RDW regarding those vehicles and engines and indicating an intention to order a recall and report their findings to the Public Prosecutor, the EC and other Member States. We are in the process of providing a response to the MIT and engaging with the RDW to present our positions and cooperate to reach an appropriate resolution of this matter. In addition, at the request of the French Consumer Protection Agency, the Juge d'Instruction du Tribunal de Grande Instance of Paris is investigating diesel vehicles of a number of automakers including FCA, regarding whether the sale of those vehicles violated French consumer protection laws.

In December 2018, the Korean Ministry of Environment (MOE) announced its determination that approximately 2,400 FCA vehicles imported into Korea during 2015, 2016 and 2017 were not emissions compliant and that the vehicles with a subsequent update of the emission control calibrations voluntarily performed by FCA, although compliant, would have required re-homologation of the vehicles concerned. In May 2019, the MOE revoked certification of the above-referenced vehicles and announced an administrative fine for an amount not material to the Group. We have appealed the MOE's decision. Our subsidiary in Seoul, Korea is also cooperating with local criminal authorities in connection with their review of this matter and with the Korean Fair Trade Commission regarding a purported breach of the Act on Fair Labeling and Advertisement in connection with the subject vehicles.

# Sustainable Design

FCA leverages the potential to reduce the environmental footprint of our products by embracing the concept of the circular economy. Our design approach addresses the environmental footprint of products throughout their life cycle, and integrates eco-compatible materials and design choices that maximize recovery and recycling for end-of-life vehicles.

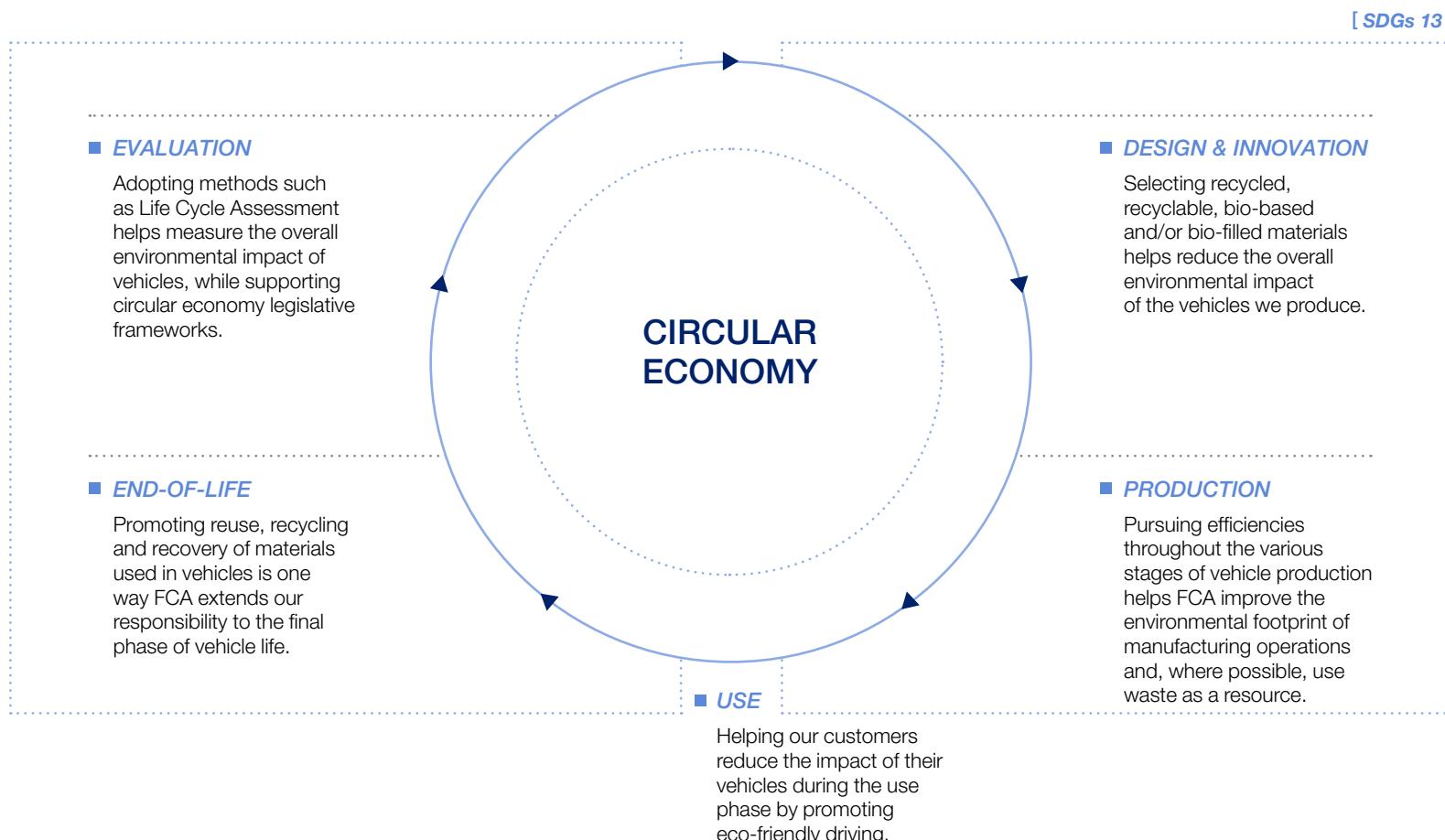




# Sustainable Design

FCA's sustainability practices help support global efforts to stimulate the transition toward a circular economy that is focused on maximizing the value and use from materials, products and waste. FCA favors a well thought-out and balanced approach that addresses a full spectrum of opportunities.

- ■ ■ The main topics related to the Circular Economy fall under the responsibility of the Product Development and Vehicle Safety and Regulatory Compliance organizations. The heads of these two areas report directly to the FCA Chief Executive Officer. Their responsibilities include conducting Life Cycle Assessments (LCA) on FCA's products and processes in order to move toward sustainable environmental development; managing end-of-life vehicles (ELV); and verifying and maintaining the requirements for materials and substance usage.



## MATERIALS AND SUBSTANCES



FCA supports using recycled and renewable materials in our new products. The amount of renewable or recycled content included in our vehicles varies depending on performance requirements and the market availability of such materials. For some types of materials in our vehicles (e.g., metal), the percentage of recycled content is significant, less so for other materials such as polymers and elastomers, though efforts are in place to increase the percentages.

Material innovation and development is conducted by FCA's Group Material Labs (GML) in Europe and the Materials Engineering organization in the U.S. The GML also monitors changes in legislation and assesses potential implications on the Group's products and processes. In 2019, the Materials Engineering organization approved 28 new applications of sustainable materials for use in FCA vehicles. These materials contain recycled or bio/renewable content, or low emissions polymers. Newly approved applications included heat shields, cowl screens and wheel liners containing recycled content, and grades of synthetic suede with recycled and bio/renewable content.

FCA has established a closed-loop process to return aluminum and steel scraps to selected suppliers in Europe, and recycle them back into our manufacturing processes. Up to 25% of aluminum casting parts used in some powertrain applications in Italy are secondary alloys. We also promote the use of recycled plastics in our design requirements. For example, we manufacture gasoline tanks internally that are up to 39% recycled plastic by weight for certain European applications.

FCA participates in a variety of collaborative projects related to materials research, including:

- the SPIDER project, that aims to produce safe and environmentally-friendly lithium-ion batteries by reducing or substituting critical raw materials like cobalt and graphite with other more sustainable metals such as nickel, titanium and silicon
- the European Union's CarE-Service project, that aims to demonstrate innovative Circular Economy business models based on advanced mobility services. FCA's activities are mainly focused on re-use, remanufacturing and recycling end-of-life batteries from hybrid and electric vehicles
- the REINVENT project, with the objective of producing polyols from renewable sources and bio materials from forest residue
- a cooperative research project with FCA, Oak Ridge National Laboratory (U.S.) and a casting supplier, which created a new aluminum alloy for use in engine components. This alloy maintains its strength in heat well beyond components in current use, and can be cast and machined using existing technologies.

## SUBSTANCES OF CONCERN

FCA works to eliminate or reduce the use of Substances of Concern (SoC) that may impact human health or the environment.

We use the International Material Data System (IMDS) to track the composition of individual materials and components in our vehicles. Data from IMDS is then fed into FCA internal management systems, which are used to monitor the content of all vehicles and identify the presence of SoCs. These systems are crucial for tracking vehicle recyclability and recoverability, as well as monitoring SoCs included on the Global Automotive Declarable Substance List ([GADSL](#)).

FCA's internal standard of restricted and prohibited SoCs is made available to suppliers worldwide, which are required to adhere to IMDS and SoC disclosure obligations. It provides uniform global requirements, regardless of where the products are ultimately sold or marketed, that minimize market-specific uncertainty or interpretation while increasing transparency and clarity.

FCA's attention focuses on substances identified in globally regulated Substances of Concern restrictions like the EU's REACH<sup>(1)</sup> regulation and heavy metals ban.<sup>(2)</sup> This level of awareness and commitment to compliance is also adopted by FCA suppliers with whom we collaborate closely in identifying technically equivalent and environmentally sustainable substitutes for substances that are expected to be restricted in the near future.

<sup>(1)</sup> European Regulation 1907/2006 of December 18, 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).

<sup>(2)</sup> Commission Directive 2017/2096/EU of November 15, 2017 amending Annex II to directive 2000/53/EC of the European Parliament and of the Council on End-of-Life-Vehicles.



## LIFE CYCLE ASSESSMENT

FCA uses Life Cycle Assessment (LCA) to evaluate the environmental impact of materials, components, design and production processes. LCA considers multiple factors, such as energy and other resources consumed during production; use and recycling; and waste generation, which are measured based on ISO 14040 and ISO 14044 standards. Critical reviews by a third-party certification company verify the compliance of selected LCA studies with these standards. Collaborative LCAs related to materials, processes and automotive components are also conducted within several internationally-funded projects.

The results from vehicle LCAs may help contribute to the development of new, more environmentally-friendly products.

In 2019, Life Cycle Assessments completed include:

- Lancia Ypsilon 0.9-liter CNG and 1.2-liter LPG vs 1.2-liter gasoline
- Fiat 500 1.2-liter gasoline vs Lancia Ypsilon 1.2-liter gasoline
- Jeep Wrangler 3.6-liter gasoline vs Jeep Wrangler 2.0-liter gasoline
- Fiat Toro Endurance 1.8-liter Flexfuel vs Fiat Toro Volcano 2.4-liter Flexfuel
- Jeep Compass Longitude 2.0-liter Flexfuel vs Jeep Compass Longitude 2.4-liter gasoline
- Fiat Ducato 2.3-liter diesel Euro 6d vs Euro 6b.



Fiat Toro



## VEHICLE END-OF-LIFE MANAGEMENT

Pursuing a responsible approach across the value chain means looking beyond the design, production, delivery and use phases. FCA designs our products so that their environmental impact is also reduced at the point when the customer discards the vehicle at its end-of-life stage.

In the U.S., the environmental effects of vehicles at the end-of-life stage are reduced using a market-driven recycling infrastructure, making automobiles and their components among the most recycled consumer products in that country. In other markets, local legislations regulate end-of-life management activities and responsibilities. In the European Union, for example, EU Directive 2000/53 and the Circular Economy package describe required reuse, recycling and recovery activities. FCA participates in the review process of end-of-life vehicle (ELV) and end-of-life battery policies, supporting the development of new standards or regulations, such as vehicle and battery recycling.

In 2019, all Group vehicles sold in Europe were 95% recoverable and 85% recyclable by weight, in compliance with the EU's Reusability, Recyclability, Recoverability Directive.

FCA provides recyclability and recoverability information on vehicles exported to countries with ELV regulations. The FCA Vehicle Recycling Laboratory at the Automotive Research and Development Centre (ARDC) in Canada plays an important role to support vehicle end-of-life research and development. The ARDC performs vehicle teardowns to satisfy dismantling requirements for ELVs, and provides or helps confirm existing part information that is used to generate more accurate recyclability and recoverability information.

As our electrified vehicle portfolio continues to grow, FCA explores solutions for the life cycle management of lithium-ion batteries. We have partnered with a supplier on a program that collects high-voltage lithium-ion batteries and finds use for these batteries elsewhere. The Electric Vehicle Battery Recycling program is important due to the significant environmental footprint of these batteries. When batteries become available, FCA or a business partner notifies the supplier who retrieves and transports them for repurposing in non-automotive applications such as personal mobility devices, including motorized wheelchairs.

This initiative offers consumers of these goods a lower cost option for the replacement of their batteries in addition to being a zero waste-to-landfill solution. Additionally, FCA participates in the U.S. Advanced Battery Consortium, a collaborative organization of automakers. This work group contains a number of battery-related projects, including those focused on recycling lithium-ion batteries to produce new cathode materials, which can reduce cost and increase energy density.

## REMANUFACTURED PARTS

Dependence on raw materials for parts creates demand on natural resources, a demand that FCA strives to reduce by employing circular economy principles.

To provide a second life for selected parts used in FCA vehicles, the Company has developed specific product lines of remanufactured parts. These parts support the aftermarket needs of customers, simultaneously reducing the cost of vehicle ownership and decreasing the volume of salvageable materials heading to landfills. The FCA remanufactured product lines include air conditioning compressors, starters, alternators, brake calipers, electronic control modules, torque converters, steering and suspensions, as well as engine and transmission product categories. The number of product offerings is more than 3,000 part numbers globally.

Through external specialized providers, FCA certifies the production of remanufactured parts in order to provide a repair solution that is equivalent to original equipment parts, and that carry the same warranty conditions as new parts.



# Customer Focus

Vehicle safety and quality, which are key elements of the overall customer experience, are among the most material topics for FCA and our stakeholders. We also recognize that the mobility options, support and services that customers may need are impacted by differences within each market such as the culture, individual preferences and driving experiences. With this in mind, FCA focuses on creating a positive customer experience throughout the purchasing and ownership process through our dealer network and many communication channels.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



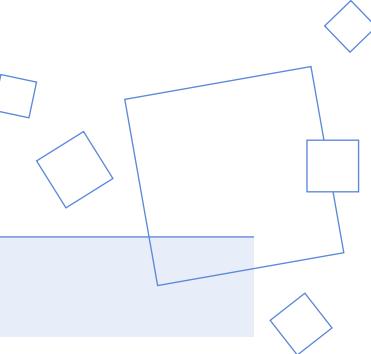
**~44  
MILLION**

CONTACTS HANDLED  
WORLDWIDE BY CUSTOMER  
CONTACT CENTERS



**29  
LANGUAGES**

SPOKEN AT CUSTOMER  
CONTACT CENTERS



## VEHICLE SAFETY



Delivering safe products to our customers is a fundamental and unwavering objective of FCA, and is among the essential responsibilities described in our Code of Conduct. The FCA Ethics Helpline system allows suppliers, dealers and other stakeholders to report concerns related to vehicle safety, emissions or regulatory compliance among others. FCA employees are required under our Code of Conduct to report such issues.

FCA believes that the automotive industry should adopt a systematic approach to ensure that vehicle safety remains a fundamental corporate value that helps to protect drivers, passengers, the environment, and our communities, in a socially responsible and sustainable manner. Our internal Vehicle Safety Compliance Program applies compliance principles to various operational functions that are dedicated to the regulatory framework of our industry. For example, under the program, our Code of Conduct, management communications, and publicity campaigns are aligned to reinforce our vehicle safety culture at all levels of the organization. Similarly, the program applies methodology to ensure that potential vehicle safety risks are identified, investigated, analyzed, and incorporated into specific initiatives and procedures within the Vehicle Safety Regulatory Compliance group.

Our suppliers in North America have access to a web-based training program that instructs them on FCA's expectations and supplier-specific requirements of the U.S. Motor Vehicle Safety Act and regulations of the U.S. National Highway Traffic Safety Administration (NHTSA). This training was launched by FCA in 2017 and incorporated feedback from NHTSA. Building upon this work, a collaboration with the Automotive Industry Action Group and other automakers standardized this training and made it available throughout the automotive industry in 2019.

From a global perspective, the Vehicle Safety and Regulatory Compliance organizations in the four regions where FCA operates collectively report to the Company's Chief Technical Compliance Officer. This alignment further supports sharing information to harmonize guidelines and processes where possible, given the regulatory environment.

## SAFETY RESEARCH

Our advanced engineering organizations around the world apply virtual reality methods and innovative technological solutions for virtual and physical tests. By analyzing the performance of vehicle safety systems in real-world collisions, we are able to develop future active and passive safety systems. The engineers develop and assess effective safety systems for all of our models and concentrate on various aspects including safety levels in front, rear and side collisions for vehicles from different segments; protection of vulnerable road users; and integration of active and passive safety systems. These efforts not only strive to help improve vehicle safety, but also result in the consistent implementation of upgrades to our testing equipment and methodology. In 2019, approximately 4,200 tests, including full-scale crash tests, sled and component tests, were reviewed globally to understand performance to vehicle safety standards for vehicle occupants, as well as pedestrians and cyclists. In addition, approximately 850 real accidents were reviewed at the Pomigliano Technical Center (Italy).

A new FCA Safety Center was established in 2019 at the Fiat Automotive Center in Betim (Brazil). The facility has an area of 7,600 m<sup>2</sup>, a track of 130 meters and the capacity to perform crash tests of up to four tons at 100 km/hour. An important aspect of the Safety Center is that it is interconnected with the entire product development chain, which reduces vehicle development time.

FCA also actively participates in national and international groups and projects focused on areas of occupant and vulnerable road user safety, such as developing new and improved safety standards and automated driving systems. As an example, the EMEA safety organization is a member of IGLAD (Initiative for the Global Harmonization of Accident Data), a consortium of auto manufacturers that collects and analyzes traffic accident data to improve road and vehicle safety. In the U.S., FCA collaborates with other automakers, through groups like the U.S. Council for Automotive Research, to identify technical issues and conduct research related to vehicle safety. In 2019, FCA signed an automotive-led, voluntary commitment to incorporate rear-seat reminder technology in new vehicles, to help parents and caregivers remember to check the back seat as they leave a vehicle. FCA then extended this commitment worldwide, across its global passenger-vehicle lineup. Timing for the global rollout will vary depending on market-specific product plans and regulatory regimes.



## SAFETY TECHNOLOGY AND RATINGS

FCA is responding to consumer expectations of high tech solutions in their vehicles by devoting significant resources to research and develop technologies that support drivers and passengers' ability to safely interact with their vehicle and with the world around them. By providing real-time availability of services and information, FCA is contributing to improve safety and the mobility experience. For example, Intelligent Speed Adapter (ISA) uses digital camera technology and navigation-system data to monitor the roadway for speed limits and relays the information to the driver.

FCA offers active and passive features for diverse drivers and vehicle segments, along with tertiary safety elements. The intent of active safety systems is to help drivers avoid crashes by alerting them to certain potentially hazardous situations or assisting them in mitigating the risk posed by certain types of identified hazards. These systems monitor surroundings, the status of the vehicle, driver behavior and include semi-automated technologies that provide assistance to drivers in certain instances, with the driver retaining appropriate control.

Passive safety systems are designed to help mitigate the effects of a crash. These include occupant restraint technology and the use of more advanced materials that enable us to improve crash energy management.

In the area of tertiary safety, the Group provides emergency rescue sheets with information to rescue teams or first responders on special design elements and the position of components to be considered when assisting the occupants of vehicles involved in an accident.

As we continue efforts to deliver advancements in safety technologies, ratings from independent agencies help validate our progress. Independent agencies rate the comparative safety of vehicles across the industry in different regions. While the specific criteria vary, these ratings generally evaluate the level of safety provided for occupants during specific types of crashes as well as a vehicle's ability to avoid certain crashes through the use of technology. Over the years, FCA vehicles have earned top ratings based on performance during assessments. The 2020 Chrysler Pacifica, Chrysler Voyager, Jeep Grand Cherokee 4x4, Ram 1500 and 2019 Chrysler Pacifica, Dodge Charger, Dodge Challenger, Jeep Grand Cherokee and Ram 1500 achieved the 5-Star overall safety rating in the U.S. New Car Assessment Program (NCAP) conducted by the National Highway Traffic Safety Administration (NHTSA). The Insurance Institute for Highway Safety (IIHS) named the 2020 Ram 1500 Crew Cab a Top Safety Pick+ rated vehicle, the first full-size pickup to earn this rating. In addition, the 2020 Jeep Renegade and 2019 Jeep Cherokee were named Top Safety Pick rated vehicles.

Independent rating agencies, such as Euro NCAP and IIHS, have required increasingly stringent protocols to achieve five-star safety ratings. FCA has taken these protocols into consideration as we develop and test our safety systems.

## ■■■ FCA WELCOMES FIRST RESPONDERS

It's no secret that automotive technology is progressing rapidly. Innovative developments include the proliferation of lightweight high-strength steel (HSS) and advanced high-strength steel (AHSS). These materials contribute to improved fuel economy without compromising structural integrity, a key consideration when engineering vehicles for superior crashworthiness. Air bags, once the exclusive domain of the dashboard and steering wheel, are now often found in seats and headliners. Such improvements have generated ripple effects that extend beyond the scope of the customer experience. They raise questions for first responders (police, firefighters, emergency medical technicians, etc.) whose mission

often compels them to rescue accident victims who become trapped in vehicles after a crash. What tools work best to cut through AHSS? Where are the pyrotechnic devices that trigger airbag deployment? To help first responders learn the answers to such questions, FCA welcomed to the Company's proving grounds in Chelsea (U.S.), 45 first responders from more than a dozen emergency response organizations. The goal was to familiarize them with the most up-to-date designs and technology, by providing access to current, pre-production vehicles built specifically for testing, not for sale. Alternatively, such training is usually conducted with older vehicles, which affords less insight than hands-on exposure to new ones.



## REGULATORY COMPLIANCE

When potential vehicle safety issues arise, we promptly investigate and take corrective action, including initiating safety recall campaigns when appropriate. FCA aims to improve the overall customer experience during the safety recall process and increase completion rates. We use a set of industry-leading advanced data analytics in the U.S. to improve our ability to more rapidly and effectively identify and assess potential safety issues. By quickly identifying potential safety issues, we are able to investigate and make determinations regarding appropriate safety recalls to address safety issues promptly and inconvenience fewer customers. In 2019, there were 126 recall campaigns involving 10,309,775 initial recall notices for FCA vehicles worldwide.

Through the Global Technical Compliance organization, the vehicle safety investigation and safety recall execution process has been harmonized to enhance coordination across regions and the robustness of safety recall campaign remedies for our customers.

In addition, the Check To Protect public awareness campaign, led by the National Safety Council (NSC) and FCA US, is intended to raise awareness of the importance of customers checking regularly for open recalls. The campaign drives customers to the NHTSA database of all open recalls and urges customers to take action to repair vehicles quickly. The National Automobile Dealers Association also joined with the NSC in support of the Check To Protect campaign and to educate and raise awareness about the importance of getting recall repairs completed.

## VEHICLE QUALITY

FCA strives to satisfy our customers by continuing to bring new technologies and products to market, with improved quality and reliability. Customers' needs and expectations vary from market to market due to differences in driving experiences and local preferences, which is why our customer-focused approach to quality during vehicle development is key.

To measure progress toward improving vehicle quality, FCA has set a target of achieving top quartile placement for the vehicle portfolio by 2020, based on the relevant competitive benchmark for each geographic region. In support of this target, the following brands achieved first quartile placement in their respective markets:

- Fiat - EMEA
- Lancia - EMEA
- Jeep - APAC

The following models have achieved first quartile placement in their respective markets:

- Dodge Caravan - North America
- Dodge Challenger - North America
- Jeep Grand Cherokee - North America
- Ram 1500 - North America
- Fiat Panda - EMEA
- Lancia Ypsilon - EMEA
- Fiat Mobi - LATAM
- Fiat Toro - LATAM
- Jeep Compass (diesel) - LATAM
- Jeep Compass - APAC



## QUALITY PROCESSES

For every FCA vehicle, quality considerations ranging from customer expectations to functional requirements are analyzed from the earliest stages of design. A cross-functional initiative within FCA focuses on managing risks and implementing solutions for new vehicles. The program assesses the risk of items, such as new vehicle features, during the design phase, which is then evaluated against existing data and processes to determine if different testing or timing approaches are needed. The program helps identify and avoid potential quality issues earlier in the vehicle development process and makes implementing solutions more cost effective.

At times, differences in customer expectations within a specific market have an impact on quality standards. When this occurs, FCA typically applies the most stringent specifications to all markets. These market-based differences add complexity and make close cooperation across regions an essential part of the process. To support global quality collaboration, the Global Issue Management (GIM) system provides a single repository to help expedite quality issue resolution across functional groups and regions. The GIM system includes the Product Development phase, making issue identification and tracking available earlier to team members in all regions. Benefits of the GIM system extend beyond our internal resources by providing our supply chain access to view and address quality supplier-related issues.

Inside FCA assembly plants, we operate state-of-the-art metrology centers — high-tech laboratories with a clean-room environment. The metrology labs use laser scanners and a complex set of fixtures that mimic the body shop's process so that engineers and technicians can assess and mitigate build parameters to evaluate risk more proactively.

All of these tools are used to find and resolve quality issues before vehicles are shipped to dealers, and ultimately, to the end customers. As part of our quality approach, all Group plants have adopted a Quality Management System that is ISO 9001 certified, and all powertrain plants in Europe are also IATF 16949 certified.

Engineering and Quality teams also study how vehicles perform in less predictable environments. Reliability test fleet vehicles are driven day and night on public road surfaces, at high and low altitudes and through blizzard conditions, as well as dry, desert heat and hot, humid locations all over the globe. We conduct extreme weather testing at a number of facilities worldwide, including in Sweden, South Africa and the Middle East, as well as at a cold weather testing facility in the U.S.

Vehicle quality, safety, reliability and comfort found in FCA vehicles requires intense work that often takes place behind the scenes. "What's Behind" is a video project that reveals details related to FCA's vehicle development.

### Watch how FCA tests its vehicles in extreme environments:



In addition to monitoring throughout the product development process, the Connected Customer Fleet (CCF) program allows selected customers to participate in an online community to provide earlier and more extensive vehicle feedback to FCA than traditional methods. Feedback from customers is being used to change design standards and targets, and programs such as CCF help to rapidly identify and resolve potential issues with new models and improve customer satisfaction.

## CUSTOMER EXPERIENCE

FCA understands that changing customer sentiment and expectations, along with technology, are impacting how we interact with customers. As we aim to build loyalty among existing customers and appeal to potential new customers, we also are focusing on providing convenient communication channels and positive experiences. Our dealer network is the primary face-to-face connection with customers and FCA has worked with our network to help them update sales and service processes that accommodate brand values, local requirements, and different customer needs. Measures have been implemented over time to improve processes, customer service standards and service quality for the Group's dealer network, the vast majority of which is privately owned.

Customer experiences are monitored on a market basis through surveys that provide insight into customer advocacy and satisfaction with the dealer network. Results are integrated into dealer processes, customer contact center management, and training programs. One primary approach used by FCA is an advocacy measurement and a satisfaction index to track customer satisfaction. These figures represent the net percentage of customers who are likely to recommend the dealer to a friend or family member based on their sales or service experience and a satisfaction rating composite score, respectively. In the U.S. and in the EMEA region's major markets, the sales and service advocacy results remained stable in 2019 compared with 2018.

As the needs of our customers around the world continue to evolve, so does the value of personalization and easy access to information. FCA provides opportunities for customers to interact with the dealer network; research products and services; and learn about our brands through a wide variety of channels, often before an in-person sales or service experience.



### ■■■ DIGITAL VEHICLE EXPERIENCE

A digital store delivers a way for potential customers to configure FCA vehicles through an immersive experience using virtual reality headsets. It also provides the opportunity to rethink traditional dealer spaces, significantly reducing its surface and can be deployed through temporary or pop-up stores in highly frequented areas such as shopping malls. Based on solutions developed in recent years, the digital store format was expanded to additional markets within Europe and integrated into selected traditional dealerships. The use of digital solutions (e.g., vehicle configurator) and immersive technologies (e.g., augmented and virtual reality) enables customers to customize and experience vehicle details in real-time, even when they do not have access to the physical vehicle.

Training content varies by market and changes over time to reflect brand presence, model launches, process improvements, customer expectations and advancements in vehicle features. Content included in training developed for sales, after-sales and technical personnel covers an extensive range of topics, such as customer experienced-based processes and skills; product and vehicle systems knowledge, including electrification; emissions; and safety features of the Group's vehicles. Depending on the topic, dealer personnel demonstrate comprehensive knowledge by completing a series of courses, skills assessments and certifications.

### ■■■ ELECTRIFICATION AND TRAINING

One of the central training topics for FCA is electrification of our products. FCA offers training to support the launch of electrified vehicles and improve the technical skills and knowledge of the dealer network. In 2019, more than 18,000 sales and after-sales dealer personnel in EMEA were involved in an intense training program focused on e-Mobility and electrified technologies. This program offered dealer personnel online introductory courses, classroom training, live activities and test drives of electrified vehicles.

### DEALER NETWORK DEVELOPMENT

The dealer network plays a pivotal role in developing relationships and building trust with FCA's customers. To support the role of the network, FCA develops training programs to enhance sales and service personnel knowledge and skills. The Group offers targeted training through live and web-based courses, including online tools such as virtual classrooms, tablet applications and in-dealership mobile tools.

**5.6+**  
**MILLION**  
**HOURS**  
OF DEALER NETWORK TRAINING



Developing the network goes beyond providing training and communication tools for existing network employees — it also means looking forward and supporting additional educational opportunities. Examples of such programs include:

- Degrees@Work and Degrees@Work Family programs. U.S. dealership employees and their families are offered the opportunity to receive a no-cost, no-debt college degree. The programs enable dealerships to attract top talent, improve the skill set of existing employees, lessen the burden of paying for college for families and increase employee retention. By the end of 2019, more than 1,700 dealership employees and family members have taken advantage of this opportunity.
- Mopar Career Automotive Program (CAP). This study and internship program is offered by a network of schools in the U.S. that utilize FCA-specific curriculum to train high-potential, entry-level automotive technicians for employment at FCA dealerships. Mopar CAP has created strategic partnerships with automotive technical colleges primarily in metropolitan areas of the U.S. In addition, Mopar CAP LOCAL, which was established in 2015, continues to grow the network of schools in the U.S. by enlisting schools in secondary and rural markets. At the end of 2019 there were 97 Mopar CAP and CAP LOCAL schools, an increase of approximately 1% over 2018, supporting more than 10,400 active students.
- TechPro<sup>2</sup> program. This international project is a three-year program for selected students who receive theoretical and practical knowledge from Salesian Vocational Training Center instructors who have received professional training by FCA employees. The training centers are designed and equipped by FCA and reflect the same service standards as the FCA dealer network. Second and third-year students gain important hands-on experience through internships and apprenticeships. In 2019, more than 750 students in Italy were enrolled in TechPro<sup>2</sup> apprenticeships, with 42% of them within the FCA dealer network. Around the world, more than 5,000 students, including the students in Italy, took part in the program and received approximately 4.5 million hours of training in seven languages and 60 locations.

## CUSTOMER SUPPORT

FCA provides a variety of communication channels for our customers throughout the ownership experience that offer not only product information but also specific support within the markets. Examples range from online chatbots to smartphone applications that allow users to schedule service appointments and receive information. FCA offers innovative features and solutions to support new and unique market expectations that provide convenient access to information and improved customer service.

To strengthen connections with our customers and address customer complaints, FCA's social media teams monitor digital media channels, such as Facebook, Twitter, Instagram, YouTube, and automotive blogs. Owner sites are available within most markets to provide our customers with information about vehicle maintenance and services; accessories and merchandise; and vehicle recalls.

In addition to websites, smartphone applications and digital media channels, FCA has dedicated customer contact organizations in all regions to ensure strong and global management of customer contact activities worldwide. Customer Contact Centers (CCC), together with dealers, are among the primary channels of communication between customers and the Company. There are 25 CCCs worldwide, with around 1,500 agents and supervisors who handled approximately 44 million customer contacts in 2019, offering a variety of services including information, complaint management and, in some locations, roadside assistance.

FCA Customer Contact Centers manage the entire process, from the first contact with the customer until a response is given or a concern is resolved, ensuring resolution in the shortest possible time. They provide multilingual support with a strong focus on employing native speakers of 29 languages. FCA believes that skilled, knowledgeable and motivated agents are essential for a high level of customer satisfaction. For this reason, in 2019 the Group offered over 71,000 hours of agent training on new products, behaviors and processes, as well as systems and new procedures.



### Regional Customer Care Support

#### NORTH AMERICA



#### [ SDGs 9 ]

Chatham, Ontario  
Windsor, Ontario  
Manila, Philippines  
Center Line, Michigan  
Farmington, Michigan  
Fort Myers, Florida  
Irving, Texas  
Mexico City, Mexico  
San Juan, Puerto Rico

#### LATAM



Valencia, Venezuela  
Belo Horizonte, Brazil  
Cordoba, Argentina

#### EMEA



Moscow, Russia  
Budapest, Hungary/  
Prague, Czech Republic  
Kragujevac, Serbia  
Arese, Italy  
Istanbul, Turkey  
Cairo, Egypt  
Dubai, U. A. Emirates  
Johannesburg, South Africa

#### APAC



Shanghai, China  
Seoul, South Korea  
Tokyo, Japan  
Pune, India  
Brisbane, Australia

FCA regularly engages with customers to provide information regarding the proper use of our products and services; potential risks or hazards; safety and usage instructions; disposal of the vehicles; and warnings. This information is provided through a variety of methods including owner and maintenance manuals; information labels and product

advertising; the dealer and service network; and Customer Contact Centers, among others. With our global focus, the Group sells our products and services to consumers in more than 130 countries worldwide, and is subject to numerous laws and regulations governing product information.



## CUSTOMER MOBILITY

FCA focuses our efforts on the entire customer experience through both traditional products and services, and new mobility solutions that fit their changing needs. This includes Enjoy, a car-sharing service that offers a fleet of Fiat 500 and Fiat Doblò vehicles to urban drivers in Italy. It was launched in Milan by Eni, an energy company, at the end of 2013 in partnership with FCA, which has provided more than 2,500 vehicles. Since the service was launched, approximately 950,000 individuals in five metropolitan areas have signed up to use it and approximately 22 million rentals have been logged.

Based on the subscription economy trend, in 2019 Leasys, FCA Bank's mobility provider, launched the Leasys CarCloud service for the Italian market. The Leasys subscription service allows customers to rent select Fiat, Alfa Romeo and Jeep models, and to exchange the vehicle based on their mobility needs. Customers can drive new and different FCA vehicles for as long as necessary, optimizing transportation costs. The subscription management process can be handled online and by mobile phone.

FCA also supports individuals with special mobility needs. For an individual with a disability, accessible mobility can offer an increased level of independence. At FCA, the Autonomy and DriveAbility programs are designed to help customers with permanent disabilities by providing financial assistance toward the purchase of appropriate customizable adaptive equipment. Since 1995, the Autonomy program has offered solutions that make it possible for people with disabilities to drive current vehicles such as Fiat, Lancia, Alfa Romeo, Abarth, Jeep and Fiat Professional brand vehicles. In 2019, there were more than 39,700 customized vehicles sold through the Autonomy program to customers in Europe and Brazil. Revenues from the sale of these vehicles in Italy totaled about €104 million in 2019. In addition, about 2,100 people benefited during the year from the services offered

through the Autonomy program's 18 Mobility Centers in Italy. These Centers are managed in collaboration with local associations, rehabilitation centers, health authorities and the department of motor vehicles. The services offered include assistance with a range of administrative, legal and technical issues, fitness-to-drive screening assessments, and information on test drives.

The U.S.-based program, DriveAbility, is a financial assistance program that was launched in 1987 to help customers with permanent disabilities enter, exit and/or operate a new vehicle. The program provides financial assistance up to €893 of the expense for installing adaptive driver or passenger equipment on most Chrysler, Jeep, Dodge, Ram or Fiat vehicles. DriveAbility supplies vehicles to a network of 20 vehicle modifiers, who operate more than 600 sales and service outlets across the U.S. The [DriveAbility website](#) helps customers determine which vehicle and adaptive equipment best suit their lifestyle, find the nearest sales outlet and apply for reimbursement. Since 2010, the DriveAbility program has provided more than 41,000 customer assistance grants. Along with financial assistance for adaptive equipment, the program has provided learning sessions where rehabilitation specialists present the latest in advanced safety and convenience technology features available to benefit special mobility needs.

# Production and Responsible Sourcing



## Production

95

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- Water Management ..... ▶ 99
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## Responsible Sourcing

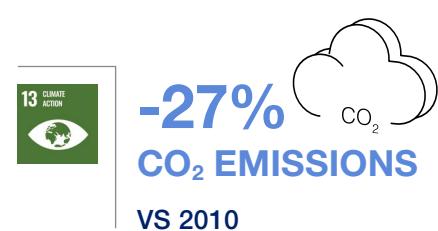
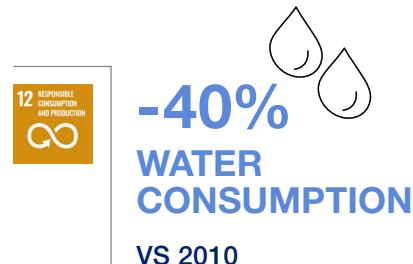
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# Production

FCA's environmental stewardship endeavors to achieve objectives on two primary fronts: to reduce our environmental footprint and to contribute to the Company's financial success by reducing production costs. Through the adoption of a lean, smart and increasingly digital operating model, a commitment to sustainable innovation, and the direct participation of employees in the pursuit of excellence, we achieve consistent improvements in environmental performance in our manufacturing operations.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



# Production



**FCA's Environmental Guidelines** detail our commitment to address environmental and climate change issues by aiming to reduce CO<sub>2</sub> emissions, energy consumption, water withdrawal and waste generation. Our environmental responsibility also entails efforts to preserve natural habitats and their biodiversity in areas surrounding our sites.

- Environmental protection at FCA is managed through our Environment, Health and Safety (EHS) and Energy organizations. The Group has implemented an Environmental Management System (EMS) worldwide, aligned with the ISO 14001 standard. The EMS consists of a system of methodologies and processes which, among other things, are designed to prevent or reduce the environmental impact of the Group's manufacturing activities. At the end of 2019, 95 Group plants, representing nearly 100% of industrial revenues, were ISO 14001 certified. The plants still awaiting certification have already adopted an EMS that is aligned with the ISO 14001 standard and are regularly audited by the EHS organization.

FCA's Energy Management System (EnMS) focuses on methodologies and processes related to the optimization of energy use. At the end of 2019, the majority of Group plants were ISO 50001 certified, representing approximately 99% of the Group's total energy consumption.

The Group EMS and EnMS are certified by accredited third parties. Together with World Class Manufacturing (WCM) methodologies and tools, they support our efforts to achieve a steady and consistent reduction in the impact of manufacturing processes.

As a key contributor to our environmental stewardship, the WCM program was adopted more than 10 years ago and has been implemented at FCA plants worldwide. WCM is an approach that applies to all areas of FCA's manufacturing processes and facilities. It seeks to eliminate waste and increase the productivity, well-being, and safety of the individuals who work there. The projects developed within WCM aim to ultimately reach, for example, zero accidents, zero waste, zero breakdowns and zero inventories.

At year-end 2019, 96 FCA plants have implemented WCM, which covers 99% of our plants: 28 have achieved a WCM bronze level of implementation and performance, 35 silver and six gold. The achievement of WCM award levels recognizes the long-term commitment of the workforce to making significant changes that can secure the future of a facility. During an audit, points are awarded for each of the 10 technical pillars, which include safety, workplace organization, logistics and the environment, and for each of the 10 managerial pillars, such as management commitment, clarity of objectives, allocation of people, motivation of operators and commitment of the organization.

The success of WCM is highly dependent on the participation of employees, who are involved in targeted training programs in order to properly apply WCM methods. Employees worldwide are also encouraged to make process improvement suggestions, each of which is assessed for potential application. In 2019, FCA plant employees submitted more than 2.2 million suggestions, representing an average of 18 proposals per employee. Best practice projects are shared among all plants, with approximately 24,500 approved and applied across the Group's plants throughout 2019.



More than 5,600 environmental projects were started in 2019 with an estimated cost savings of €63 million. In addition, we are expanding the application of WCM tools and methods to non-production business processes in order that those operations benefit from the WCM system. For example, FCA is transferring WCM principles and best practices to our logistics, manufacturing engineering, design activities, dealers and suppliers. By expanding the WCM approach and principles to various FCA business functions and business partners, FCA strives to minimize the environmental footprint along our value chain while promoting a culture of sustainability.



## ENERGY CONSUMPTION



The Group seeks solutions in our manufacturing processes that enable further reductions in our energy consumption, with a particular focus on decreasing the use of fossil fuels. Over time, these solutions have generated significant savings in energy-related costs. In 2019, energy consumption was lower than both the previous year and the baseline year in absolute terms.

At mass-market vehicle assembly and stamping plants, the energy consumption normalized per vehicle produced was stable compared with last year (at 6.1 GJ), but still recorded a decrease of 17% compared with 2010 (from 7.3 to 6.1 GJ).

During the year, the Group rolled out approximately 4,200 projects to improve the energy efficiency of systems and equipment; to implement organizational measures such as process redesign and optimization of plant capacity; and to increase energy awareness among employees. These initiatives resulted in energy savings of approximately 3,200 TJ and approximately €52 million, in addition to avoiding approximately 260,000 tons of CO<sub>2</sub> emissions.

### Direct and Indirect Energy Consumption

FCA worldwide (TJ)

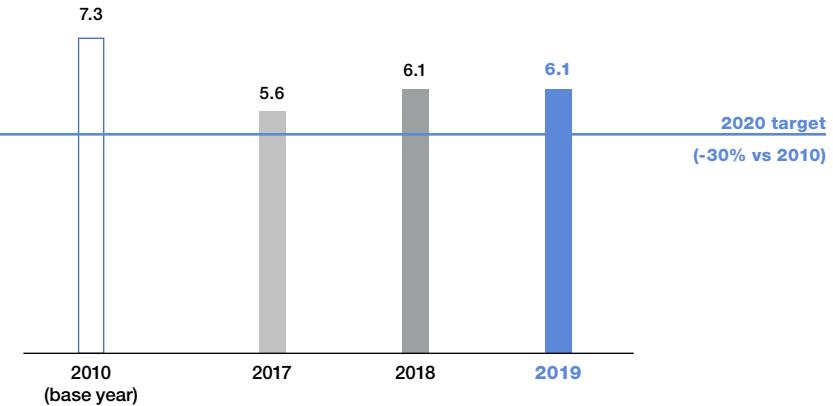
[ SDGs 12 ]

	2019	2018	2017	2010
Direct energy consumption	19,895	21,213	19,821	19,706
Indirect energy consumption	21,933	24,132	24,693	25,131
<b>Total energy consumption</b>	<b>41,828</b>	<b>45,345</b>	<b>44,514</b>	<b>44,836</b>

### Direct and Indirect Energy Consumption per Vehicle Produced

Mass-market vehicle assembly and stamping plants worldwide (GJ)

[ SDGs 12 ]





## MANUFACTURING CO<sub>2</sub> EMISSIONS

In 2019, total CO<sub>2</sub> emissions from manufacturing processes at our plants worldwide decreased by 9% compared with 2018 to 3.4 million tons. This achievement was below the 2010 baseline level on both a total and per vehicle produced basis.

### Direct and Indirect CO<sub>2</sub> Emissions

FCA worldwide (thousands of tons of CO<sub>2</sub>)

[ SDGs 12 ]

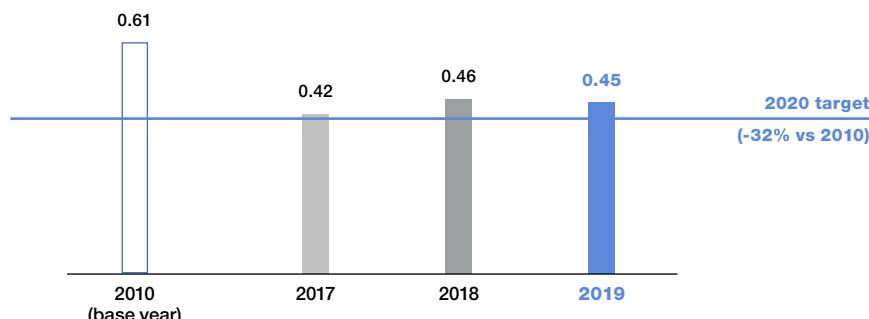
	2019	2018	2017	2010
Direct emissions	1,058	1,129	1,054	1,075
Indirect emissions	2,359	2,609	2,519	2,882
<b>Total CO<sub>2</sub> emissions</b>	<b>3,417</b>	<b>3,738</b>	<b>3,573</b>	<b>3,958</b>

Emissions of CO<sub>2</sub> per vehicle produced at mass-market vehicle assembly and stamping plants decreased 27% in the last nine years, falling from 0.61 tons per vehicle produced in 2010 to 0.45 tons per vehicle produced in 2019.

### Direct and Indirect CO<sub>2</sub> Emissions per Vehicle Produced

Mass-market vehicle assembly and stamping plants worldwide (tons of CO<sub>2</sub>)

[ SDGs 12, 13 ]



In 2019, to support our commitment to reduce CO<sub>2</sub> emissions, FCA used energy from renewable sources. In Brazil, where the majority of our South American plants are located, electricity originated almost entirely from renewable sources. In addition, solar power is used for electricity and/or heating at some Group plants. Energy from renewable sources used in Group production processes represented around 16% of total electricity consumption in 2019.

### ••• FCA LATAM CARBON NEUTRAL PROGRAM

Focused on reducing greenhouse gas (GHG) emissions, the FCA LATAM Carbon Neutral Program aims to measure, manage, reduce and offset the annual GHG emissions produced from the daily activities of the regional plants.

For this reason, an inventory of emissions was developed for all manufacturing locations and parts distribution centers in LATAM.

In 2017, the assembly plant in Goiana (Brazil) was Latin America's first auto plant to have neutralized its emissions and to obtain the Carbon Neutral certificate.

The plant's climate impact was zero as a result of its use of 100% renewable electricity and cleaner fuels. For emissions that cannot be eliminated through the adoption of renewable energy, a plan for quantification, reduction and compensation was implemented with the acquisition of carbon credits through Certified Emission Reduction (CER). These credits are regulated through the United Nations Clean Development Mechanism. In addition, the plant implemented other actions such as planting seedlings, recovering environmentally degraded areas and raising awareness among its suppliers.

Currently all of the FCA plants in LATAM have developed their inventories of emissions and underwent third-party verification.

In addition to the assembly plant in Goiana, the following also obtained certification as Carbon Neutral in Brazil: engine plants in Campo Largo and Betim; component plant in Jaboatão dos Guararapes; and parts distribution centers in Betim and Hortolândia. These facilities accounts for more than half of energy consumption within the LATAM region.



## WATER MANAGEMENT

FCA aims to responsibly manage its entire water cycle, starting from water withdrawal from municipal water suppliers or natural sources; through use and reuse of recycled water for cooling, cleaning and sanitation; and the discharge in public sewer systems or surface water bodies, which occurs after passing through a wastewater treatment process.

FCA has focused particularly on the adoption of technologies and procedures to increase recycling and reuse of water and decrease the level of pollutants in discharged water. We periodically map the availability of water resources around the world, correlating the quantity of water available with the quantity consumed in each region.

The Group adopted a different risk assessment method in 2016 to evaluate our use of water in water stressed areas and improved the assessment during 2019 to better align to GRI Standards. The scenario analyses conducted identified 34 plants located in areas where water is considered a limited resource.

As a result of improvements in water cycle management and measures taken to reuse water in industrial processes, in 2019 FCA reduced total water withdrawal at our plants worldwide by 38% compared with 2010 (from 30.6 to 18.8 million m<sup>3</sup>). Projects to cut the quantity of water withdrawn led to an overall savings of about €3.4 million in 2019. A 99% recycling water index resulted in 2.2 billion m<sup>3</sup> of water saved.



In 2019, water withdrawal per vehicle produced at mass-market vehicle assembly and stamping plants was approximately 40% lower than 2010, almost achieving the target set for 2020.

In addition to minimum standards of legal requirements, FCA aims to discharge its wastewater with regulated constituents at levels well below legal limits, and regularly measures and analyzes the quality of wastewater to provide a comprehensive view of FCA's overall impact on water. Of 115 total plants (including four joint ventures) active in 2019, all were serviced by either an internal or external wastewater treatment system. No significant spills were reported.

### Water Withdrawal and Discharge

FCA worldwide (millions of m<sup>3</sup>)

	2019	2018	2017	2010
Water withdrawal	18.8	21.7	21.9	30.6
Water discharge	13.3	17.2	14.2	20.4
<b>Water consumption</b>	<b>5.5</b>	<b>4.5</b>	<b>7.7</b>	<b>10.2</b>

[ SDGs 12 ]

### Water Recycling Index

FCA worldwide (millions of m<sup>3</sup>)

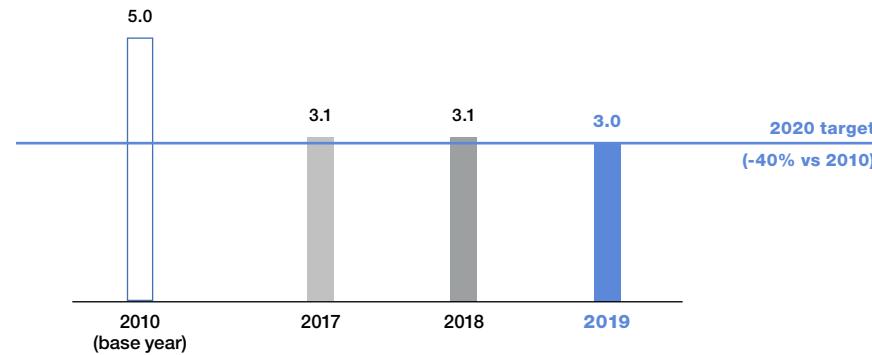
	2019	2018	2017
Total water requirement	2,220.1	2,340.4	2,090.9
of which covered by recycling	2,201.3	2,318.7	2,069.0
of which water withdrawal	18.8	21.7	21.9
<b>Recycling index<sup>(1)</sup></b>	<b>99%</b>	<b>99%</b>	<b>99%</b>

[ SDGs 12 ]

<sup>(1)</sup> The recycling index is calculated on the basis of total water requirement, which is the sum of water withdrawn and water recirculated in the plants.

### Water Withdrawal per Vehicle Produced

Mass-market vehicle assembly and stamping plants worldwide (m<sup>3</sup>)



[ SDGs 12 ]



## WASTE MANAGEMENT

To reduce the consumption of raw materials and related environmental impacts, FCA has implemented procedures to pursue optimal recovery and reuse with minimal waste. We strive to recycle what cannot be reused. If neither reuse nor recovery is possible, we dispose of waste according to applicable law and aiming to impact the environment as minimally as possible. In 2019, 69 FCA plants sent zero waste to landfills. As a result of continued improvements in waste management, FCA achieved an 8% reduction of waste generated at our plants worldwide in 2019 compared with 2018. In 2019, these efforts saved about €3 million. In addition, revenues of about €48 million were generated by selling recoverable waste to companies that use it to generate new products or energy.

Further, the Group carefully manages the amount of hazardous waste it generates - in accordance with applicable regulations in each jurisdiction - and places particular importance on reducing the generation of such waste, since by its very nature it is often less suitable for recovery.

Through appropriate environmental practices, total hazardous waste decreased by 53% compared with 2010 baseline levels.

### Waste Generation and Management

FCA worldwide (tons)

[ SDGs 12 ]

	2019	2018	2017	2010
Waste recovered	594,880	626,736	674,398	1,079,542
Waste disposed	211,517	248,434	240,507	538,457
<b>Total waste generated</b>	<b>806,396</b>	<b>875,170</b>	<b>914,905</b>	<b>1,618,000</b>

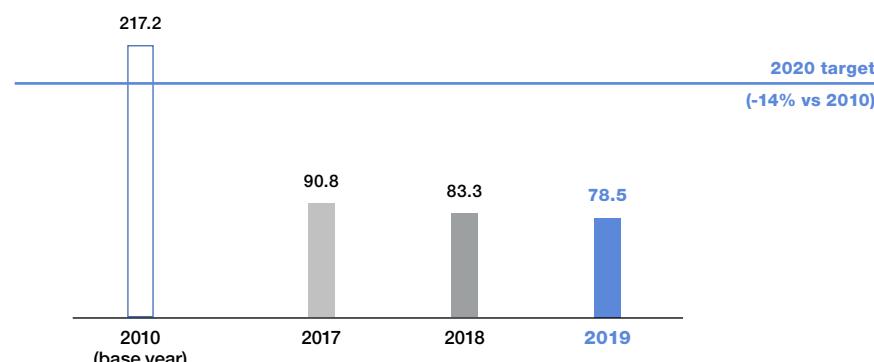
In mass-market vehicle assembly and stamping plants, the quantity of waste generated per vehicle produced in 2019 decreased by 6% compared with the prior year (from 83.3 to 78.5 kg/vehicle produced), and by 64% compared with 2010 (from 217.2 to 78.5 kg/vehicle produced). Hazardous waste per vehicle produced decreased 59% compared with 2010 (from 8.2 to 3.4 kg/vehicle produced).

In 2019, the waste recovery rate in mass-market vehicle assembly and stamping plants was around 95% and the percentage of waste sent to landfill was around 5%.

### Waste Generated per Vehicle Produced

Mass-market vehicle assembly and stamping plants worldwide (kg)

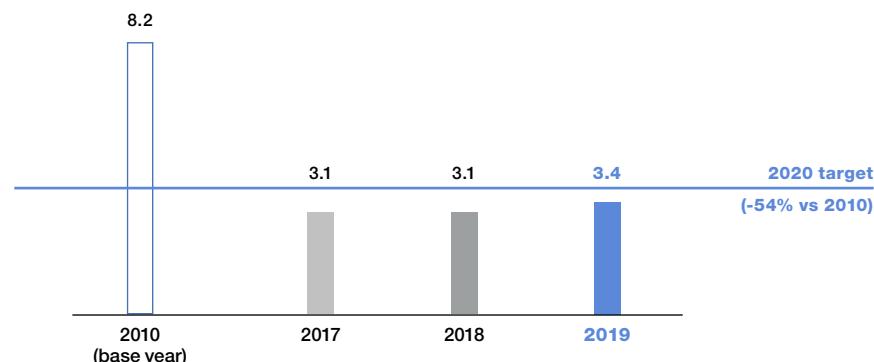
[ SDGs 12 ]



### Hazardous Waste Generated per Vehicle Produced

Mass-market vehicle assembly and stamping plants worldwide (kg)

[ SDGs 12 ]



## LOGISTICS OPERATIONS



Key elements of successful logistics operations include reducing stock and material handling, and delivering only the right product, to the right place, at the right time. At FCA, we work together with our suppliers and logistics partners to improve processes by re-engineering material flows and packaging, and applying just-in-time methodology.

FCA Global Purchasing and Supply Chain organization serves as a link between the supplier network, Group plants, Parts Distribution Centers, and dealers by managing transports among these parties. The logistics operations are handled by a variety of internal and external operators, depending on the origin and destination of the goods. The Company has adopted [Logistics Guidelines](#) that provide direction on how to optimize transport fleet characteristics and apply methodologies to reduce the impact of freight and vehicle movement.

The Company's logistics approach focuses on:

- the optimization of logistics flows regarding network, mode and capacity in addition to the adoption of low-emission transport vehicles to improve performance and minimize impacts on the environment
- the implementation of emerging solutions and technologies to protect parts and decrease the use of packaging and protective materials to save resources.

We monitor our logistics performance to identify areas of improvement and actions needed, and transparently communicate our related environmental and social impacts to stakeholders.

• • •

### Indirect CO<sub>2</sub> Emissions from Logistics Processes<sup>(2)</sup>

[ SDGs 12, 13 ]

FCA worldwide (thousands of tons of CO<sub>2</sub>)

	2019	2018	2017
Upstream	791	853	819
Downstream <sup>(3)</sup>	641	678	644
Mopar	59	57	58
<b>Total emissions<sup>(4)</sup></b>	<b>1,491</b>	<b>1,588</b>	<b>1,521</b>

<sup>(2)</sup> Calculations were based on the criteria illustrated in the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Technical Guidance for Calculating Scope 3 Emissions. Real activity data related to routes, distances, frequencies and transport capacities are used in the calculation process. Emission factors are taken from international standards or governmental agency guidelines, among which: standard EN16258, U.S. Department of Energy, Brazilian Ministry of Transport, DEFRA-U.K. Department for Environment, Food and Rural Affairs. Upstream refers to material and parts distribution to plants.

<sup>(3)</sup> Refers to finished vehicle distribution to markets.

<sup>(4)</sup> Related to logistics processes.

### Parts Distribution Centers that have Implemented World Class Logistics (2019 vs 2011)

[ SDGs 12 ]

FCA worldwide

	Center Line (U.S.) PDC	Marysville (U.S.) PDC and Paint Shop	None and Volvera (Italy) PDCs
Water consumption	-45%	-6%	-55%
Electricity consumption	-62%	-21%	-22% <sup>(5)</sup>
CO <sub>2</sub> emissions	-19%	-2%	-34%
Waste recycled	91%	88%	99.8%

<sup>(5)</sup> Electricity for None and Volvera is 100% renewable.

# Responsible Sourcing

Managing the complexity of multi-tier supply chains presents particular challenges for all major industries, including the automotive sector. Technology is driving change in the automotive industry, as vehicles today are becoming more connected, electrified, autonomous, and shared. The vehicle design cycle is more stringent, technologies are adopted more quickly, and automakers are collaborating with suppliers more than ever before.

Collaboration and respect will continue to provide the best way to address challenges the global supply chain may face. The FCA Code of Conduct and the due diligence processes are based on the Group's commitment to mitigating potential emerging environmental and social risks related to the supply chain.

## KEY FCA FIGURES SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

**~€76 BILLION**  
IN TOTAL PURCHASES

**~2,100 SUPPLIERS WORLDWIDE**



**62%**  
**OF PURCHASED VALUE**

ASSESSED THROUGH THE  
SUPPLIER SUSTAINABILITY  
SELF-ASSESSMENTS



# Responsible Sourcing

The selection of suppliers with proven capabilities in quality management, market understanding, readiness to innovate and respect for sustainability is critical for FCA. By working with our suppliers to create responsible procurement practices, we can limit exposure to unexpected events and supply disruption, while building long-term core competence that can drive sustainable growth over time.

- FCA Purchasing, the functional area responsible for supplier management, sets global purchasing strategies and oversees the integration of processes worldwide. This department also works with automotive peers, non-automotive counterparts and organizations to integrate key environmental, social, and governance considerations into global purchasing decisions.

Our suppliers commit to operating responsibly according to ethical standards and procedures set forth by FCA. This commitment to social, ethical and environmental principles is a condition to both becoming an FCA supplier and to developing an ongoing business relationship with us. The Company's General Terms and Conditions require any new purchase order to align with the principles set forth by FCA's policies, including the FCA Code of Conduct and the FCA Sustainability Guidelines for Suppliers. Both documents are available on our [website](#) as well as in the supplier portal.

If a supplier fails to meet these standards, a corrective action plan, jointly developed with FCA, is required. Additional actions may be adopted by FCA in case of non-compliance, including and up to termination of the business relationship. FCA encourages all suppliers should have a Supplier Code of Conduct. A recorded training module was developed in 2019 to assist suppliers with sharing the message through the multi-tiered supply chain.

## ••• OUR FOUNDATIONAL PRINCIPLES

FCA's supplier relationships are driven by our Foundational Principles that provide the framework we use internally and in working with our suppliers.

### INTEGRITY

TRUST AND BE TRUSTWORTHY

### MUTUAL TRANSPARENCY

SHARE EXPECTATIONS AND INFORMATION

### PROACTIVE COLLABORATION

WORK TOGETHER EFFECTIVELY AND EFFICIENTLY

### PERSONAL ACCOUNTABILITY

TAKE OWNERSHIP AND ACCEPT RESPONSIBILITY

### EMPATHY & ADVOCACY

RESPECT AND SUPPORT EACH OTHER

### SENSE OF URGENCY

ACT QUICKLY AND DECISIVELY

### CONTINUOUS IMPROVEMENT

SHARE BEST PRACTICES

### LONG-TERM MINDSET

MAKE DECISIONS THAT FOSTER SUSTAINABLE RELATIONSHIPS



Our suppliers include both direct material suppliers that produce the parts and components that make up our vehicles, as well as indirect suppliers, who provide the goods and services needed to run our operations. We have a global network of approximately 2,100 suppliers, ranging in size from small operations with few employees up to very large companies, which supply us with everything from basic materials to state-of-the-art componentry.



Our supply base is concentrated, with 148 strategic suppliers accounting for approximately 59% of direct material purchases by value. The Group classifies suppliers as being strategic through a formal process based on the following criteria: allocated spending amount; production and spare parts capacity; technical and commercially-viable alternatives; and the value of Group procurement orders as a percentage of the supplier's annual turnover.

FCA's operations impact local economies and, whenever possible, we utilize local suppliers near major locations of operation. This generates direct and indirect income and employment opportunities in the communities where the business is located, in both developed and emerging economies, while minimizing transport-related environmental impacts. Local suppliers are those with manufacturing operations that supply an FCA plant located in the same country. For example, in recent years more than 75% of our spending at our plants in Brazil has originated from in-country suppliers.

## SUPPLIER TRAINING AND COLLABORATION

FCA's communication with suppliers is based on the trust and transparency outlined in our Purchasing Foundational Principles. Through a variety of channels, we strive to promote innovation, quality products, efficiency, best practice sharing and sustainability concepts. We engage with our suppliers through, among other methods, Technology Days, industry and supply chain organizations and events, extensive training, and one-on-one dialogue.



In 2019, FCA and our suppliers participated in 42 Technology Day events. These events encourage collaboration with suppliers on innovative solutions for features, efficiencies and quality, and allow suppliers to share with FCA personnel some of their latest technological developments and concepts for the future.

Supporting our efforts to engage sub-tier suppliers, FCA also hosts Technology Open House events which allow Tier 2 or Tier 3 suppliers to present commodities, technologies or services to specifically-defined FCA audiences they might not otherwise reach. In 2019, 32 Technology Open House events were held.

Another supplier engagement program focuses on fostering innovation to improve products, processes and content. The Value Optimization SUPER Program (SUpplier Product Enhancement Reward) encourages a proactive approach with suppliers to collaborate on cost saving ideas. Economic benefits are shared when innovative manufacturing technologies and leaner component designs are implemented. Increased supplier engagement is a primary focus for the Value Optimization team, and in 2019 seven supplier cost saving idea generation workshops were conducted.

FCA also encourages dialogue with the supply base by working closely with many industry and supplier organizations. One such group is the Automotive Industry Action Group (AIAG), which the Company helped found in 1982. AIAG is a cooperative forum for the auto industry focused on improving business processes and practices involving trading partners and peers throughout the supply chain. In addition to a leadership role on the Board of Directors, with co-leadership within the Corporate Responsibility Steering Committee, FCA employees are engaged in a number of other AIAG teams that partner automakers with suppliers. Many of the initiatives promoted by AIAG focus on sustainability issues and on streamlining tools and metrics across the industry. FCA works with AIAG to sponsor smaller companies, including sub-tier suppliers, to take part in AIAG work groups and to work with their larger peers on industry solutions.

FCA periodically hosts Supplier Training Weeks in Turin (Italy), Auburn Hills (U.S.) and Shanghai (China). The curriculum covers subjects related to purchasing, quality, supply chain management, manufacturing, finance, and engineering. The agenda also includes dedicated classes on sustainability-related topics such as responsible working conditions, environmental impacts, ethics and Conflict Minerals. In 2019, more than 2,900 supplier attendees took part in Supplier Training Weeks.

Within FCA's eSupplierConnect portal, the supplier Learning Center provides learning opportunities and other resources for suppliers, including content and presentations for Supplier Training Week. As the supply base continues to expand globally, it is necessary to effectively manage training information to enable the development, delivery and use of this material. For example, FCA utilizes the Virtual Classroom Offering (VCO), in which suppliers take part in a live, interactive setting from their desktop, avoiding the expense and extra time of traveling to a training site. In 2019, some regional training modules from the

Supplier Training Weeks were replaced with VCO classes in an effort to increase virtual training opportunities. VCO was also found to be an effective option to accommodate supplier training during the launch of vehicle programs. This method provides a flexible training option without taking key, dedicated supplier contacts away from the plant location during a critical time.

Additionally, in-depth training on responsible working conditions is offered to suppliers in partnership with AIAG. This web-based training is developed and updated collaboratively with other automakers and is designed to help protect the rights and dignity of the workers who make vehicle components. The training helps to educate and create awareness among the procurement professionals who make sourcing decisions. It is provided at no cost to suppliers, is available in several languages and is also provided to FCA Purchasing employees.

### ••• SUPPLIER WCM

In our industrial operations, FCA has adopted World Class Manufacturing (WCM), a structured production system that promotes sustainable, systematic improvements aimed to evaluate and address all types of waste and losses, and reduce injuries at our manufacturing operations by applying methods and standards with rigor, and with the involvement of the entire manufacturing workforce.

During 2019, FCA Purchasing, with the support of the World Class Manufacturing Academy and FCA plant WCM specialists, continued providing WCM methodology and tools to our suppliers. WCM support includes plant shop floor assessments for new launch suppliers and focused improvement activities for those supporting current production. To maximize the effectiveness of the program, suppliers and commodities are prioritized based on their impact on FCA plants, purchasing strategy, and the supplier's current performance. Particular emphasis is placed on supplier plants involved in upcoming product launches.

Dedicated WCM knowledge experts from FCA provide guidance and mentoring to improve a supplier's key activity and performance indicators. In 2019, the WCM

## SUPPLIER ASSESSMENT PROCESS

### EVALUATION OF POTENTIAL SUPPLIERS

Before FCA conducts business with a company to purchase vehicle parts and components, an evaluation helps determine its suitability based on a broad set of criteria. Through the Supplier Eligibility Assessment (SEA), we identify a potential supplier's strengths, weaknesses and capabilities to produce parts of the required quality, performance and cost, and evaluate whether it has the potential to be a high-performing supplier for FCA.

Potential suppliers must demonstrate that they have adopted a program that promotes sustainability, both internally and along the supply chain. A few of the main items in the SEA are: a code of conduct; a certified system for managing employee health and safety; and a certified environmental management system. These conditions help ensure that they monitor and manage environmental aspects, labor practices, human rights, and their impact on society.



Academy began training the suppliers using the Technical Pillar methodology and tools to improve new program launches. One example includes both supplier and FCA Purchasing personnel performing assessments together to target weaknesses, developed ideas for improvement and implemented where appropriate.

### TRAINING SUPPLIERS AT THE WCM ACADEMY

44  
EVENTS

221  
SUPPLIER  
PARTICIPANTS

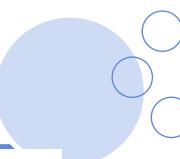
145  
KAIZEN  
PROJECTS

The SEA also includes an audit carried out at the supplier's facility by FCA personnel. If a potential supplier shows deficiencies in any area of the assessment, a gap closure strategy is created to bring the supplier into compliance before business is sourced. Corrective actions, responsibilities, and target dates for resolution can be defined for all identified items.

The assessment is conducted prior to the procurement phase for all those suppliers' plants who are not currently providing parts to FCA, but may soon. It can also be used in situations in which a supplier's location has not delivered a product type for more than 12 months, even if the supplier has already been assessed for other facilities, products, or commodities.

### ••• ENGAGING THE SUPPLY BASE TO TACKLE CLIMATE CHANGE

To promote awareness among suppliers of their impact on climate change, 270 suppliers were invited to participate in the CDP Supply Chain program in 2019. CDP is an organization which supports companies to disclose environmental impacts. It aims to make environmental reporting and risk management a business norm, and drive disclosure, insight and action towards a sustainable economy. Of those invited, 209 suppliers disclosed their results, a 77% response rate, attaining an average score of C on a scale from A to D-. To support this engagement and boost supplier response rates, dedicated supplier training webinars were held. This training aims to communicate the importance and benefits from transparently reporting on emissions and climate impact. Approximately 68% of responding suppliers reported their scope 1 and scope 2 emissions. By 2020, the Group expects to monitor 90-100% of top Group suppliers' CO<sub>2</sub> emissions (accounting for about 57% of annual purchases by value) through the CDP Supply Chain program. In 2019, disclosing suppliers accounted for approximately 51% of FCA annual purchases by value from direct and indirect material suppliers.



### SUSTAINABILITY ASSESSMENT OF SUPPLIERS

The Group plans to conduct sustainability audits or assessments by the end of 2020 of all Tier 1 suppliers with potential exposure to significant environmental or social risks. The supplier compliance assessments are conducted yearly and include three phases.

The first phase consists of the Supplier Sustainability Self-Assessment (SSSA) questionnaire, which covers environmental issues, labor practices, human rights, compliance, ethics, diversity, and health and safety topics. Active FCA suppliers are expected to complete the SSSA each year. During 2019, approximately 54% of our suppliers responded to the questionnaire, representing 62% of our annual purchased value on both direct and indirect suppliers.

The SSSA standardized tool was developed by the Automotive Industry Action Group (AIAG) in collaboration with FCA and other automakers and suppliers. This assessment has a two-fold purpose: to determine the level of sustainability activity within the supply base and to communicate FCA's expectations to our suppliers. Suppliers complete the SSSA online by accessing it via the FCA eSupplierConnect portal.

The SSSA includes six modules:

- Human Rights
- Environment
- Compliance & Ethics
- Diversity
- Health & Safety
- General

Within the Environmental module, for example, self-assessment feedback reflects a supply base that is seeking to optimize its use of resources and minimize emissions and greenhouse gases; properly managing waste treatment and disposal; managing energy and water use and adopting logistics processes with minimized environmental impact.



The second phase of assessing suppliers is the creation of the sustainability risk map. All direct material suppliers are analyzed and rated on criteria that include:

- FCA spending on the supplier
- country risk associated with the supplier's home country, with particular emphasis on countries with a poor human rights record, according to the Worldwide Governance Indicators
- supplier's financial risk
- supplier's SSSA score
- supplier's exposure to commodity risk based on process or labor intensity
- location of supplier's main production activities (where available or known).

The risk map score indicates a supplier's overall sustainability risk level and is used to prioritize supplier audits. On-site supplier sustainability audits - in the form of both announced and semi-announced/unannounced - represent the third phase for confirming supplier compliance with our sustainability standards, and are conducted by either internal Supplier Quality Engineers or external auditors. In 2019, 57 audits were completed and we expanded activities to include LATAM suppliers.



These audits not only help FCA, but also strengthen our suppliers by identifying areas of improvement in which they can close gaps, becoming stronger and more sustainable. If any critical issues are identified during an audit, a supplier may be placed on watch status or, in particularly severe cases, the relationship with the supplier may be suspended or terminated. Where areas for improvement are identified, a corrective action plan is developed by FCA, the supplier and with the support of the third party auditors where applicable. Action plans establish specific responsibilities within the supplier's organization, activities and deadlines for implementation.

The level of supplier sustainability compliance based on self-assessments and on-site audits are shared within FCA Purchasing and are reported on the Global External Balanced Scorecard, which provides standardized supplier metrics across all FCA regions. Suppliers' sustainability performance is captured as a strategic indicator and is available on all regional scorecard views.

### ... SUPPLIER AWARDS

FCA honored outstanding suppliers from around the world during our annual Supplier Conference and Award ceremonies. Suppliers were recognized for their extraordinary commitment to innovation, quality, continuous improvement and the FCA Purchasing organization's Foundational Principles.

A distinct category recognizes companies for their commitment to sustainability. Suppliers meeting eligibility requirements may nominate their companies for the award by demonstrating excellence, innovation and the scope of their sustainability efforts in environmental, social and governance categories.

## SUPPLIER HUMAN RIGHTS AND LABOR PRACTICES



The respect and support of fundamental human rights is essential for building a better future for the Company and the communities in which we do business. This belief is contained in the [FCA Human Rights Guidelines](#), which the Group promotes within our sphere of influence. In these Guidelines, we express the expectation we have of our suppliers, contractors and other business partners to adhere to these standards.

FCA is conscious of, and continues to be committed to, the safety and integrity of our global manufacturing supply chain, with special focus on countries exposed to human rights abuses or armed conflict. Traceability and mapping of raw materials are essential to more efficiently and preemptively mitigate unethical practices that threaten the future for the communities where the raw materials are sourced.

FCA's approach over the years has been built on assessments and competency-building initiatives. Self-assessment questionnaires are used to monitor the suppliers' management systems with respect to basic human rights, health and safety in the workplace and fair working conditions. Suppliers are also expected to establish a management system to systematically assess occupational health and safety risks; to measure performance through key indicators; and to extend their health and safety policies to their contractors.

Finally, FCA expects suppliers to take appropriate steps to prevent child labor and forced or compulsory labor, as well as to recognize the right to freedom of association and collective bargaining. To reinforce these expectations, FCA is a strong supporter of creating a Supplier Code of Conduct. This message is shared in various training materials, including a recorded training module which was created to assist suppliers with developing a Supplier Code of Conduct; this resource is meant to be shared across all levels of the multi-tiered supply chain.

## MINERALS WITHIN THE EXTENDED SUPPLY CHAIN

The responsible procurement of raw materials for our vehicles is vital. Although the source of any raw material may be several tiers removed in the supply chain, we recognize its importance in our sourcing process. In support of this, FCA interacts with many stakeholders and launched the Responsible Sourcing project to facilitate the development of new tools and resources that can better evaluate materials that require risk mitigation.

The vehicles we produce contain various metals, including tantalum, tin, tungsten and gold. These metals are commonly referred to as Conflict Minerals and may originate from the Democratic Republic of the Congo (DRC) or surrounding countries, often referred to as "covered countries." In some cases, illegal rebel groups control mines and the trade and movement of Conflict Minerals to finance their operations. This may also represent a risk of incidents of child, forced or compulsory labor in our sub-tier supply chain.

In collaboration with the Automotive Industry Action Group (AIAG), FCA has developed strategies addressing Section 1502 of the U.S. Dodd-Frank Act, which requires companies to determine whether tantalum, tin, tungsten and gold in their supply chain originated from the covered countries, and whether the procurement of those minerals supported the armed conflict in this region. Through engagement with several multi-stakeholder organizations, both within and outside the automotive industry, FCA addresses not only the needs, but the opportunities that exist through ethical and conscientious procurement practices during the mineral extraction, trade and processing stages. We are engaged in initiatives such as the AIAG Corporate Responsibility Steering Committee, which leads auto industry engagement in cobalt, mica, and Conflict Minerals activities and relationships, and the Responsible Minerals Initiative (RMI) which was founded by members of the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative.

Participation on RMI sub-teams facilitates development of best practices for supply chain assurance mechanisms. FCA works closely with RMI and its Responsible Minerals Assurance Process (RMAP). The RMAP uses an independent third-party assessment of smelters and refiners' management systems and sourcing practices to validate conformance with RMAP standards. The assessment employs a risk-based approach to validate smelters and refiners' company-level management processes for responsible mineral procurement. At the end of 2019, 233 smelters and refiners have been validated as conforming to the RMAP or cross-sector recognized standards. In addition, FCA was the only automotive company that contributed to the RBA Foundation Upstream Due Diligence Smelter Fund. This fund can help smelters and refiners that fall outside of the RMAP process to partially offset the costs of on-the-ground assurance activities, in line with the Organisation for Economic Co-operation and Development (OECD) due diligence guidelines.

We strive to ensure companies or individuals in legal business activities are not harmed by our efforts to avoid using minerals that are illegally obtained. To this end, we work to promote sourcing from responsible sources in the region. Through AIAG and RMI, along with other stakeholder organizations, we are helping to build fair supply chains of minerals in the covered countries.

We work with our suppliers, as outlined by the OECD Guidance, to determine whether tin, tantalum, tungsten or gold were sourced from covered countries. This process begins by determining the in-scope suppliers that have parts that contain tin, tantalum, tungsten or gold, based on part data from the International Material Data Sheets (IMDS). The Conflict Minerals Reporting Template (CMRT) is then required from more than 600 in-scope direct and after-market suppliers in order to obtain smelter information.

Further, we:

- expect our suppliers to source materials from suppliers who also source responsibly, including from legitimate, conflict-free mines in the covered countries
- require relevant suppliers make reasonable efforts to conduct the necessary due diligence and provide us with proper verification of the country of origin and source of the materials used in the products they supply to FCA
- support initiatives to verify smelters and refiners that are conflict-free and expect our suppliers to utilize any such conflict-free smelter/refiner programs that are available
- review all incoming CMRT submissions from our suppliers
- provide detailed smelter analysis to suppliers reporting non-conformant smelters in their supply chain.

To prepare suppliers for current and upcoming regulations, FCA provided training in 2019 in the U.S., Europe and Asia regarding Conflict Minerals and ethical sourcing. FCA refreshed our Conflict Minerals Policy to improve clarity and expectations to better express the requirements we place on our suppliers when sourcing these minerals.

FCA also engages with industry and cross-sector groups to promote and develop our raw material supply chain focusing on, but not limiting our efforts to, commodities such as cobalt and mica. Cobalt is of growing interest for the auto industry due to its use in electric vehicle batteries. Utilizing and teaching our suppliers the OECD 5-Step Framework for Upstream and Downstream Supply Chains provides a common and foundational tool that helps solidify responsible sourcing practices and decisions made throughout our supply chain.

Cross-sector engagement brings together experts from numerous industries to use their global presence and leverage to drive ground-level improvements in the mining of metals and minerals through process, tool and infrastructure improvements. Through a collaborative effort, the RMI has developed the Risk Readiness Assessment, which addresses environmental, social and governance risks present in the global supply chain. This tool can help improve supply chain transparency and mapping to more efficiently and pre-emptively mitigate undesirable practices as they relate to Conflict Minerals, cobalt and other raw materials. Further, RMI has collaborated with the Responsible Cobalt Initiative on a joint cobalt refiner audit program, aligned with the OECD Due Diligence Guidance and the Chinese Due Diligence Guidelines for Mineral Supply Chains. In 2019, RMI began to identify the conformant cobalt smelters from the list of active cobalt smelters. In addition, RMI opened the Risk Readiness Assessment process to mica smelters.

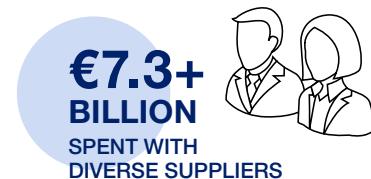
In an effort to enhance our sourcing process we created a Responsible Sourcing project that gathered input from diverse viewpoints. This project generated tools to guide FCA to an appropriate proposed action plan, and efforts are ongoing to apply them in the most effective manner. In response to the recommendations, FCA joined the Responsible Sourcing Blockchain Network (RSBN) during 2019, which is an industry collaboration using blockchain technology to support sustainable, responsible sourcing and production practices from mine to market. In 2020, we aim to work with RSBN to launch a global audit and trace of cobalt in our supply chain.

## SUPPLIER DIVERSITY



FCA's commitment to diversity and inclusion also extends to our supply chain. FCA believes the diversity of our suppliers should reflect the diversity of our workforce and the communities in which we do business. Diversity Suppliers are those that are majority-owned by recognized minority groups, women or veterans, and which are certified by relevant government councils.

We work to include diversity and inclusion considerations as an everyday practice in our dealings with our employees, our dealers, our suppliers and our customers. With a supplier diversity and development program that spans 36 years, FCA spent more than €7.3 billion with Tier 1 and Tier 2 diverse suppliers in 2019. The FCA US suppliers' External Balanced Scorecard includes a metric for diversity sourcing at the Tier 2 level.



Recognition of the diversity efforts the Company has made are presented throughout the year. These awards honor corporations for diversity programs that reduce barriers and drive growth for suppliers that are appropriately certified with approved councils. FCA US received the following awards for our focus on diversity during 2019:

- Corporation of the Year - Tier II Program by the National Minority Supplier Development Council
- The Canadian Aboriginal and Minority Supplier Council President's Award
- Benchmark Corporation of the Year from the Rainbow Push Coalition
- Supplier Excellence Award from the Great Lakes Women's Business Council for Excellence in Supplier Diversity.

The FCA High Focus program works with suppliers with greater potential for diverse spend and equips them with the tools and support to achieve their diversity targets. The diversity spend status of each supplier is monitored monthly and reviewed quarterly with them.

FCA supports inclusion across our supply base through the annual Matchmaker event, which creates opportunities for diverse suppliers. Completing its 20th year, Matchmaker provided more than 250 minority-owned, women-owned and veteran-owned businesses access to our Tier I suppliers and to decision makers within our procurement organization. In 2019, the event included numerous training sessions, including the FCAnnovate! session, in which six minority suppliers were given five minutes to pitch their companies' innovative solution to FCA Purchasing representatives and the High Focus Suppliers. The emphasis during 2019 was on the new assembly plant in the city of Detroit (U.S.). All Tier 1 suppliers awarded contracts were tasked with a 30% diversity spend goal, which is an excellent opportunity for Tier 2 minority suppliers, and the reason they were informed of the expected participation.

Training, mentorship, scholarship support, sponsorships, membership and Board and committee participation are some of the ways we support organizations that include the National Minority Supplier Development Council, the Canadian Aboriginal and Minority Supplier Council, the Women's Business Enterprise National Council, WBE Canada and WECONNECT International. In addition, we support veteran-business ownership through membership with the National Veteran-Owned Business Association and the National Veteran Business Development Council.

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# Supplemental Information



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# Facts & Figures

## Employees [ Workforce Distribution ]

### Workforce by Geographic Area and Category

FCA worldwide (no.)

	2019					2018					2017				
	Total	Hourly	Salaried	Professional	Manager	Total	Hourly	Salaried	Professional	Manager	Total	Hourly	Salaried	Professional	Manager
North America	95,621	72,667	9,434	12,380	1,140	97,029	74,703	9,276	11,940	1,110	94,192	71,414	9,652	12,022	1,104
Europe	60,636	37,609	8,495	13,771	761	64,616	40,446	9,261	14,104	805	65,830	40,910	9,830	14,229	861
Latin America	31,613	24,525	3,888	3,063	137	33,056	26,004	3,963	2,965	134	32,551	25,634	3,962	2,834	121
Asia	3,643	230	2,014	1,348	51	3,566	253	1,940	1,328	45	3,757	271	2,116	1,337	33
Rest of world	239	46	65	127	1	268	46	82	139	1	181	4	22	154	1
<b>Total</b>	<b>191,752</b>	<b>135,077</b>	<b>23,896</b>	<b>30,689</b>	<b>2,090</b>	<b>198,545</b>	<b>141,452</b>	<b>24,522</b>	<b>30,476</b>	<b>2,095</b>	<b>196,511</b>	<b>138,233</b>	<b>25,582</b>	<b>30,576</b>	<b>2,120</b>

### Workforce Gender Distribution by Geographic Area

FCA worldwide

	2019			2018			2017		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
North America	95,621	76.5	23.5	97,029	76.8	23.2	94,192	77.1	22.9
Europe	60,636	79.9	20.1	64,616	79.8	20.2	65,830	79.7	20.3
Latin America	31,613	88.6	11.4	33,066	88.9	11.1	32,551	89.1	10.9
Asia	3,643	76.5	23.5	3,566	76.9	23.1	3,757	77.9	22.1
Rest of world	239	72.4	27.6	268	72.0	28.0	181	68.5	31.5
<b>Total</b>	<b>191,752</b>	<b>79.6</b>	<b>20.4</b>	<b>198,545</b>	<b>79.8</b>	<b>20.2</b>	<b>196,511</b>	<b>80.0</b>	<b>20.0</b>

### Workforce Gender Distribution by Category

FCA worldwide

	2019			2018			2017		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Hourly	135,077	81.2	18.8	141,452	81.5	18.5	138,233	81.7	18.3
Salaried	23,896	71.0	29.0	24,522	70.5	29.5	25,582	71.1	28.9
Professional	30,689	79.0	21.0	30,476	79.4	20.6	30,576	79.5	20.5
Manager	2,090	83.4	16.6	2,095	83.3	16.7	2,120	83.9	16.1
<b>Total</b>	<b>191,752</b>	<b>79.6</b>	<b>20.4</b>	<b>198,545</b>	<b>79.8</b>	<b>20.2</b>	<b>196,511</b>	<b>80.0</b>	<b>20.0</b>

### Workforce Gender Distribution by Operating Segment

FCA worldwide

	2019			2018			2017		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Mass-market vehicles	165,068	79.7	20.3	171,500	79.9	20.1	169,435	80.2	19.8
Maserati	1,683	80.1	19.9	1,628	80.4	19.6	1,611	79.6	20.4
Other Activities*	25,001	78.9	21.1	25,417	78.9	21.1	25,465	78.4	21.6
<b>Total</b>	<b>191,752</b>	<b>79.6</b>	<b>20.4</b>	<b>198,545</b>	<b>79.8</b>	<b>20.2</b>	<b>196,511</b>	<b>80.0</b>	<b>20.0</b>

\* Other Activities: Comau, Teksid, and companies operating in services and holding.

## Workforce Gender Distribution by Length of Service

FCA worldwide

	2019			2018			2017		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Up to 5 years	68,854	76.9	23.1	78,959	76.7	23.3	82,142	76.8	23.2
6 to 10 years	37,700	76.4	23.6	32,871	77.9	22.1	29,122	79.2	20.8
11 to 20 years	30,309	81.6	18.4	32,493	81.9	18.1	32,818	82.3	17.7
21 to 30 years	40,233	83.4	16.6	42,095	83.9	16.1	41,877	84.0	16.0
Over 30 years	14,029	86.5	13.5	12,127	85.1	14.9	10,552	83.4	16.6
Not tracked*	627	77.2	22.8	-	-	-	-	-	-
<b>Total</b>	<b>191,752</b>	<b>79.6</b>	<b>20.4</b>	<b>198,545</b>	<b>79.8</b>	<b>20.2</b>	<b>196,511</b>	<b>80.0</b>	<b>20.0</b>

\* Not tracked: 627 employees of 3 companies insourced during 2019 and under integration on Human Resources reporting process, weighting approximately 0.3% of total workforce.

## Workforce Gender Distribution by Age

FCA worldwide

	2019			2018			2017		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Up to 30 years	37,944	78.1	21.9	42,993	78.4	21.6	43,241	78.7	21.3
31 to 40 years	46,810	78.4	21.6	47,842	78.8	21.2	46,841	78.9	21.1
41 to 50 years	50,903	79.1	20.9	52,714	79.4	20.6	53,723	79.9	20.1
Over 50 years	55,468	82.2	17.8	54,996	82.2	17.8	52,706	82.2	17.8
Not tracked*	627	77.2	22.8	-	-	-	-	-	-
<b>Total</b>	<b>191,752</b>	<b>79.6</b>	<b>20.4</b>	<b>198,545</b>	<b>79.8</b>	<b>20.2</b>	<b>196,511</b>	<b>80.0</b>	<b>20.0</b>

\* Not tracked: 627 employees of 3 companies insourced during 2019 and under integration on Human Resources reporting process, weighting approximately 0.3% of total workforce.

## Workforce Gender Distribution by Level of Education

FCA worldwide

	2019			2018			2017		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
University degree*	49,399	73.8	26.2	60,947	76.5	23.5	44,420	74.3	25.7
High school	86,182	77.2	22.8	93,404	78.8	21.2	107,700	79.6	20.4
Elementary/middle school	48,325	90.3	9.7	36,883	88.0	12.0	38,571	87.6	12.4
Not tracked	7,846	76.7	23.3	7,311	78.7	21.3	5,820	79.5	20.5
<b>Total</b>	<b>191,752</b>	<b>79.6</b>	<b>20.4</b>	<b>198,545</b>	<b>79.8</b>	<b>20.2</b>	<b>196,511</b>	<b>80.0</b>	<b>20.0</b>

\* University degree: calculation subject to approximation resulting from the comparison of academic qualifications or equivalent among different countries.

## Workforce by Category and Age

FCA worldwide (no.)

	2019				
	Total	Hourly	Salaried	Professional	Manager
Up to 30 years	37,944	29,378	6,297	2,267	2
31 to 40 years	46,810	30,752	6,564	9,297	197
41 to 50 years	50,903	35,963	4,981	9,149	810
Over 50 years	55,468	38,440	5,993	9,973	1,062
Not tracked*	627	544	61	3	19
<b>Total</b>	<b>191,752</b>	<b>135,077</b>	<b>23,896</b>	<b>30,689</b>	<b>2,090</b>

\* Not tracked: 627 employees of 3 companies insourced during 2019 and under integration on Human Resources reporting process, weighting approximately 0.3% of total workforce.

### Workforce by Contract and Employment Type

FCA worldwide (no.)

	2019				
	Total	Unlimited-term	Part-time	Full-time	Fixed-term
North America	<b>95,621</b>	86,426	70	3,164	5,961
Europe	<b>60,636</b>	59,116	821	693	6
Latin America	<b>31,613</b>	31,044	-	569	-
Asia	<b>3,643</b>	3,615	1	27	-
Rest of world	<b>239</b>	238	-	1	-
<b>Total</b>	<b>191,752</b>	<b>180,439</b>	<b>892</b>	<b>4,454</b>	<b>5,967</b>

### Workforce Gender Distribution by Contract and Employment Type

FCA worldwide (%)

	2019							
	Unlimited-term				Fixed-term			
	Part-time		Full-time		Part-time		Full-time	
	Men	Women	Men	Women	Men	Women	Men	Women
North America	12.9	87.1	77.5	22.5	53.8	46.2	94.6	5.4
Europe	11.0	89.0	81.2	18.8	33.3	66.7	49.9	50.1
Latin America	-	-	88.5	11.5	-	-	92.8	7.2
Asia	-	100.0	76.6	23.4	-	-	66.7	33.3
Rest of world	-	-	72.3	27.7	-	-	100.0	-
<b>Total</b>								
<b>Unlimited-term</b>								
Men		Women		Men		Women		
<b>Total</b>	<b>80.3</b>		<b>19.7</b>		<b>68.1</b>		<b>31.9</b>	

### Workforce Distribution by Country

FCA worldwide (%)

	2019	2018	2017
USA	33.9	32.8	32.5
Italy	24.9	25.6	26.2
Brazil	15.4	15.3	15.1
Mexico	9.5	9.8	9.0
Canada	6.5	6.3	6.4
Poland	3.1	3.2	3.4
Serbia	1.2	1.2	1.3
Argentina	1.1	1.3	1.5
China	1.1	1.1	1.2
France	0.5	0.5	0.5
Germany	0.4	0.5	0.5
Spain	0.2	0.2	0.2
Other countries	2.2	2.2	2.2
<b>Total (no.)</b>	<b>191,752</b>	<b>198,545</b>	<b>196,511</b>

### Nationality of Managers

FCA worldwide

	2019	Total Managers (%)
American	923	44.2
Italian	691	33.1
Brazilian	118	5.6
Canadian	89	4.3
Mexican	72	3.4
Chinese	28	1.3
French	28	1.3
Polish	14	0.7
German	13	0.6
Other	95	3.6
Not tracked*	19	0.9
<b>Total</b>	<b>2,090</b>	<b>100.0</b>

\* Not tracked: 19 managers of 2 companies insourced during 2019 and under integration on Human Resources reporting process, weighting approximately 0.9% of total managerial positions.

### Managers of Local Nationality by Geographic Area

FCA worldwide (%)

	2019
Europe	99.3
North America	95.1
Latin America	86.0
Asia	72.5
Rest of world	100

### Workforce by Principal Ethnic Origin\*

FCA in North America (%)

	2019
Caucasian	40.4
African American	22.5
Hispanic	4.5
American Indian	0.2
Other	32.5

\* 2019 data on workforce refers to 90,007 North America employees (covering approximately 99.4% of total North America workforce.) It does not include 614 employees of 2 Companies, insourced during the 2019 year and under integration on Human Resources reporting process.

### Workforce by Minority Group

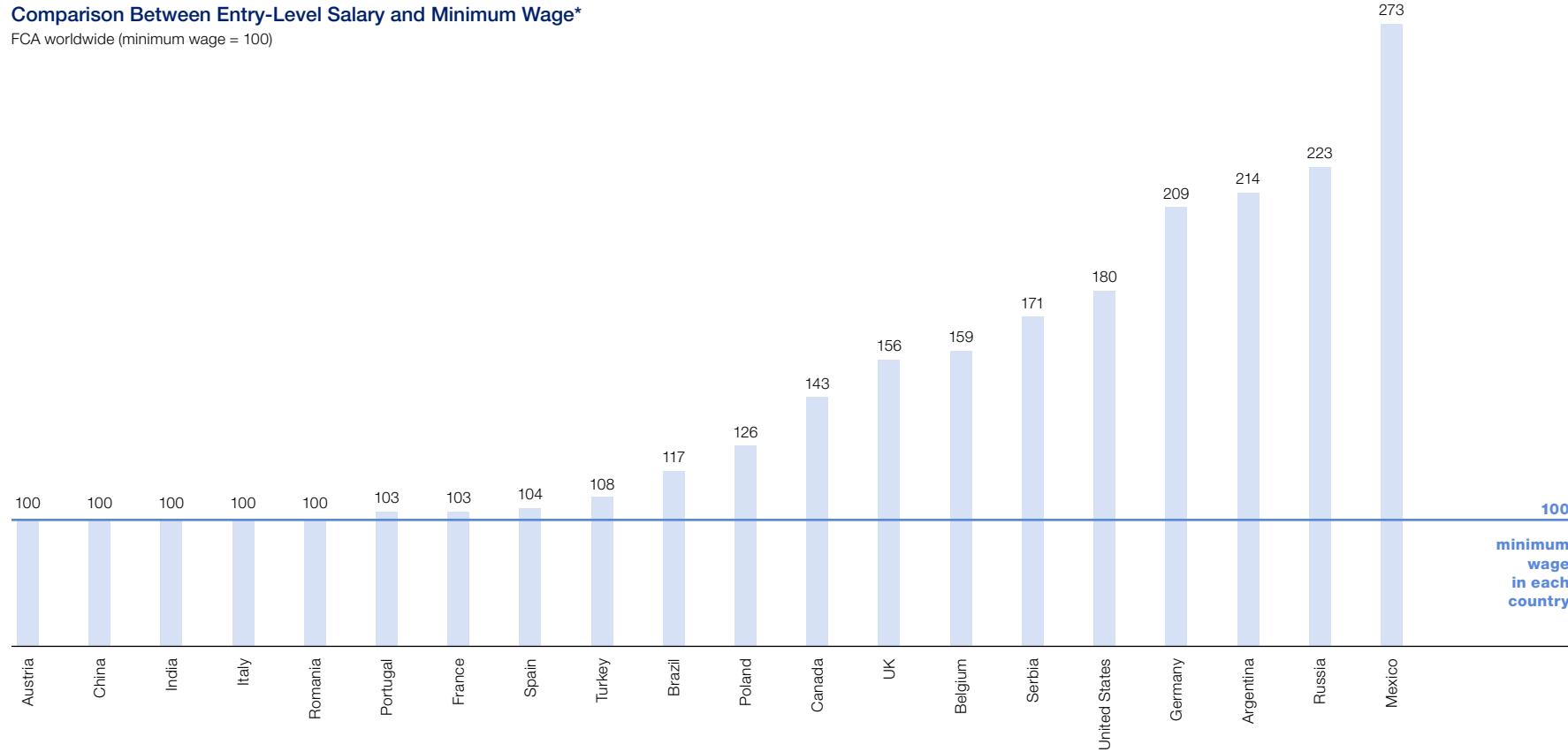
FCA in North America

Employees belonging to a nationality minority group (no.)*	2019
of which men (%)	78.8
of which women (%)	21.2
over total workforce (%)	2.2

\* Minority group reported in the table consists of employees with nationality different from country of work.

### Comparison Between Entry-Level Salary and Minimum Wage\*

FCA worldwide (minimum wage = 100)



\* In accordance with the GRI, entry-level salary is defined as the minimum compensation paid to a full-time employee hired at the lowest pay scale/employee grade on the basis of company policy or agreements between the company and trade unions. For each country, results are based on the company with the lowest ratio of entry-level salary to minimum wage, unless the number of employees of the company with the lowest ratio represented is less than 10% of that country's total headcount. Figures reported are as of December 31, 2019. The survey of 19 countries covered the Group's total workforce. Workplace equality within the Group is also seen in the comparison between minimum entry-level wages by gender. Considering the countries included in the survey sample, minimum wage levels were found to be identical between men and women.

### Return to Work After Parental Leave by Gender\*

FCA worldwide

	Men	Women
Employees that took parental leave among the workforce in 2019 (no.)	2,392	1,512
Employees that took parental leave in 2018 and are still employed (%)	63.0	82.8

\* 2019 data on workforce refers to 191,125 employees (covering approximately 99.7% of total workforce). It does not include 627 employees of 3 Companies, insourced during the 2019 year and under integration on Human Resources reporting process.

## Employees [ Turnover ]

### Turnover by Geographic Area

FCA worldwide (no.)

	2019					
	North America	Europe	Latin America	Asia	Rest of World	Total
Employees at December 31, 2018	97,029	64,616	33,066	3,566	268	198,545
New Hires	12,778	1,298	6,245	706	35	21,062
Departures	(14,831)	(5,146)	(7,688)	(632)	(63)	(28,360)
Δ scope of operations and transfers	645	(132)	(10)	3	(1)	505
<b>Employees at December 31, 2019</b>	<b>95,621</b>	<b>60,636</b>	<b>31,613</b>	<b>3,643</b>	<b>239</b>	<b>191,752</b>

### Turnover by Category

FCA worldwide (no.)

	2019					
	Hourly	Salaried	Professional	Manager	Total	
Employees at December 31, 2018	141,452	24,522	30,476	2,095	198,545	
New Hires	14,611	4,581	1,792	78	21,062	
Departures	(21,096)	(4,183)	(2,871)	(210)	(28,360)	
Δ scope of operations, transfers and category change	110	(1,024)	1,292	127	505	
<b>Employees at December 31, 2019</b>	<b>135,077</b>	<b>23,896</b>	<b>30,689</b>	<b>2,090</b>	<b>191,752</b>	

### Hourly Turnover by Geographic Area

FCA worldwide (no.)

	2019					
	North America	Europe	Latin America	Asia	Rest of World	
Employees at December 31, 2018	74,703	40,446	26,004	253	46	
New Hires	9,055	311	5,208	36	1	
Departures	(11,565)	(2,956)	(6,513)	(61)	(1)	
Δ scope of operations, transfers and category change	474	(192)	(174)	2	0	
<b>Employees at December 31, 2019</b>	<b>72,667</b>	<b>37,609</b>	<b>24,525</b>	<b>230</b>	<b>46</b>	

### Turnover by Age Group

FCA worldwide (no.)

	2019					
	Up to 30 Years	31 to 40 Years	41 to 50 Years	Over 50 Years	Total	
Employees at December 31, 2018	42,993	47,842	52,714	54,996	198,545	
New Hires	12,092	5,307	2,462	1,201	21,062	
Departures	(12,071)	(6,723)	(3,375)	(6,191)	(28,360)	
Δ scope of operations and transfers	(5,070)	384	(898)	5,462	(122)	
Not tracked*	-	-	-	-	627	
<b>Employees at December 31, 2019</b>	<b>37,944</b>	<b>46,810</b>	<b>50,903</b>	<b>55,468</b>	<b>191,752</b>	

\* Not tracked: 627 employees of 3 companies insourced during 2019 and under integration on Human Resources reporting process, weighting approximately 0.3% of total workforce.

### Turnover by Gender

FCA worldwide (no.)

	2019			
	Men	Women	Total	
Employees at December 31, 2018	158,454	40,091	198,545	
New Hires	16,513	4,549	21,062	
Departures	(22,692)	(5,668)	(28,360)	
Δ scope of operations and transfers	345	160	505	
<b>Employees at December 31, 2019</b>	<b>152,620</b>	<b>39,132</b>	<b>191,752</b>	

## Employees [ Training\* ]

\* 2019 data on workforce training refers to 191,125 employees (covering approximately 99.7% of total workforce). It does not include 627 employees of 3 companies, insourced during the 2019 year and under integration on Human Resources reporting process.

### Training Expenditures

FCA worldwide

	2019	2018	2017
Spending on training (€ million)	34.1	40.7	43.9

### Training by Gender

FCA worldwide (no.)

	2019		
	Workforce	Hours	Average Training Hours*
Men	79,928	1,088,061	7.2
Women	21,234	289,201	7.4
<b>Total</b>	<b>101,162</b>	<b>1,377,262</b>	<b>7.2</b>

\* Averages calculated based on total workforce and not exclusively on employees enrolled in training courses.

### Training on Corporate Campaigns\*

FCA worldwide

	2019	2018	2017
Participations (no.)	104,331	138,134	132,438
of which managers	4.0%	3.4%	3.6%

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

### Training by Category

FCA worldwide

	2019	
	Average Workforce (%)	Average Training Hours (no.)*
Hourly	45.3	4.3
Professional & Salaried	52.7	14.4
Manager	2.0	10.0

\* Averages calculated based on total workforce and not exclusively on employees enrolled in training courses.

### Training on Health and Safety

FCA worldwide and selected JVs (no.)

	2019	2018	2017
Hours of training	1,811,364	991,576	1,005,564
Employees involved	144,348	176,003	140,021

### Environmental Training

FCA worldwide and selected JVs (no.)

	2019	2018	2017
Hours of training	136,976	207,046	228,588
Employees involved	66,052	118,984	72,605

## Employees [ Occupational Health and Safety ]

### Injuries by Region/Company and Gender

FCA worldwide (no.)

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
EMEA	<b>85</b>	74	11	<b>121</b>	101	20	<b>146</b>	123	23
North America	<b>56</b>	44	12	<b>78</b>	52	26	<b>69</b>	54	15
LATAM	<b>6</b>	6	-	<b>16</b>	15	1	<b>29</b>	23	6
APAC	<b>1</b>	1	-	<b>3</b>	3	-	<b>1</b>	1	-
Maserati	<b>9</b>	6	3	<b>6</b>	3	3	<b>16</b>	10	6
Teksid	<b>27</b>	27	-	<b>25</b>	25	-	<b>29</b>	29	-
Comau	<b>18</b>	18	-	<b>19</b>	19	-	<b>23</b>	21	2
Plastic Components	<b>8</b>	7	1	<b>8</b>	7	-	<b>11</b>	11	-
<b>Total</b>	<b>210</b>	<b>183</b>	<b>27</b>	<b>276</b>	<b>225</b>	<b>51</b>	<b>324</b>	<b>272</b>	<b>52</b>

### Frequency Rate by Region/Company and Gender

FCA worldwide (injuries per 1,000,000 hours)\*

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
EMEA	<b>0.99</b>	1.11	0.57	<b>1.10</b>	1.16	0.88	<b>1.31</b>	1.35	1.12
North America	<b>0.31</b>	0.32	0.29	<b>0.40</b>	0.35	0.58	<b>0.40</b>	0.40	0.41
LATAM	<b>0.24</b>	0.25	-	<b>0.56</b>	0.59	0.34	<b>0.95</b>	0.84	2.06
APAC	<b>0.08</b>	0.09	-	<b>0.18</b>	0.19	-	<b>0.05</b>	0.05	-
Maserati	<b>1.42</b>	1.28	1.85	<b>0.97</b>	0.69	1.64	<b>2.10</b>	1.88	2.58
Teksid	<b>1.98</b>	2.09	-	<b>1.80</b>	1.90	-	<b>2.26</b>	2.40	-
Comau	<b>0.84</b>	0.95	-	<b>0.93</b>	1.05	-	<b>1.12</b>	1.14	0.89
Plastic Components	<b>1.67</b>	2.14	0.65	<b>1.71</b>	1.69	1.91	<b>2.31</b>	3.27	-
<b>Total</b>	<b>0.60</b>	<b>0.65</b>	<b>0.38</b>	<b>0.70</b>	<b>0.71</b>	<b>0.67</b>	<b>0.86</b>	<b>0.88</b>	<b>0.76</b>

\* 2019 worked hours that were used to calculate frequency rate were approximately 350 million.

### Days of Absence\* by Region/Company and Gender

FCA worldwide (no.)

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
EMEA	<b>2,955</b>	2,684	271	<b>3,841</b>	3,080	761	<b>4,152</b>	989	855
North America	<b>4,063</b>	3,229	834	<b>5,151</b>	3,620	1,531	<b>5,344</b>	3,926	1,113
LATAM	<b>624</b>	624	-	<b>1,094</b>	1,086	8	<b>421</b>	358	63
APAC	<b>39</b>	39	-	<b>44</b>	44	-	<b>35</b>	35	-
Maserati	<b>153</b>	73	80	<b>344</b>	161	183	<b>631</b>	564	67
Teksid	<b>957</b>	957	-	<b>1,367</b>	1,367	-	<b>1,182</b>	1,182	-
Comau	<b>901</b>	901	-	<b>735</b>	735	-	<b>1,049</b>	892	157
Plastic Components	<b>373</b>	342	31	<b>280</b>	251	29	<b>383</b>	383	-
<b>Total</b>	<b>10,065</b>	<b>8,849</b>	<b>1,216</b>	<b>12,856</b>	<b>10,344</b>	<b>2,512</b>	<b>13,197</b>	<b>10,942</b>	<b>2,255</b>

### Severity Rate by Region/Company and Gender

FCA worldwide (days of absence due to injuries per 1,000 hours worked)\*

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
EMEA	<b>0.03</b>	0.04	0.01	<b>0.03</b>	0.04	0.03	<b>0.04</b>	0.04	0.03
North America	<b>0.02</b>	0.02	0.02	<b>0.03</b>	0.02	0.03	<b>0.03</b>	0.03	0.03
LATAM	<b>0.02</b>	0.03	-	<b>0.04</b>	0.04	-	<b>0.01</b>	0.01	0.02
APAC	-	-	-	-	-	-	-	-	-
Maserati	<b>0.02</b>	0.02	0.05	<b>0.06</b>	0.04	0.10	<b>0.08</b>	0.08	0.09
Teksid	<b>0.07</b>	0.07	-	<b>0.10</b>	0.10	-	<b>0.09</b>	0.10	-
Comau	<b>0.04</b>	0.05	-	<b>0.04</b>	0.04	-	<b>0.05</b>	0.05	0.07
Plastic Components	<b>0.08</b>	0.10	0.02	<b>0.06</b>	0.06	0.06	<b>0.08</b>	0.11	-
<b>Total</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.04</b>	<b>0.03</b>

\* 2019 worked hours that were used to calculate severity rate were approximately 350 million.

### Occupational Illness Cases by Region/Company and Gender

FCA worldwide (no.)

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
EMEA	167	123	44	175	129	46	98	75	23
North America	169	100	69	145	112	33	177	98	79
LATAM	-	-	-	1	1	-	15	15	-
APAC	-	-	-	-	-	-	0	-	-
Maserati	9	6	3	6	3	3	11	8	3
Teksid	48	48	-	38	38	-	26	23	3
Comau	-	-	-	1	1	-	-	-	-
Plastic Components	2	2	-	-	-	-	-	-	-
<b>Total</b>	<b>395</b>	<b>279</b>	<b>116</b>	<b>366</b>	<b>284</b>	<b>82</b>	<b>327</b>	<b>219</b>	<b>108</b>

### Occupational Illness Frequency Rate by Region/Company and Gender

FCA worldwide (occupational illness cases per 1,000,000 hours worked)\*

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
EMEA	1.95	1.85	2.27	1.59	1.48	2.02	0.88	0.82	1.12
North America	0.93	0.72	1.65	0.75	0.75	0.74	1.04	0.73	2.15
LATAM	-	-	-	0.04	0.04	-	0.49	0.55	-
APAC	-	-	-	-	-	-	-	-	-
Maserati	1.42	1.28	1.85	0.97	0.69	1.64	1.44	1.51	1.29
Teksid	3.52	3.72	-	2.73	2.88	-	2.03	1.90	4.29
Comau	-	-	-	0.05	0.06	-	-	-	-
Plastic Components	0.42	0.61	-	-	-	-	-	-	-
<b>Total</b>	<b>1.13</b>	<b>1.00</b>	<b>1.65</b>	<b>0.93</b>	<b>0.89</b>	<b>1.07</b>	<b>0.86</b>	<b>0.71</b>	<b>1.58</b>

\*2019 worked hours that were used to calculate Occupational Illness Frequency Rate were approximately 350 million.

### Fatalities

FCA worldwide (no.)

	2019	2018	2017
Fatal accidents	2	1	2
Fatality rate per 1,000,000 hours worked*	0.006	0.003	0.005

\* 2019 worked hours that were used to calculate fatality rate were approximately 350 million.

### Serious injuries\* by Region/Company and Gender

FCA worldwide (no.)

	2019		
	Total	Men	Women
EMEA	2	2	-
North America	4	3	1
LATAM	1	1	-
APAC	-	-	-
Maserati	-	-	-
Teksid	1	1	-
Comau	3	3	-
Plastic Components	-	-	-
<b>Total</b>	<b>11</b>	<b>10</b>	<b>1</b>

\* Refers to injuries which determine absence of 6 months (180 consecutive days) or more from working place.

### Spending on Occupational Health and Safety

FCA worldwide (€ million)

	2019	2018	2017
Spending on Occupational Health and Safety	155	160	169

## Employees [ Freedom of Association and Collective Bargaining ]

### Main Issues Covered Under Collective Bargaining Agreements

FCA agreements by type (%)

	2019
Operating issue	34.8
Wage issue	21.0
Restructuring	8.2
Occupational Health and Safety*	9.1
Training	13.9
Equal opportunities	1.4
Other	11.6

\* Occupational Health and Safety includes work-related stress.

### Direct Economic Value and Value Added Generated

The value added through the Group activities and distributed to our various stakeholders in 2019 totaled €16,170 million (about 14.9% of revenues).

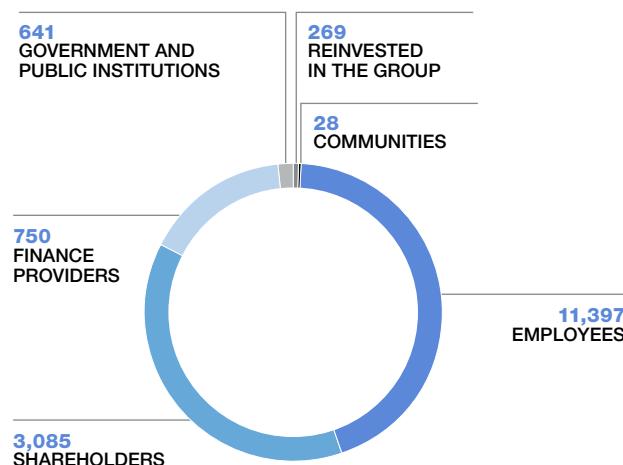
#### Direct Economic Value and Value Added generated

FCA worldwide (€ million)

	2019
Consolidated 2019 revenues	108,187
Income of financial services companies	(173)
Government grants (current and deferred/capitalized), release of provisions, other income	861
Other income	513
<b>Direct economic value generated</b>	<b>108,875</b>
Cost of materials	(84,903)
Depreciation and amortization	(5,445)
Other expense	(2,870)
<b>Value added</b>	<b>16,170</b>

#### Breakdown of Value Added

FCA (€ million)



## Product

### Public Funding for Research and Development

FCA worldwide (€ million)

	2019	2018
Grants	35.2	40
Loans	0.1	429
of which subsidized loans	0.1	9
of which EIB* loans	-	420

\* European Investment Bank.

### Involvement in European Research Organizations

European Technology Platforms	ERTRAC: Road transport
	EPoSS: Smart system integration
	EuMaT: Advanced engineering materials and technologies
	MANUFUTURE: Manufacturing and production processes
	NANOfutures: initiative for sustainable development by Nanotechnologies
Public-private partnerships	Green Vehicles Initiative
	Factories of the Future
	ECSEL: Components and electronic systems
	BBI: Bio Based Industries
Research and development organizations	EUCAR: European Council for Automotive R&D
	ERTICO-ITS Europe: network of Intelligent Transport Systems and Services
	EIT ICT Labs: Knowledge & Information Community
	EIT Raw Materials: Knowledge & Information Community
	Human Factors and Ergonomics Society - Europe Chapter

### Main Collaborative European Projects

Project name	Project focus
L3Pilot	Autonomous Driving Project: In L3Pilot eleven car makers will perform field trials on vehicle automation in a wide range of driving situations, including parking, highway, and cities. L3Pilot tests will evaluate the technical aspects and the overall impact on traffic and society. In L3Pilot, FCA is managing all piloting activities across the European test sites.
5G Transformer	5G is the new revolutionary generation of cellular network. FCA is investigating the potential of the 5G cellular network in the automotive domain for infotainment, traffic information and, in the future, traffic safety.
5G Carmen	The 5G Carmen project will build a 5G-enabled corridor from Italy to Germany to conduct cross-border trials of 5G technologies in three major use cases: vehicle maneuver negotiation, infotainment, and eco-driving.
InDrive	InDrive demonstrates the future use of mass-market GNSS (Global Navigation Satellite System), targeting automotive applications with high demands for integrity and creating a framework that specifies the requirements for data acquisition, signal tracking and data fusion in order to guarantee the proper handling of positioning data.
C-Roads Italy	C-Roads Italy, coordinated by the Italian Ministry of Transport, will deploy and test vehicle cooperative systems in real traffic conditions, for the automated driving applications of trucks platooning, passenger car highway chauffeur and combined car-truck scenarios. FCA will evaluate how the exchange of messages among cars, trucks and road infrastructure will make the "highway chauffeur" function more resilient to different traffic conditions.
OPTEMUS	The OPTEMUS (Optimised energy management and use) project aims to improve the energy efficiency of electrified vehicles significantly by developing innovative core technologies (such as battery housing and insulation for thermal and electric energy storage) and complementary technologies including localized climate conditioning combined with intelligent controls (e.g., eco-driving and eco-routing strategies).
DOMUS	The DOMUS (Design and OptiMisation for efficient EVs based on a USer-centric approach) project focuses on defining a user-centric approach for the design of the new-generation electric vehicles by developing innovative solutions for the cabin intended to provide a significant improvement in energy efficiency while offering optimal comfort and safety.
ALLIANCE	The ALLIANCE (Affordable Lightweight Automobiles AlliaNCE) project brings together partners from across the lightweighting value chain to develop innovative materials and their respective manufacturing technologies. The aim is to decrease the energy consumption of cars by 10%, decreasing lifecycle environmental impact (in terms of GWP), and ensuring that the developed technologies achieve widespread adoption to keep the cost of lightweighting affordable.
ECOXY	ECOXY project focuses on a circular economy approach for the use of recyclable, reshaping and repairable, bio-based fiber-reinforced epoxy composites.
HEAT TO FUEL	HEAT TO FUEL project focuses on the next generation of biofuel production technologies supporting the de-carbonization of the transportation sector.
REVALUE	REVALUE project aims to develop an innovative technology to recycle carbon fibers, applied to the automotive sector.

## Patents

FCA worldwide (no.)

Total patents granted at December 31, 2019	5,118
of which: granted during 2019	411
Patents pending at December 31, 2019	973
of which: new patent applications filed in 2019	186

## Designs

FCA worldwide (no.)

Design rights registered at December 31, 2019	2,035
of which registered in 2019	111

## Materials Used in Type-Approved Vehicles in Europe\*

	Average weight of materials used (kg)	Average composition of vehicles by material (%)
Steel	742.4	55.4%
Light alloys	122.1	9.1%
Cast iron	89.1	6.7%
Other metals	33.4	2.5%
Polymers	171.3	12.8%
Elastomers	54.4	4.1%
Glass	36.6	2.7%
Fluids	59.9	4.5%
Other nonrenewable	26.7	2.0%
Other renewable	3.4	0.3%
<b>Total</b>	<b>1,339.4</b>	<b>100.0%</b>

\* Average for 2019 existing range of type-approved vehicles in Europe, based on Directive 2005/64/EC. Renewable and nonrenewable according to GRI 301 standard definition; renewable materials are included only in the "Other renewable" materials label.

## Customers

### Customer Contact Center Performance

	NORTH AMERICA	EMEA	LATAM	APAC
Contacts managed (million)	36.9	5.4	1.6	0.1
Customers participating in satisfaction surveys	10.0%	22.0%	6.5%	8.3%
Satisfaction index Information (scale 1-10)	6.9	8.0	8.8	9.0
Satisfaction index Complaints (scale 1-10)	6.9	6.9	7.8	7.3
% of calls answered within 20 seconds	68%	67%	85%	89%
Information: cases settled in a single call	86%	86%	93%	95%
Complaints: % cases settled within 5 business days	80%	72%	60%	91%
Hours of personnel training (no.)	32,882	15,568	22,153	1,273
Personnel (agents and supervisors)	878	443	167	45

North America markets monitored through Customer Satisfaction Index are U.S. and Canada; complaint/information score is aggregated based on methodology changes with launch of Salesforce.

North America methodology for % complaint cases settled changed from business days to calendar days.

EMEA markets monitored through Customer Satisfaction Index are 19 major markets.

LATAM markets monitored through Customer Satisfaction Index are Argentina and Brazil.

APAC markets monitored through Customer Satisfaction Index are Japan, India and Korea.

APAC data related to complaint cases settled refers to India.

## Production [ Certification and Environmental Expenditures ]

### Certified Plants

FCA worldwide (no.)

	2019
ISO 14001 - Environment	95
ISO 50001 - Energy	83
OHSAS 18001 - Health and Safety	91

### Environmental Expenditures

FCA worldwide

	2019
Environmental expenditures (€ million)	94
of which waste disposal, emissions treatment and remediation costs	72%
of which prevention and environmental management costs	28%

## Production [ Energy ]

### Direct and Indirect Energy Consumption

FCA worldwide (GJ)

2019		FCA		Mass-Market Vehicles				Maserati		Other Activities			
Electricity	17,719,553	Assembly and Stamping	9,502,818	Engines and Transmissions	4,493,257	Casting	503,978	Others	646,470	184,014	Teksid	Comau	Plastic Components
Natural gas	18,970,928	15,001,270	1,259,072	859,523	341,637	190,284	1,087,760	-	-	-	2,026,687	78,053	284,276
Other fuels	923,045	73,166	307	-	-	-	843,417	-	-	-	1,087,760	94,066	137,315
Other energy sources	4,214,083	2,821,176	515,620	-	172,855	416,651	287,776	-	-	-	4,214,083	2,059	4,096
<b>Total energy consumption</b>	<b>41,827,609</b>	<b>27,398,430</b>	<b>6,268,256</b>	<b>1,363,501</b>	<b>1,160,962</b>	<b>790,949</b>	<b>4,245,641</b>	<b>174,182</b>	<b>425,687</b>	<b>425,687</b>			

2018		FCA		Mass-Market Vehicles				Maserati		Other Activities			
Electricity	19,200,530	Assembly and Stamping	10,339,489	Engines and Transmissions	4,992,975	Casting	548,860	Others	638,604	186,328	Teksid	Comau	Plastic Components
Natural gas	20,201,447	15,933,589	1,435,828	843,143	354,353	282,326	1,118,631	-	-	-	2,102,811	102,013	289,451
Other fuels	1,008,986	105,526	402	-	12,063	-	881,293	-	-	-	1,008,986	3,287	6,415
Other energy sources	4,934,424	2,821,176	515,459	-	172,855	439,103	292,309	-	-	-	4,934,424	4	25,895
<b>Total energy consumption</b>	<b>45,345,387</b>	<b>29,199,780</b>	<b>6,978,856</b>	<b>1,392,003</b>	<b>1,214,907</b>	<b>907,757</b>	<b>4,395,044</b>	<b>211,504</b>	<b>449,139</b>	<b>449,139</b>			

2017		FCA		Mass-Market Vehicles				Maserati		Other Activities			
Electricity	19,356,326	Assembly and Stamping	10,301,003	Engines and Transmissions	5,075,745	Casting	636,572	Others	619,114	225,667	Teksid	Comau	Plastic Components
Natural gas	19,025,054	14,921,273	1,278,381	775,495	345,230	392,157	1,090,112	-	-	-	2,065,794	121,645	310,786
Other fuels	792,823	73,356	440	-	-	-	709,986	-	-	-	1,090,112	107,501	114,905
Other energy sources	5,339,588	3,689,781	646,376	-	145,390	503,070	312,930	-	-	-	5,339,588	3,411	5,630
<b>Total energy consumption</b>	<b>44,513,791</b>	<b>28,985,413</b>	<b>7,000,941</b>	<b>1,412,067</b>	<b>1,109,735</b>	<b>1,120,894</b>	<b>4,178,822</b>	<b>232,561</b>	<b>473,358</b>	<b>473,358</b>			

### Direct Energy Consumption by Source\*

FCA worldwide (GJ)

2019	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Natural gas	18,970,928	15,001,270	1,259,072	859,523	341,637	190,284	1,087,760	94,066	137,315
Coal	782,302	-	-	-	-	-	782,302	-	-
Diesel	64,850	2,915	-	-	-	-	61,116	733	86
LPG	75,894	70,251	307	-	-	-	-	1,326	4,010
Other (HS and LS fuel oil)	-	-	-	-	-	-	-	-	-
Renewable sources	890	-	886	-	-	-	-	4	-
<b>Total direct energy consumption</b>	<b>19,894,863</b>	<b>15,074,436</b>	<b>1,260,265</b>	<b>859,523</b>	<b>341,637</b>	<b>190,284</b>	<b>1,931,178</b>	<b>96,129</b>	<b>141,411</b>
2018	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Natural gas	20,201,447	15,933,589	1,435,828	843,143	354,353	282,326	1,118,631	106,201	127,378
Coal	815,865	-	-	-	-	-	815,865	-	-
Diesel	69,729	3,355	-	-	-	-	65,428	903	43
LPG	123,391	102,171	402	-	12,063	-	-	2,384	6,372
Other (HS and LS fuel oil)	-	-	-	-	-	-	-	-	-
Renewable sources	2,570	-	2,567	-	-	-	-	4	-
<b>Total direct energy consumption</b>	<b>21,213,003</b>	<b>16,039,115</b>	<b>1,438,796</b>	<b>843,143</b>	<b>366,415</b>	<b>282,326</b>	<b>1,999,924</b>	<b>109,491</b>	<b>133,792</b>
2017	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Natural gas	19,025,054	14,906,727	1,278,381	775,495	359,776	392,157	1,090,112	107,501	114,905
Coal	650,637	-	-	-	-	-	650,637	-	-
Diesel	64,051	3,409	-	-	-	-	59,349	1,257	36
LPG	78,135	69,947	440	-	-	-	-	2,154	5,594
Other (HS and LS fuel oil)	-	-	-	-	-	-	-	-	-
Renewable sources	3,143	88	3,055	-	-	-	-	-	-
<b>Total direct energy consumption</b>	<b>19,821,020</b>	<b>14,980,171</b>	<b>1,281,876</b>	<b>775,495</b>	<b>359,776</b>	<b>392,157</b>	<b>1,800,098</b>	<b>110,912</b>	<b>120,535</b>

\* IPCC 2006 conversion factors used to calculate the direct energy consumption.

### Indirect Energy Consumption by Source

FCA worldwide (GJ)

2019	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Nonrenewable electricity	14,816,418	8,443,524	4,195,912	503,978	524,186	184,014	747,448	42,869	174,486
Renewable electricity	2,902,412	1,059,294	296,622	-	122,284	-	1,279,239	35,184	109,790
<b>Total electricity</b>	<b>17,718,830</b>	<b>9,502,818</b>	<b>4,492,534</b>	<b>503,978</b>	<b>646,470</b>	<b>184,014</b>	<b>2,026,687</b>	<b>78,053</b>	<b>284,276</b>
Nonrenewable thermal energy	3,127,165	2,057,651	343,509	-	85,053	390,263	250,689	-	-
Renewable thermal energy	-	-	-	-	-	-	-	-	-
<b>Total thermal energy</b>	<b>3,127,165</b>	<b>2,057,651</b>	<b>343,509</b>	<b>-</b>	<b>85,053</b>	<b>390,263</b>	<b>250,689</b>	<b>-</b>	<b>-</b>
Other nonrenewable sources	1,049,663	763,525	171,947	-	87,803	26,388	-	-	-
Other renewable sources	37,087	-	-	-	-	-	37,087	-	-
<b>Total other energy sources</b>	<b>1,086,751</b>	<b>763,525</b>	<b>171,947</b>	<b>-</b>	<b>87,803</b>	<b>26,388</b>	<b>37,087</b>	<b>-</b>	<b>-</b>
<b>Total indirect energy consumption</b>	<b>21,932,746</b>	<b>12,323,994</b>	<b>5,007,991</b>	<b>503,978</b>	<b>819,325</b>	<b>600,665</b>	<b>2,314,464</b>	<b>78,053</b>	<b>284,276</b>

2018	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Nonrenewable electricity	16,288,928	9,258,689	4,666,699	548,860	569,901	154,706	853,606	63,396	173,072
Renewable electricity	2,909,038	1,080,800	323,712	-	68,702	31,623	1,249,205	38,617	116,379
<b>Total electricity</b>	<b>19,197,966</b>	<b>10,339,489</b>	<b>4,990,411</b>	<b>548,860</b>	<b>638,604</b>	<b>186,328</b>	<b>2,102,811</b>	<b>102,013</b>	<b>289,451</b>
Nonrenewable thermal energy	3,698,224	2,559,731	348,534	-	97,055	418,919	252,639	-	21,345
Renewable thermal energy	-	-	-	-	-	-	-	-	-
<b>Total thermal energy</b>	<b>3,698,224</b>	<b>2,559,731</b>	<b>348,534</b>	<b>-</b>	<b>97,055</b>	<b>418,919</b>	<b>252,639</b>	<b>-</b>	<b>21,345</b>
Other nonrenewable sources	1,196,524	857,842	201,116	-	112,833	20,183	-	-	4,550
Other renewable sources	39,670	-	-	-	-	-	39,670	-	-
<b>Total other energy sources</b>	<b>1,236,194</b>	<b>857,842</b>	<b>201,116</b>	<b>-</b>	<b>112,833</b>	<b>20,183</b>	<b>39,670</b>	<b>-</b>	<b>4,550</b>
<b>Total indirect energy consumption</b>	<b>24,132,384</b>	<b>13,757,062</b>	<b>5,540,060</b>	<b>548,860</b>	<b>848,492</b>	<b>625,431</b>	<b>2,395,120</b>	<b>102,013</b>	<b>315,346</b>

2017	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Nonrenewable electricity	13,885,839	8,057,032	3,571,580	636,572	413,726	247	824,286	108,231	274,166
Renewable electricity	5,467,562	2,189,622	1,501,256	-	259,722	225,420	1,241,508	13,414	36,620
<b>Total electricity</b>	<b>19,353,401</b>	<b>10,246,654</b>	<b>5,072,835</b>	<b>636,572</b>	<b>673,447</b>	<b>225,667</b>	<b>2,065,794</b>	<b>121,645</b>	<b>310,786</b>
Nonrenewable thermal energy	4,055,302	2,776,099	402,127	-	98,235	479,569	270,832	-	28,440
Renewable thermal energy	4	-	-	-	-	-	-	4	-
<b>Total thermal energy</b>	<b>4,055,306</b>	<b>2,776,099</b>	<b>402,127</b>	<b>-</b>	<b>98,235</b>	<b>479,569</b>	<b>270,832</b>	<b>4</b>	<b>28,440</b>
Other nonrenewable sources	1,241,966	853,281	244,103	-	107,484	23,501	-	-	13,597
Other renewable sources	42,098	-	-	-	-	-	42,098	-	-
<b>Total other energy sources</b>	<b>1,284,064</b>	<b>853,281</b>	<b>244,103</b>	<b>-</b>	<b>107,484</b>	<b>23,501</b>	<b>42,098</b>	<b>-</b>	<b>13,597</b>
<b>Total indirect energy consumption</b>	<b>24,692,771</b>	<b>13,876,035</b>	<b>5,719,065</b>	<b>636,572</b>	<b>879,166</b>	<b>728,737</b>	<b>2,378,724</b>	<b>121,649</b>	<b>352,823</b>

## Direct and Indirect Energy Consumption per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2019	2018	2017	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-30%	6.09	6.07	5.58	7.34	GJ/vehicle produced
Mass-market vehicle engines and transmissions	n.a.*	0.83	0.84	0.81	0.90	GJ/unit produced
Mass-market vehicle casting	-40%	8.32	7.60	7.46	10.92	GJ/unit produced
Mass-market vehicle others	-40%	0.18	0.20	0.13	0.34	GJ/hour of production
Maserati	-25%	42.81	25.76	20.80	28.53	GJ/vehicle produced
Teksid (cast iron)	-0%	10.18	9.64	9.70	9.68	GJ/ton produced
Teksid (aluminum)	-15%	34.75	35.86	35.02	49.57	GJ/ton produced
Comau	-30%	14.49	17.75	18.89	27.76	MJ/hour of production
Plastic Components	-21%	0.20	0.20	0.20	0.23	GJ/hour of production
<b>FCA</b>	<b>up to -40%</b>					

\* Not available.

## Production [ CO<sub>2</sub> Emissions ]

### CO<sub>2</sub> Emissions\*

FCA worldwide (tons)

2019	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others				Plastic Components
Direct emissions	1,058,367	769,323	64,817	43,006	17,423	10,675	139,560	5,414	8,149
Indirect emissions**	2,359,103	1,255,420	702,514	69,477	60,782	55,562	171,327	6,086	37,935
<b>Total CO<sub>2</sub> emissions</b>	<b>3,417,470</b>	<b>2,024,743</b>	<b>767,332</b>	<b>112,484</b>	<b>78,204</b>	<b>66,237</b>	<b>310,887</b>	<b>11,500</b>	<b>46,084</b>

2018	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others				Plastic Components
Direct emissions	1,129,268	819,945	73,907	42,203	18,866	15,839	144,784	6,172	7,551
Indirect emissions**	2,608,670	1,444,096	735,671	75,150	75,794	58,637	172,294	8,489	38,540
<b>Total CO<sub>2</sub> emissions</b>	<b>3,737,938</b>	<b>2,264,041</b>	<b>809,578</b>	<b>117,353</b>	<b>94,660</b>	<b>74,476</b>	<b>317,078</b>	<b>14,661</b>	<b>46,091</b>

2017	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others				Plastic Components
Direct emissions	1,054,493	769,080	66,083	38,746	18,370	22,048	127,103	6,261	6,802
Indirect emissions**	2,518,756	1,410,094	667,886	93,583	59,332	43,847	180,218	12,303	51,494
<b>Total CO<sub>2</sub> emissions</b>	<b>3,573,249</b>	<b>2,179,174</b>	<b>733,969</b>	<b>132,329</b>	<b>77,702</b>	<b>65,895</b>	<b>307,321</b>	<b>18,564</b>	<b>58,296</b>

\* FCA reports direct CO<sub>2</sub> emissions based on direct energy consumption with the aid of the IPCC 2006 conversion factors. We report indirect CO<sub>2</sub> emissions according to the standards and guidance outlined in the GHG Protocol and use the emissions factors updated by the International Energy Agency at the end of 2018 and other regionally published factors such as the eGRID in the U.S. Emissions of greenhouse gases (GHGs) other than CO<sub>2</sub> have a negligible impact and are therefore not included. CO<sub>2</sub> represents more than 99% of the Group's total GHG emissions.

\*\* Indirect emissions were calculated using the market-based method.

## CO<sub>2</sub> Emissions per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2019	2018	2017	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-32%	0.45	0.46	0.42	0.61	tons of CO <sub>2</sub> /vehicle produced
Mass-market vehicle engines and transmissions	n.a.*	0.10	0.09	0.08	0.12	tons of CO <sub>2</sub> /unit produced
Mass-market vehicle casting	-35%	0.69	0.64	0.70	0.99	tons of CO <sub>2</sub> /ton produced
Mass-market vehicle others	-35%	0.01	0.02	0.01	0.03	tons of CO <sub>2</sub> /hour of production
Maserati	-30%	3.59	2.11	1.22	1.84	tons of CO <sub>2</sub> /vehicle produced
Teksid (cast iron)	-0%	0.84	0.79	0.81	0.69	tons of CO <sub>2</sub> /ton produced
Teksid (aluminum)	-15%	1.43	1.50	1.55	3.35	tons of CO <sub>2</sub> /ton produced
Comau	-40%	0.96	1.23	1.51	2.67	kg of CO <sub>2</sub> /hour of production
Plastic Components	-24%	0.021	0.021	0.025	0.025	tons of CO <sub>2</sub> /hour of production

**FCA** up to -40%

\* Not available.

## Electricity from Renewable Sources

FCA worldwide

	2019	2018	2017	2010
Mass-market vehicle assembly and stamping	11.1%	10.5%	21.4%	18.0%
Mass-market vehicle engines and transmissions	6.6%	6.5%	29.6%	9.3%
Mass-market vehicle casting	-	-	-	-
Mass-market vehicle others	18.9%	10.8%	38.6%	-
Maserati	-	17.0%	99.9%	-
Teksid	63.1%	59.4%	60.1%	53.9%
Comau	45.1%	37.9%	11.0%	0.9%
Plastic Components	38.6%	40.2%	11.8%	9.0%
<b>Average FCA</b>	<b>16.4%</b>	<b>15.2%</b>	<b>28.3%</b>	<b>19.7%</b>

## Location-Based CO<sub>2</sub> Emissions

FCA worldwide (tons)

2019	FCA
Direct emissions	1,058,367
Indirect emissions	2,296,709
<b>Total CO<sub>2</sub> emissions</b>	<b>3,355,076</b>

## Production [ Other Manufacturing Emissions and Impacts ]

### Presence of Ozone Depleting Substances in Equipment

FCA worldwide (tons of trichlorofluoromethane equivalent - CFC-11e)

2019	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
CFCs	0.1	-	-	-	-	-	-	-	-
HCFCs	2.6	2.0	0.4	0.1	0.2	-	-	-	-
Halons	-	-	-	-	-	-	-	-	-
Methyl bromide	-	-	-	-	-	-	-	-	-
Other CFCs fully halogenated	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2.6</b>	<b>2.0</b>	<b>0.4</b>	<b>0.1</b>	<b>0.2</b>	-	-	-	-

2018	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
CFCs	0.1	-	-	-	-	-	-	-	-
HCFCs	3.5	2.8	0.5	0.1	0.2	-	-	-	-
Halons	0.2	0.2	-	-	-	-	-	-	-
Methyl bromide	-	-	-	-	-	-	-	-	-
Other CFCs fully halogenated	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.8</b>	<b>3.0</b>	<b>0.5</b>	<b>0.1</b>	<b>0.2</b>	-	-	-	-

2017	FCA	Mass-Market Vehicles				Maserati	Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
CFCs	1.1	1.0	-	-	0.1	-	-	-	-
HCFCs	3.9	3.2	0.5	0.1	0.2	-	-	-	-
Halons	-	-	-	-	-	-	-	-	-
Methyl bromide	-	-	-	-	-	-	-	-	-
Other CFCs fully halogenated	1.7	1.6	-	-	-	-	-	-	-
<b>Total</b>	<b>6.7</b>	<b>5.8</b>	<b>0.5</b>	<b>0.1</b>	<b>0.3</b>	-	-	-	-

### Emissions of Nitrogen Oxides (NOx)\*

FCA worldwide (tons)

	2019	2018	2017
Mass-market vehicle assembly and stamping	824	892	890
Mass-market vehicle engines and transmissions	73	80	78
Mass-market vehicle casting	37	36	33
Mass-market vehicle others	20	20	18
Maserati	23	33	47
Teksid	166	172	161
Comau	11	13	12
Plastic Components	17	16	14
<b>Total NOx emissions</b>	<b>1,170</b>	<b>1,263</b>	<b>1,253</b>

\* Estimated emissions based on direct fuel consumption.

### Emissions of Dust\*

FCA worldwide (tons)

	2019	2018	2017
Mass-market vehicle assembly and stamping	41	43	38
Mass-market vehicle engines and transmissions	3	4	3
Mass-market vehicle casting	3	3	2
Mass-market vehicle others	1	1	1
Maserati	-	-	-
Teksid	18	19	15
Comau	-	-	-
Plastic Components	-	-	-
<b>Total dust emissions</b>	<b>66</b>	<b>69</b>	<b>59</b>

\* Estimated emissions based on direct fuel consumption.

### Emissions of Volatile Organic Compounds (VOC) per Unit of Production

FCA worldwide (g/m<sup>2</sup>)

	Target 2020 vs 2010
Mass-market vehicle assembly and stamping	-25%
Mass-market vehicle engines and transmissions	n.a.*
Mass-market vehicle casting	n.a.*
Mass-market vehicle others	n.a.*
Maserati	-19%
Teksid	-68%
Comau	-0%
Plastic Components	-10%
<b>FCA average VOC emissions</b>	<b>up to -68%</b>

\* Not applicable because no painting activities in the process.

### Emissions of Sulfur Oxides (SOx)\*

FCA worldwide (tons)

	2019	2018	2017
Mass-market vehicle assembly and stamping	4	5	4
Mass-market vehicle engines and transmissions	-	-	-
Mass-market vehicle casting	-	-	-
Mass-market vehicle others	-	-	-
Maserati	-	-	-
Teksid	120	125	101
Comau	-	-	-
Plastic Components	-	-	-
<b>Total SOx emissions</b>	<b>124</b>	<b>130</b>	<b>105</b>

\* Estimated emissions based on direct fuel consumption.

### Emissions of Volatile Organic Compounds (VOC)

FCA worldwide (tons)

	2019	2018	2017
Mass-market vehicle assembly and stamping	12,316	13,895	14,743
Mass-market vehicle engines and transmissions	-	-	-
Mass-market vehicle casting	-	-	-
Mass-market vehicle others	-	-	-
Maserati	61	148	90
Teksid	8	9	8
Comau	1	2	2
Plastic Components	21	21	13
<b>Total VOC emissions</b>	<b>12,406</b>	<b>14,075</b>	<b>14,858</b>

## Production [ Water ]

### Water Withdrawal\* and Discharge\*\*

FCA worldwide (thousands of m<sup>3</sup>)

2019		FCA		Mass-Market Vehicles				Maserati		Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components			
<b>Withdrawal</b>												
Groundwater	4,889	2,628	410	195	68		63	1,470	21	33		
Municipal water supply	13,520	10,717	2,146	73	219		42	197	41	86		
Surface water	405	191	3	-	-		-	214	-	-		
Other	3	-	-	-	-		-	-	-	-		
<b>Total water withdrawal</b>	<b>18,816</b>	<b>13,535</b>	<b>2,559</b>	<b>267</b>	<b>288</b>		<b>105</b>	<b>1,881</b>	<b>62</b>	<b>119</b>		
<b>Discharge</b>												
Surface water	3,958	1,867	552	-	69		27	1,443	-	-		
Public sewer systems	9,292	7,994	994	3	136		74	52	39	-		
Other destinations	27	6	6	1	-		-	-	13	-		
<b>Total water discharge</b>	<b>13,277</b>	<b>9,866</b>	<b>1,552</b>	<b>4</b>	<b>206</b>		<b>101</b>	<b>1,495</b>	<b>52</b>	<b>-</b>		
<b>Total water consumption</b>	<b>5,540</b>	<b>3,669</b>	<b>1,007</b>	<b>263</b>	<b>82</b>		<b>4</b>	<b>386</b>	<b>10</b>	<b>119</b>		
2018		FCA		Mass-Market Vehicles				Maserati		Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components			
<b>Withdrawal</b>												
Groundwater	5,511	2,815	466	219	75		131	1,701	27	77		
Municipal water supply	15,517	12,079	2,658	82	252		111	225	43	67		
Surface water	450	218	-	-	-		-	179	-	54		
Other	173	169	3	-	-		-	-	-	-		
<b>Total water withdrawal</b>	<b>21,651</b>	<b>15,281</b>	<b>3,127</b>	<b>301</b>	<b>328</b>		<b>243</b>	<b>2,104</b>	<b>70</b>	<b>198</b>		
<b>Discharge</b>												
Surface water	4,576	1,646	653	-	61		-	2,190	-	25		
Public sewer systems	10,358	8,301	1,501	7	144		234	37	42	92		
Other destinations	2,233	167	2,037	2	11		-	1	12	3		
<b>Total water discharge</b>	<b>17,167</b>	<b>10,114</b>	<b>4,191</b>	<b>9</b>	<b>216</b>		<b>234</b>	<b>2,228</b>	<b>54</b>	<b>120</b>		
2017		FCA		Mass-Market Vehicles				Maserati		Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components			
<b>Withdrawal</b>												
Groundwater	5,941	2,980	460	207	26		173	1,965	31	99		
Municipal water supply	15,568	11,878	2,809	117	316		146	193	38	71		
Surface water	392	227	7	-	-		-	157	-	-		
Other	-	-	-	-	-		-	-	-	-		
<b>Total water withdrawal</b>	<b>21,901</b>	<b>15,085</b>	<b>3,276</b>	<b>324</b>	<b>342</b>		<b>319</b>	<b>2,315</b>	<b>69</b>	<b>171</b>		
<b>Discharge</b>												
Surface water	4,214	1,960	697	-	-		-	1,542	1	14		
Public sewer systems	9,321	7,143	1,340	6	224		298	232	39	39		
Other destinations	694	102	547	6	28		-	-	11	-		
<b>Total water discharge</b>	<b>14,228</b>	<b>9,205</b>	<b>2,584</b>	<b>11</b>	<b>252</b>		<b>298</b>	<b>1,774</b>	<b>51</b>	<b>54</b>		

\* FCA withdrawn and discharged water is considered as freshwater.

\*\* In addition to any legal requirements, FCA regularly measures and analyzes certain heavy metals in its wastewater when present in the manufacturing process, such as nickel (Ni), zinc (Zn), lead (Pb), cadmium (Cd) and copper (Cu). These analyses provide a comprehensive view of FCA's overall impact on water quality to maintain levels well below legal limits. No incident of non-compliance was recorded in 2019.

### Water Withdrawal and Discharge in Water Stressed Areas

FCA worldwide (thousands of m<sup>3</sup>)

2019		FCA
<b>Withdrawal</b>		
Groundwater		3,024
Municipal water supply		2,397
Surface water		-
Other		-
<b>Total water withdrawal</b>		<b>5,421</b>
<b>Discharge</b>		
Surface water		1,471
Public sewer systems		1,677
Other destinations		11
<b>Total water discharge</b>		<b>3,159</b>
<b>Total water consumption</b>		<b>2,262</b>

### Water Withdrawal per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2019			2010 (base year)	Unit of Measurement
		2018	2017	2010		
Mass-market vehicle assembly and stamping	-40%	3.0	3.1	3.1	5.0	m <sup>3</sup> /vehicle produced
Mass-market vehicle engines and transmissions	-52%	0.3	0.4	0.4	0.7	m <sup>3</sup> /unit produced
Mass-market vehicle casting	-15%	1.6	1.6	1.7	2.1	m <sup>3</sup> /ton produced
Mass-market vehicle others	-50%	-	-	-	0.1	m <sup>3</sup> /hour of production
Maserati	-15%	5.7	5.6	5.9	14.7	m <sup>3</sup> /vehicle produced
Teksid (cast iron)	-11%	1.9	1.8	2.0	3.2	m <sup>3</sup> /ton produced
Teksid (aluminum)	-77%	45.4	50.1	55.2	154.3	m <sup>3</sup> /ton produced
Comau	-50%	5.2	5.8	5.7	14.1	L/hour of production
Plastic Components	-50%	0.1	0.1	0.1	0.1	m <sup>3</sup> /hour of production

FCA

up to - 77%

### Water Recycling Index

FCA worldwide (thousands of m<sup>3</sup>)

2019		FCA		Mass-Market Vehicles				Maserati		Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components			
<b>Total water requirement</b>	<b>2,220,110</b>	<b>1,668,672</b>	<b>389,512</b>	<b>116,470</b>	<b>29,814</b>		<b>11,334</b>	<b>4,027</b>	<b>62</b>	<b>218</b>		
of which covered by recycling	2,201,293	1,655,136	386,953	116,203	29,527		11,229	2,146	-	99		
of which water withdrawal	18,816	13,535	2,559	267	288		105	1,881	62	119		
<b>Recycling Index (%)</b>	<b>99.2</b>	<b>99.2</b>	<b>99.3</b>	<b>99.8</b>	<b>99.0</b>		<b>99.1</b>	<b>53.3</b>	-	<b>45.4</b>		
2018		FCA		Mass-Market Vehicles				Maserati		Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components			
<b>Total water requirement</b>	<b>2,340,351</b>	<b>1,710,990</b>	<b>439,052</b>	<b>117,055</b>	<b>30,924</b>		<b>17,374</b>	<b>4,338</b>	<b>70</b>	<b>20,548</b>		
of which covered by recycling	2,318,700	1,695,709	435,925	116,754	30,597		17,131	2,233	-	20,350		
of which water withdrawal	21,651	15,281	3,127	301	328		243	2,104	70	198		
<b>Recycling Index (%)</b>	<b>99.1</b>	<b>99.1</b>	<b>99.3</b>	<b>99.7</b>	<b>98.9</b>		<b>98.6</b>	<b>51.5</b>	-	<b>99.0</b>		
2017		FCA		Mass-Market Vehicles				Maserati		Other Activities		
		Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components			
<b>Total water requirement</b>	<b>2,090,867</b>	<b>1,505,468</b>	<b>382,954</b>	<b>117,455</b>	<b>35,435</b>		<b>24,345</b>	<b>4,746</b>	<b>69</b>	<b>20,395</b>		
of which covered by recycling	2,068,965	1,490,383	379,678	117,131	35,092		24,026	2,431	-	20,224		
of which water withdrawal	21,901	15,085	3,276	324	342		319	2,315	69	171		
<b>Recycling Index (%)</b>	<b>99.0</b>	<b>99.0</b>	<b>99.1</b>	<b>99.7</b>	<b>99.0</b>		<b>98.7</b>	<b>51.2</b>	-	<b>99.2</b>		

### Water Resources Significantly Affected by Water Withdrawal and/or Discharge at Plants

FCA worldwide

Plant Location and Activity	Water Source (Name and Size in m <sup>3</sup> /Year)	Use	Protected Water Body	High Biodiversity Value Water Body	Water Withdrawal*	Water Discharges*
Teksid Carmagnola (Italy) Component Plant	Gora del Naviglio river 3.5 million m <sup>3</sup> /year	Process water effluent	no	no	no	36%

\* Water withdrawals and water discharges representing more than 5% of the average annual volume of the water body concerned.

## Production [ Waste ]

### Waste Generation and Management

FCA worldwide (tons)

2019		FCA	Mass-Market Vehicles				Maserati	Other Activities		
			Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Nonhazardous waste recovered	575,696		321,305	70,618	184	39,645	990	137,734	1,720	3,499
Hazardous waste recovered	19,184		13,026	3,930	-	928	248	615	124	313
<b>Waste recovered</b>	<b>594,880</b>		<b>334,331</b>	<b>74,548</b>	<b>184</b>	<b>40,573</b>	<b>1,238</b>	<b>138,349</b>	<b>1,844</b>	<b>3,812</b>
Nonhazardous waste to landfill	204,887		16,110	989	-	530	-	187,258	-	-
Hazardous waste to landfill	485		233	133	-	-	-	119	-	-
<b>Waste to landfill</b>	<b>205,372</b>		<b>16,343</b>	<b>1,122</b>	<b>-</b>	<b>530</b>	<b>-</b>	<b>187,377</b>	<b>-</b>	<b>-</b>
Nonhazardous waste to treatment	2,558		874	1,204	109	-	7	339	1	24
Hazardous waste to treatment	3,587		1,848	1,057	-	102	5	172	6	396
<b>Waste to treatment</b>	<b>6,145</b>		<b>2,723</b>	<b>2,262</b>	<b>109</b>	<b>102</b>	<b>12</b>	<b>511</b>	<b>7</b>	<b>419</b>
<b>Total waste generated*</b>	<b>806,396</b>		<b>353,396</b>	<b>77,931</b>	<b>293</b>	<b>41,205</b>	<b>1,250</b>	<b>326,237</b>	<b>1,851</b>	<b>4,232</b>

2018		FCA	Mass-Market Vehicles				Maserati	Other Activities		
			Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Nonhazardous waste recovered	607,503		377,735	81,641	430	5,941	2,741	133,516	1,827	3,672
Hazardous waste recovered	19,233		12,496	4,810	-	681	322	433	179	313
<b>Waste recovered</b>	<b>626,736</b>		<b>390,231</b>	<b>86,451</b>	<b>430</b>	<b>6,622</b>	<b>3,062</b>	<b>133,949</b>	<b>2,006</b>	<b>3,984</b>
Nonhazardous waste to landfill	237,742		13,323	607	-	725	-	223,086	-	-
Hazardous waste to landfill	1,112		561	130	-	-	-	421	-	-
<b>Waste to landfill</b>	<b>238,854</b>		<b>13,885</b>	<b>737</b>	<b>-</b>	<b>725</b>	<b>-</b>	<b>223,507</b>	<b>-</b>	<b>-</b>
Nonhazardous waste to treatment	5,827		1,900	1,237	129	76	197	2,269	1	18
Hazardous waste to treatment	3,754		2,081	979	-	94	79	53	11	456
<b>Waste to treatment</b>	<b>9,581</b>		<b>3,981</b>	<b>2,216</b>	<b>129</b>	<b>170</b>	<b>276</b>	<b>2,321</b>	<b>12</b>	<b>475</b>
<b>Total waste generated</b>	<b>875,170</b>		<b>408,096</b>	<b>89,404</b>	<b>559</b>	<b>7,517</b>	<b>3,339</b>	<b>359,778</b>	<b>2,018</b>	<b>4,459</b>

2017		FCA	Mass-Market Vehicles				Maserati	Other Activities		
			Assembly and Stamping	Engines and Transmissions	Casting	Others		Teksid	Comau	Plastic Components
Nonhazardous waste recovered	654,048		410,220	83,972	418	6,843	3,680	142,876	2,041	3,998
Hazardous waste recovered	20,350		12,113	5,885	-	346	329	979	195	503
<b>Waste recovered</b>	<b>674,398</b>		<b>422,334</b>	<b>89,857</b>	<b>418</b>	<b>7,189</b>	<b>4,009</b>	<b>143,855</b>	<b>2,236</b>	<b>4,500</b>
Nonhazardous waste to landfill	227,085		11,913	699	3	624	-	213,846	-	-
Hazardous waste to landfill	993		842	150	-	-	-	-	-	1
<b>Waste to landfill</b>	<b>228,078</b>		<b>12,755</b>	<b>849</b>	<b>3</b>	<b>624</b>	<b>-</b>	<b>213,846</b>	<b>-</b>	<b>1</b>
Nonhazardous waste to treatment	8,088		1,314	5,819	125	14	471	310	1	35
Hazardous waste to treatment	4,340		2,018	1,243	-	57	238	301	13	470
<b>Waste to treatment</b>	<b>12,428</b>		<b>3,332</b>	<b>7,062</b>	<b>125</b>	<b>71</b>	<b>709</b>	<b>611</b>	<b>14</b>	<b>505</b>
<b>Total waste generated</b>	<b>914,905</b>		<b>438,421</b>	<b>97,768</b>	<b>546</b>	<b>7,884</b>	<b>4,718</b>	<b>358,312</b>	<b>2,250</b>	<b>5,006</b>

\* No waste transported under the terms of the Basel Convention.

### Waste Generated per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2019	2018	2017	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-14%	78.5	83.3	90.8	217.2	kg/vehicle produced
Mass-market vehicle engines and transmissions	-21%	10.4	10.7	11.4	21.3	kg/unit produced
Mass-market vehicle casting	n.a.*	1.8	3.1	2.9	179.0	kg/ton produced
Mass-market vehicle others	n.a.*	0.9	0.9	0.5	2.4	kg/hour of production
Maserati	-25%	67.7	77.2	87.5	147.2	kg/vehicle produced
Teksid (cast iron)	-8%	972	983	1,059	1,250	kg/ton produced
Teksid (aluminum)	-12%	476	659	609	450	kg/ton produced
Comau	-34%	154	167	184	370	g/hour of production
Plastic Components	-30%	1.9	2.1	2.2	3.1	kg/hour of production

FCA

up to -34%

\* Not available.

### Hazardous Waste Generated per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2019	2018	2017	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-54%	3.4	3.1	3.1	8.2	kg/vehicle produced
Mass-market vehicle engines and transmissions	-75%	0.7	0.7	0.8	2.3	kg/unit produced
Mass-market vehicle casting	n.a.*	-	-	-	-	kg/ton produced
Mass-market vehicle others	n.a.*	-	-	-	-	kg/hour of production
Maserati	-25%	13.7	9.3	10.5	14.2	kg/vehicle produced
Teksid (cast iron)	-17%	1.9	2.0	3.1	5.8	kg/ton produced
Teksid (aluminum)	-17%	10.5	6.7	9.8	32.7	kg/ton produced
Comau	-57%	10.9	15.7	17.1	100.0	g/hour of production
Plastic Components	-30%	0.3	0.4	0.4	0.8	kg/hour of production

FCA

up to -75%

\* Not available.

## Recovery of Waste

FCA worldwide (waste recovered out of waste generated)

	2020 Target	2019	2018	2017	2010
Mass-market vehicle assembly and stamping	98%	94.6%	95.6%	96.3%	94.0%
Mass-market vehicle engines and transmissions	96%	95.7%	96.7%	91.9%	84.6%
Mass-market vehicle casting	95%	62.7%	76.9%	76.6%	98.9%
Mass-market vehicle others	95%	98.5%	88.1%	91.2%	93.2%
Maserati	91%	99.0%	91.7%	85.0%	84.6%
Teksid	45%	42.4%	37.2%	40.1%	19.7%
Comau	95%	99.6%	99.4%	99.4%	66.0%
Plastic Components	90%	90.1%	89.4%	89.9%	82.6%

FCA

up to 98%

## Waste to Landfill

FCA worldwide (waste sent to landfill out of waste generated)

	2020 Target	2019	2018	2017	2010
Mass-market vehicle assembly and stamping	1%	4.6%	3.4%	2.9%	4.4%
Mass-market vehicle engines and transmissions	1%	1.4%	0.8%	0.9%	3.5%
Mass-market vehicle casting	2%	0.0%	0.0%	0.5%	1.1%
Mass-market vehicle others	2%	1.3%	9.6%	7.9%	6.2%
Maserati	0%	0.0%	0.0%	0.0%	0.0%
Teksid	70%	57.4%	62.1%	59.7%	80.1%
Comau	0%	0.0%	0.0%	0.0%	14.7%
Plastic Components	3%	0.0%	0.0%	0.0%	10.4%

FCA

up to 0%

## Production [ Biodiversity Conservation ]

### Plants Near, Bordering or Within Protected or High Biodiversity Areas\*

Plant Location and Activity	Surface (km <sup>2</sup> )	IUCN Red List Species/National Conservation List Species Present	Investment (thousand €)	Action Taken	Independent Monitoring	Protected Area Relative to Plant**
Verrone (Italy) Engine and Transmission plant	1.8	Flora - 44 species listed: 2 Endangered; 2 Vulnerable; 2 Near Threatened; 38 Least Concern	535	Phyto-purification system completed for wastewater recovery and reuse in the production process. Apiary located in the park for indirect air quality monitoring and control activities and park maintenance plan (in partnership with public bodies). Biodiversity conservation activities.	Yes	Within plant complex
Goiânia (Brazil) Assembly and Stamping plant	3.0	Flora - 25 species listed: 25 threatened  Fauna - 108 species listed: 10 Endangered; 22 Vulnerable; 2 Near Threatened; 33 Least Concern; 14 Not Threatened; 1 Introduced; 26 Unrated	108	Historical research on Atlantic forest fauna and flora (Zona da Mata Norte). Established a nursery of native seedlings, with production of approximately 60,000 seedlings yearly. Through 2019, cumulatively more than 100,000 native seedlings were planted, creating an ecological corridor. Conducted weekly visits to plant, nursery and biodiversity park by local schools as part of our Education Program.	Yes	Adjacent to plant (less than 5 km)
Cordoba (Argentina) Assembly and Stamping plant	3.9	Flora - 49 species listed: 1 Endangered; 3 Vulnerable; 2 Near Threatened; 43 Least Concern  Fauna - 60 species listed: 3 Vulnerable; 5 Near Threatened; 52 Least Concern	16	2019 Activities carried out under the Biodiversity Project: • Greenhouse construction • Trail marking • Lagoons construction • Cleaning, afforestation and awareness activities carried out with employees.	Yes	Adjacent to plant (less than 5 km)
Campo Largo (Brazil) Engine and Transmission plant	1.2	Flora - 54 species listed: 3 Endangered; 2 Rare Species; 8 Exotic Species; 41 Not Threatened  Fauna - 88 species listed: 1 Critically Endangered; 87 Not Threatened	88	Weekly eco-tours of Ecological Trail and Forest House provided to employees and schools. In 2019, 100 seedlings were planted to enrich biodiversity.  Improvement of the conservation status of green areas within the plant through management, maintenance and preservation activities.	Yes	Adjacent to plant (less than 5 km)
Jaboatão dos Guararapes (Brazil) Vehicle Component plant	0.1	Flora - 41 species listed: 41 Unrated	-	Improvement of the conservation status of green areas within the plant through management, maintenance and support interventions to highlight areas of higher natural value. Eco-tours provided within the site to employees and children in order to raise awareness about the local fauna and flora, among other environmental issues.	No	Adjacent to plant (less than 5 km)

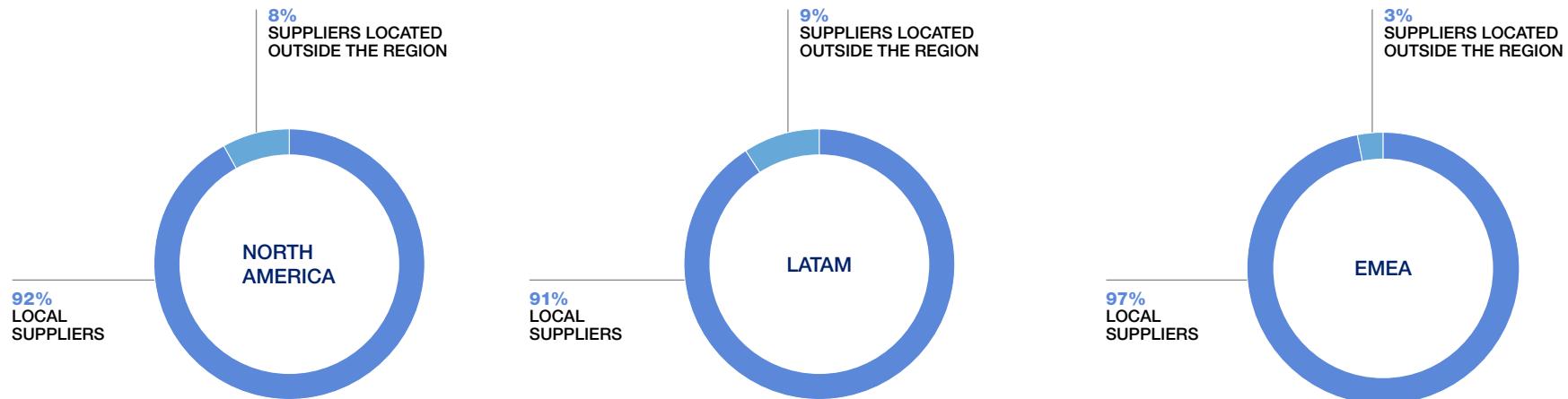
\* A protected area (site of regional, national or EU importance, special protection zone, oasis, etc.) is a geographically defined area that is designated, regulated or managed to achieve specific conservation objectives. An area of high biodiversity value is an area that is not subject to legal protection, but is recognized by governmental and non-governmental organizations for its significant biodiversity. FCA reported no significant direct or indirect impacts on biodiversity.

\*\* FCA reports only on locations or production sites included in protected areas or that have an active biodiversity project in their respective areas.

## Responsible Sourcing

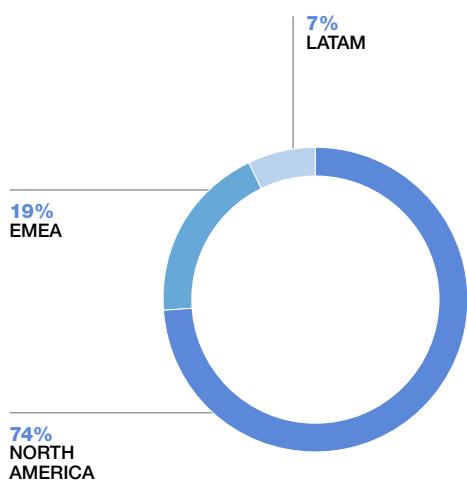
### Value of Direct Material Purchases from Local Suppliers

FCA Purchasing worldwide



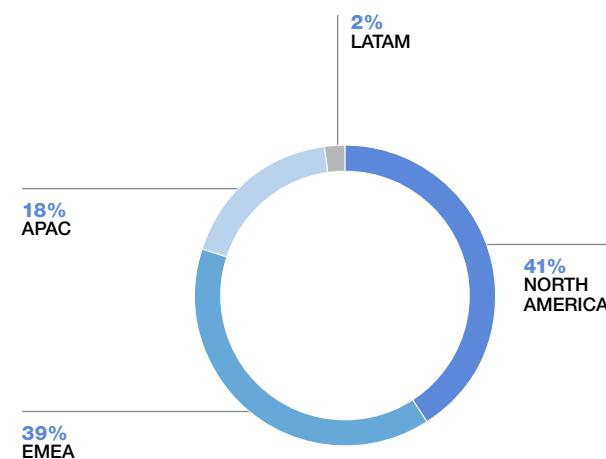
### Value of Direct Material Purchases by Destination

FCA Purchasing worldwide



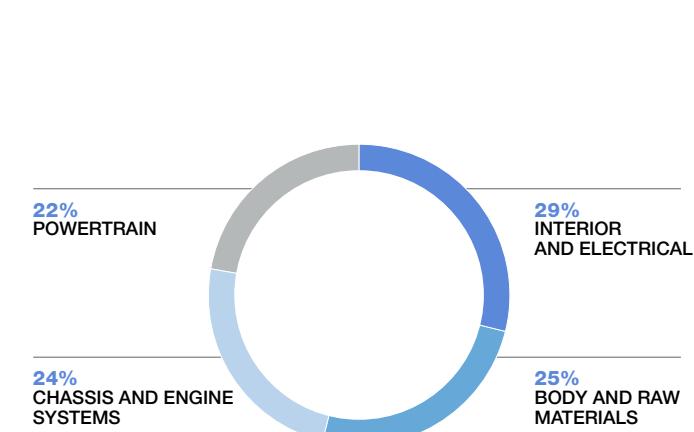
### Value of Direct Material Purchases by Origin

FCA Purchasing worldwide



### Value of Direct Material Purchases by Type

FCA Purchasing worldwide



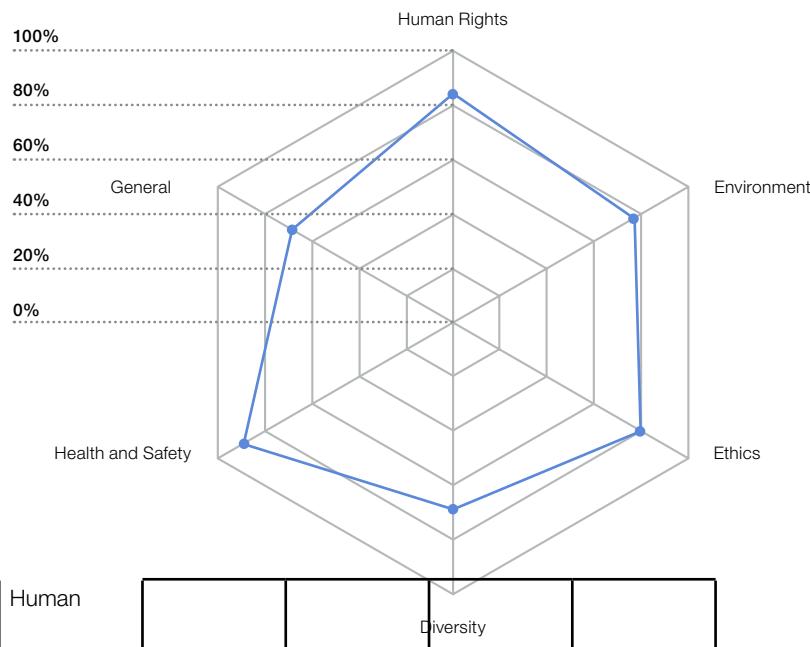
## Supplier Sustainability Self-Assessment Results

FCA Purchasing worldwide

	2019	2018	2017
Suppliers who were requested to provide the self-assessment questionnaires (no.)*	2,088	2,032	2,116
Suppliers responding to questionnaire (%)	54	38	39
Purchases by value covered by responding suppliers (%)	62	74	72
Average score	78/100	81/100	79/100

\* Number of questionnaires refers to Suppliers' top organization level.

## Supplier Sustainability Self-Assessment Results Average Score by Module



## Audit Results

FCA Purchasing worldwide

	2019	2018	2017
Sustainability audits (no.)	57	88	48
Performed by FCA personnel (Supplier Quality Engineers)	11	5	14
Performed by a third party	46	83	34
Purchases by value covered by audits (%)	15	7	3

## Corrective Action Plans

FCA Purchasing worldwide

Aspects	Number of Suppliers with Agreed-Upon Action Plans	Suppliers with Significant Actual and Potential Negative Impacts, with Agreed-Upon Action Plans of those audited*	Main Action Plan Topics
Environment	5	9%	Lack of targets Lack of management system Lack of certification Lack environmental reporting (GHG)
Labor practices	17	30%	Sustainability monitoring in the supply chain: Lack of supplier assessment Protective equipment not used Lack of certification Diversity: No Code or policy for employees or suppliers Low percentage of employees informed/trained Diversity: supplier training Diversity: No targets Diversity: No metrics for suppliers
Human rights	14	25%	No supplier code of conduct No training Lack of supplier audits Lack of supplier assessment No supplier contractual requirement
Impact on society	5	9%	Compliance & Ethics: supplier training
Overall number of suppliers with agreed-upon action plans	18	32%	-

\* The percentage is calculated based on the 57 suppliers audited.

# Definitions, Methodology and Scope

The FCA NV Sustainability Report, now in its 16<sup>th</sup> edition, is a voluntary document issued by the Group according to GRI Sustainability Reporting Standards issued in 2016 and partially updated in 2018 by the GRI-Global Reporting Initiative<sup>(1)</sup> to provide stakeholders a comprehensive picture of FCA activities, results and commitments in the economic, environmental and social spheres.

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This appendix provides a methodology guide.

In this Report, unless otherwise specified, the terms "we", "our", "us", the "Group", the "Company" and "FCA" refer to Fiat Chrysler Automobiles N.V., together with its subsidiaries and its predecessor prior to the completion of the merger of Fiat S.p.A. with and into Fiat Investments N.V. on October 12, 2014 (at which time Fiat Investments N.V. was renamed Fiat Chrysler Automobiles N.V., or "FCA NV"), the "Merger" or any one or more of them, as the context may require. References to "FCA US" refer to FCA US LLC, together with its direct and indirect subsidiaries. References to "operating segment" refer to the segments of the Group that are regularly reviewed by the Chief Executive Officer for making strategic decisions and allocating resources and assessing performance. They include four regional mass-market vehicle operating segments: EMEA (Europe, Russia, Middle East and Africa), North America (U.S., Canada, Mexico and Caribbean islands), LATAM (South and Central America) and APAC (Asia and Pacific countries) and the Maserati global luxury brand operating segment. During 2019, our previously reported NAFTA segment was renamed North America in response to the expected ratification of the United States-Mexico-Canada Agreement (USMCA). Other than the change of name, no other changes were made to the segment.

Other activities include the results of our industrial automation systems design and production business and our cast iron and aluminum components business, as well as the activities and businesses that are not operating segments under IFRS 8 – Operating Segments.

References to "customer" as used in this Report refer to the end user of our products or services.

In order to ensure that information is comparable and meaningful over time, some data for past years was restated to ensure comparability in terms of scope. For historical data and information previously published and over which the independent auditor carried out a limited assurance engagement, please refer to 2018 and 2017 Sustainability Reports respectively.

We monitor our operations through the use of several non-generally accepted accounting principles (non-GAAP) financial measures: Net cash/(debt), Net industrial cash/(debt), Adjusted Earnings Before Interest and Taxes (Adjusted EBIT) and Adjusted net profit; for reconciliations of each of these non-GAAP financial measures to the most directly comparable measure included in our Consolidated Financial Statements, refer to the 2019 FCA Annual Report on the Company's website at [www.fcagroup.com](http://www.fcagroup.com).

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

In some cases, unconsolidated joint ventures were included in the scope of reporting because of their significant environmental and social impacts. In particular:

- Data on occupational health and safety relates to 98 of the 111 plants<sup>(2)</sup> (covering approximately 98% of plant workers),<sup>(3)</sup> to office facilities (in total covering approximately 100% of Group employees), and to four plants of unconsolidated joint ventures, including one in Turkey and three in China
- Data on manufacturing environmental and energy performance refers to 98 and 97 of the 111 plants<sup>(4)</sup> respectively (covering nearly 100% of the Group's industrial revenues),<sup>(5)</sup> and to four plants of unconsolidated joint ventures, including one in Turkey and three in China.

<sup>(1)</sup> The Global Reporting Initiative (GRI) is a multi-stakeholder process for the development and disclosure of Sustainability Reporting Guidelines. The GRI Sustainability Reporting Standards offer an international reference for the disclosure of governance approach and of the environmental, social and economic performance and impacts of organizations.

<sup>(2)</sup> Data was not considered material, and was thus not reported, for 6 plants in start-up or closing phase and for 7 plants small and/or operated by companies insourced during 2019.

<sup>(3)</sup> All employees located at a particular site, including workers assigned to manufacturing, other associated units (quality control, logistics, etc.) and to research and development.

<sup>(4)</sup> Data was not considered material, and was thus not reported, for 6 plants in start-up or closing phase and for 7 (8 for energy data) plants small and/or operated by companies insourced during 2019.

<sup>(5)</sup> Revenues attributable to activity of plants directly controlled by the Group.

Data reported as a measure of FCA's manufacturing impact on the environment consists of both absolute values, directly correlated to production volumes and reporting boundaries, and normalized values. Normalized environmental performance indicators are presented in order to ensure data comparability from year to year and enable operational trends to be evaluated. Due to the significant variation in types of production lines (vehicles, engines, etc.), it is not possible to present normalized data at the Group level. Normalized data presented in the "Production" section for energy, air emissions, water and waste refers to the mass-market vehicle assembly and stamping facilities, which account for more than half of the Group's environmental footprint.

Manufacturing CO<sub>2</sub> emissions data related to 2018 and 2017 has been restated due to a better alignment with GHG Protocol that considers residual mix emission factors to calculate market based CO<sub>2</sub> emissions. The 2010 baseline year has remained unchanged as the complete set of Association of Issuing Bodies (AIB) factors were introduced in 2015. Data related to 2018 and 2017 energy consumption and emissions of CO<sub>2</sub> in mass-market vehicle assembly and stamping and mass-market vehicle others differs from the data published in 2018 due to a restatement resulting from a revision of the mass-market vehicle assembly and stamping scope. Therefore, energy consumption and emissions of CO<sub>2</sub> per vehicle produced has changed for those years and for the 2010 baseline year.

The year 2010 is used as the baseline to measure progress to FCA's manufacturing environmental targets because 2010 was the first year FCA US was included in the scope of the Group.

Data was collected and reported with the aid of existing management control and information systems, where available, in order to ensure reliability of information flows and the correct monitoring of sustainability performance. A dedicated reporting process was established for certain indicators, using electronic databases or files populated directly by the individuals or entities responsible for each aspect worldwide.

Unless otherwise indicated, all data presented in the Report refers to the International System of Units and may be subject to rounding. In some cases, rounding of a very low number may result in a report of zero.

## QUALITY OF INFORMATION

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

- stakeholder inclusiveness
- sustainability context
- materiality
- completeness

- accuracy: provision of adequate levels of detail
- balance
- clarity
- comparability
- reliability
- timeliness

Preparation of the Sustainability Report is part of an annual reporting process subject to audit, analysis and approval by a number of individuals and entities. FCA continues to use its best efforts to ensure the accuracy of the sustainability information contained in this Report. Any forward-looking statements or other information contained in this document speak only as of the date of this document and the Company disclaims any obligation to update or revise publicly forward-looking statements or other information.

The document is:

- prepared by the FCA Sustainability Team that coordinates and engages Group operating segments and relevant functions
- approved by the Sustainability Disclosure Committee and presented to the Group Executive Council, a group led by the CEO and composed of senior leadership from regional operations, brands, industrial processes, and support/corporate functions
- presented to the Governance and Sustainability Committee, a subcommittee of the Board of Directors of FCA NV, in the form of a management summary of principal achievements and future plans
- subject to a limited assurance engagement by an external independent audit firm (i.e. Deloitte & Touche S.p.A.) in accordance with the criteria established in the International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The statement of limited assurance describing the activities carried out and the expression of opinion is provided at page 146
- available for download at no cost from the Sustainability section of the Group's public website at [www.fcagroup.com](http://www.fcagroup.com).

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# About this Report

<b>REPORTING PERIOD</b>	Financial year 2019 (January 1, 2019 to December 31, 2019)
<b>REPORTING CYCLE</b>	Annual
<b>DATE OF PUBLICATION</b>	April, 2020
<b>DOCUMENT FORMATS</b>	PDF
<b>REPORT SCOPE AND BOUNDARY</b>	The information and data relate to FCA companies worldwide falling within the scope of consolidation at December 31, 2019. Financial figures reflect those reported in the 2019 FCA NV Annual Report.
<b>REPORT CONTENT</b>	The selection of topics for this Report is based on the results of our Corporate priorities, the dialogue with stakeholders, the Global Reporting Initiative Sustainability Reporting Standards requirements and other sustainability ratings and rankings. This Report includes material aspects as well as topics which are not material, but which may be of interest to selected stakeholders. Detailed environmental, social and governance indicators are reported in the Facts & Figures section.
<b>GLOBAL REPORTING INITIATIVE (GRI)</b>	This Report has been prepared in accordance with the GRI Sustainability Reporting Standards: Comprehensive option. See page 147 for full set of indicators.
<b>ASSURANCE</b>	This Report has been submitted to assurance by an external independent audit firm, Deloitte & Touche S.p.A., in accordance with the criteria established in the International Standard on Assurance Engagement ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board for limited assurance engagements.  Deloitte & Touche S.p.A. is officially authorized to conduct ISAE 3000 assurance audits. The statement of assurance describing the activities carried out and the expression of opinion is provided at page 146.
<b>PREVIOUS REPORT</b>	The 2018 Sustainability Report was made available at FCA NV's Annual General Meeting on April 12, 2019.
<b>CONTACTS</b>	Fiat Chrysler Automobiles N.V. Registered Office: Amsterdam, The Netherlands Amsterdam Chamber of Commerce: 60372958 Corporate Office: 25 St James's Street, London SW1A 1HA U.K.  Your opinion is important to us. Please contact the Sustainability Team with any questions or suggestions. <a href="mailto:sustainability@fcagroup.com">sustainability@fcagroup.com</a> <a href="mailto:sustainability-emea@fcagroup.com">sustainability-emea@fcagroup.com</a> <a href="mailto:sustainability-northamerica@fcagroup.com">sustainability-northamerica@fcagroup.com</a> <a href="mailto:sustainability-latam@fcagroup.com">sustainability-latam@fcagroup.com</a> <a href="mailto:sustainability-apac@fcagroup.com">sustainability-apac@fcagroup.com</a>

## Forward-Looking Statements

This report contains forward-looking statements. These statements may include terms such as "may," "will," "expect," "could," "should," "intend," "estimate," "anticipate," "believe," "remain," "on track," "design," "target," "objective," "goal," "forecast," "projection," "outlook," "prospects," "plan," or similar terms.

••• Forward-looking statements are not guarantees of future performance. Rather, they are based on the Group's current state of knowledge, future expectations and projections about future events and are by their nature, subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in forward-looking statements as a result of a variety of factors, including: the impact of COVID-19 developments including the impact on supply chains, the Group's production, demand in the Group's end markets, as well as the broader impact on financial markets and the global economy; the Group's ability to launch products successfully and to maintain vehicle shipment volumes; changes in the global financial markets, general economic environment and changes in demand for automotive products, which is subject to cyclicalities; changes in local economic and political conditions, changes in trade policy and the imposition of global and regional tariffs or tariffs targeted to the automotive industry, the enactment of tax reforms or other changes in tax laws and regulations; the Group's ability to expand certain of the Group's brands globally; the Group's ability to offer innovative, attractive products; the Group's ability to develop, manufacture and sell vehicles with advanced features, including enhanced electrification, connectivity and automated-driving characteristics; various types of claims, lawsuits, governmental investigations and other contingencies affecting the Group, including product liability and warranty claims and environmental claims, investigations and lawsuits; material operating expenditures in relation to compliance with environmental, health and safety regulations; the intense level of competition in the automotive industry, which may increase due to consolidation; the Group's ability to complete and realize expected synergies following completion of the Group's proposed merger with Peugeot S.A.,

including the expected cumulative implementation costs; exposure to shortfalls in the funding of the Group's defined benefit pension plans; the Group's ability to provide or arrange for access to adequate financing for its dealers and retail customers, and associated risks related to the establishment and operations of financial services companies, including capital required to be deployed to financial services; the Group's ability to access funding to execute its business plan and improve its business, financial condition and results of operations; a significant malfunction, disruption or security breach compromising the Group's information technology systems or the electronic control systems contained in the Group's vehicles; the Group's ability to realize anticipated benefits from joint venture arrangements in certain emerging markets; the Group's ability to successfully implement and execute strategic initiatives and transactions, including its plans to separate certain businesses; disruptions arising from political, social and economic instability; risks associated with the Group's relationships with employees, dealers and suppliers; increases in costs, disruptions of supply or shortages of raw materials; developments in labor and industrial relations, including any work stoppages, and developments in applicable labor laws; exchange rate fluctuations, interest rate changes, credit risk and other market risks; political and civil unrest; earthquakes or other disasters; and other risks and uncertainties. Any forward-looking statements contained in this document speak only as of the date of this document and the Company disclaims any obligation to update or revise publicly forward-looking statements. Further information concerning the Group and its businesses, including factors that could materially affect the Company's financial results, is included in the Company's reports and filings with the U.S. Securities and Exchange Commission, the AFM and CONSOB.

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# Independent Auditor's Report

- This Sustainability Report has been submitted to assurance by an external independent audit firm, Deloitte & Touche S.p.A. The scope, methodology, limitations and conclusions of the assurance engagement are provided in the following Independent Auditor's Report.

**Deloitte.**

**INDEPENDENT AUDITOR'S REPORT  
ON THE SUSTAINABILITY REPORT**

**To the Governance and Sustainability Committee of  
Fiat Chrysler Automobiles N.V.**

We have carried out a limited assurance engagement on the Sustainability Report of Fiat Chrysler Automobiles (hereinafter "FCA" or the "Group") as of December 31, 2019.

**Sustainability organization's responsibility on the preparation of the Sustainability Report**

Group Sustainability organization is responsible for the preparation of the Sustainability Report in accordance with "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI - Global Reporting Initiative (hereinafter also "GRI Standards"), as stated in the paragraphs "About this Report" and "Definitions, Methodology and Scope" of the Sustainability Report. The Sustainability organization is supported by several entities within the organization including the Sustainability Disclosure Committee - that reviews and approves the Sustainability Report disclosure -, the Group Executive Council and the Board Governance and Sustainability Committee that is also responsible for, among other things, assisting and advising the Board of Directors on monitoring and evaluating reports on the Group's sustainable development policies and practices, management standards, strategy, performance and governance globally, and reviewing, assessing and making recommendations as to strategic guidelines for sustainability related issues, and reviewing main results reported in the annual Sustainability Report. The Group Sustainability organization also support the definition of FCA's objectives regarding sustainability performance and reporting of the achieved results, the identification of the stakeholders and the significant aspects to report.

**Auditors' independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditors' responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Perma Roma Torino Treviso Udine Verona  
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.  
Codice Fiscale/Registro delle Imprese Milano n. 03049560156 - R.E.A. Milano n. 172039 | Partita IVA 03049560156  
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**2**

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

These procedures consisted in verifying its compliance with the principles for defining report content and quality set out in the "GRI Standards", and are summarised as follows:

- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- comparing the economic and financial information and data included in the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31, 2019;
- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate.

In particular, we have performed interviews and discussions with the personnel and the management of FCA Group among the four operating regions to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the processes and procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;

In addition, for material information, taking into consideration the Group's activities and characteristics:
 

- at the parent company's and subsidiaries' level:
  - with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following companies and sites, FCA Italy S.p.A. - Mirafiori site, FCA LLC - Auburn Hills, FCA Poland S.A. - Tychy, FCA Brasil LTDA - Betim site, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the FCA Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with the GRI Standards, as stated in the paragraphs "About this Report" and "Definitions, Methodology and Scope" of the Sustainability Report.

**DELOITTE & TOUCHE S.p.A.**

**Franco Amelio**  
Partner  
  
Milan, Italy  
April 10, 2020

# GRI Standards Content Index

This Report has been prepared in accordance with the GRI Standards: Comprehensive option.

The following table lists content within the document that relates to specific GRI Standards indicators. Each indicator references the appropriate pages in the 2019 Sustainability Report or the 2019 FCA NV Annual Report.

Page numbers also work as a direct link to the related content in this Report or in another source.

**Key:**

**AR** = [Annual Report at December 31, 2019](#) filed to AFM in February 2020

**SR** = Sustainability Report at December 31, 2019

General standard disclosures				
GRI Standard	Title	Publications	Page number	Omissions and comments
<b>Organizational Profile</b>				
102-1	Name of the organization	AR SR	17 8, 142-144	
102-2	Activities, brands, products, and services	SR	8	
102-3	Location of headquarters	AR SR	17, 96 144	
102-4	Location of operations	AR SR	201 142	
102-5	Ownership and legal form	AR	22	
102-6	Markets served	AR SR	24, 33-39 8	
102-7	Scale of the organization	AR SR	15-16 8, 10-11	
102-8	Information on employees and other workers	SR	114	
102-9	Supply chain	SR	103-104, 139	
102-10	Significant changes to the organization and its supply chain	AR SR	18-23 5	
102-11	Precautionary Principle or approach	SR	41-46, 96-97	
102-12	External initiatives	SR	34, 37	
102-13	Membership of associations	SR	17	

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>Strategy</b>				
102-14	Statement from senior decision-maker	SR	4-6	
102-15	Key impacts, risks, and opportunities	AR SR	73-76 8-11, 12-15, 41-43	
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	SR	34-40	
102-17	Mechanisms for advice and concerns about ethics	SR	36, 39-40	
<b>Governance</b>				
102-18	Governance structure	AR SR	96-130 32-33	
102-19	Delegating Authority	AR SR	145 32-34	
102-20	Executive-level responsibility for economic, environmental and social topics	SR	33-34	
102-21	Consulting stakeholders on economic, environmental and social topics	AR SR	148-149 12-14, 16-17, 34	
102-22	Composition of the highest governance bodies and its committees	AR SR	97-105 32-33	
102-23	Chair of the highest governance body	AR SR	97 32	
102-24	Nominating and selecting the highest governance body	AR SR	97, 103, 105, 115, 124 32-33	
102-25	Conflicts of interest	AR SR	106 39-40	
102-26	Role of the highest governance body in setting purpose, values and strategy	AR SR	105 32-34	
102-27	Collective knowledge of highest governance body	AR SR	145 32-34	
102-28	Evaluating the highest governance body's performance	AR SR	105, 129 33	
102-29	Identifying and managing economic, environmental and social impacts	AR SR	145, 148-149 12, 16, 33-34	
102-30	Effectiveness of risk management	AR SR	73-76 42-46	
102-31	Review of economic, environmental, and social topics	AR SR	73-76, 145 33-34, 43, 143	

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>Governance</b>				
102-32	Highest governance body's role in sustainability reporting	AR SR	105, 145 33-34, 143	
102-33	Communicating critical concerns	AR SR	73-76, 104-105, 123, 145 34-36, 43, 143	
102-34	Nature and total number of critical concerns	AR SR	123 36, 42-43	
102-35	Remuneration polices	AR	131-132, 142-144	
102-36	Process for determining remuneration	AR	133-141	
102-37	Stakeholders' involvement in remuneration	AR	131	
102-38	Annual compensation ratio	AR	143-144	The full set of data is not reportable. In some countries this information is subject to confidential treatment.
102-39	Percentage increase in annual total compensation ratio	AR	143-144	The full set of data is not reportable. In some countries this information is subject to confidential treatment.
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	SR	16-17	
102-41	Collective bargaining agreements	SR	58-59	
102-42	Identifying and selecting stakeholders	SR	13-17	
102-43	Approach to stakeholder engagement	SR	13-17	
102-44	Key topics and concerns raised	SR	13-17	Key topics and concerns raised through stakeholder engagement activities (i.e., stakeholder surveys and live or face-to-face events) were considered for the 2019 revision of the Materiality Diagram, available at page 13 of this Report. As part of our dialogue, we survey our stakeholders on specific topics to help us identify their perceptions or general concerns. We explain how we deal with these concerns in this Report, within relevant chapters.

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements	AR SR	201 142-143	
102-46	Defining report content and topic Boundaries	SR	12-14, 16	In order to identify the sustainability focus areas of importance to FCA and our stakeholders, we conduct dialogue across our regions. Material topics and their boundaries are reported based on the GRI Standards for defining the report's content. More information on material topics, the associated management approach and boundaries are reported in the chapters of this Report.
102-47	List of material topics	SR	13	
102-48	Restatements of information	SR	143	
102-49	Changes in reporting	AR SR	148-149 13-14, 142-143	
102-50	Reporting period	SR	144	
102-51	Date of most recent previous report	SR	144	
102-52	Reporting cycle	SR	144	
102-53	Contact point for questions regarding the report	SR	144	
102-54	Claims of reporting in accordance with the GRI Standards	SR	147	
102-55	GRI content index	SR	147-159	
102-56	External assurance	SR	146	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-204: Procurement Practices (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 103-104	
103-2	The management approach and its components	SR	36, 102-110	
103-3	Evaluation of the management approach	SR	102-110	
204-1	Proportion of spending on local suppliers	SR	104, 139	
<b>GRI-205: Anti-Corruption (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 39-40	
103-2	The management approach and its components	SR	34-36, 39-40, 118	
103-3	Evaluation of the management approach	SR	13, 36, 39-40	
205-1	Operations assessed for risks related to corruption	SR	36	
205-2	Communication and training about anti-corruption policies and procedures	SR	35, 39-40, 118	Confidentiality constraint for 205-2 d.: this information cannot be communicated externally.
205-3	Confirmed incidents of corruption and actions taken	SR	40	Confidentiality constraint for 205-3 a. b. d.: this information cannot be communicated externally.
<b>GRI-206: Anti-Competitive Behavior (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 39-40	
103-2	The management approach and its components	SR	34-36, 39-40, 118	
103-3	Evaluation of the management approach	SR	13, 36, 39-40	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SR	40	
<b>GRI-301: Materials (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 80-84	
103-2	The management approach and its components	SR	25, 36, 80-84	
103-3	Evaluation of the management approach	SR	25, 80-84	

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-301: Materials (2016)</b>				
301-1	Materials used by weight or volume	SR	123	The renewable and nonrenewable percentage refers to the average weight of materials within the 2019 existing range of type-approved vehicles in Europe. The global absolute value cannot be communicated externally.
301-2	Recycled input materials used	SR	82	Information provided is limited to Europe and refers only to selected aluminum and plastic circular economy applications.
301-3	Reclaimed products and their packaging materials	-	-	For information related to reclaimed products please refer to the "Remanufactured Parts" section. Information is not applicable for 301-3 for reclaimed packaging, as vehicles are delivered to the end customer without packaging.
<b>GRI-302: Energy (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 74-78, 97, 125-128, 142-143	
103-2	The management approach and its components	SR	28, 39, 74-78, 97	
103-3	Evaluation of the management approach	SR	28, 74-78, 95-97	
302-1	Energy consumption within the organization	AR SR	150 125-128	
302-2	Energy consumption outside of the organization	SR	75-76, 78, 101	FCA reports on CO <sub>2</sub> emissions from main categories of Scope 3 in the CDP Climate Change questionnaire, published yearly and publicly available.
302-3	Energy intensity	AR SR	150 97, 128	
302-4	Reduction of energy consumption	SR	97, 101	
302-5	Reductions in energy requirements of products and services	SR	75-76, 78	
<b>GRI-303: Water (2018)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 99, 132-134, 142-143	
103-2	The management approach and its components	SR	28, 39, 99	
103-3	Evaluation of the management approach	SR	28, 95-97, 99	

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-303: Water (2018)</b>				
303-1	Interactions with water as a shared resource	AR SR	151 99, 101, 106	
303-2	Management of water discharge-related impacts	SR	99	
303-3	Water withdrawal	AR SR	151 28, 99, 132-134	
303-4	Water discharge	AR SR	151 99, 132-134	
303-5	Water consumption	AR SR	151 99, 132-133	
<b>GRI-305: Emissions (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 74-78, 98, 101, 128-131, 142-143	
103-2	The management approach and its components	SR	24, 28, 39, 74-78, 98, 101	
103-3	Evaluation of the management approach	SR	24, 28, 74-78, 95-97, 98, 101	
305-1	Direct (Scope 1) GHG emissions	AR SR	150 98, 128-129	
305-2	Energy indirect (Scope 2) GHG emissions	AR SR	150 98, 128-129	
305-3	Other indirect (Scope 3) GHG emissions	SR	74-78, 101	
305-4	GHG emissions intensity	AR SR	150 28, 98, 129	
305-5	Reduction of GHG emissions	SR	98	
305-6	Emissions of ozone-depleting substances (ODS)	SR	130	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	AR SR	151 28, 131	
<b>GRI-306: Effluents and Waste (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 100, 135-137, 142-143	
103-2	The management approach and its components	SR	28, 39, 100	
103-3	Evaluation of the management approach	SR	28, 95-97, 100	
306-1	Water discharge by quality and destination	AR SR	151 132	

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-306: Effluents and Waste (2016)</b>				
306-2	Waste by type and disposal method	AR SR	151 135	
306-3	Significant spills	SR	99	
306-4	Transport of hazardous waste	SR	135	
306-5	Water bodies affected by water discharges and/or runoff	SR	134	
<b>GRI-307: Environmental Compliance (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 39	
103-2	The management approach and its components	SR	24-25, 28-29, 39, 74-79, 80-82, 84, 95-101, 118	
103-3	Evaluation of the management approach	SR	13, 24-25, 28-29, 36, 40, 69-84, 95-101	
307-1	Non-compliance with environmental laws and regulations	SR	40, 79	
<b>GRI-308: Supplier Environmental Assessment (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 105-107	
103-2	The management approach and its components	SR	36, 39, 105-107	
103-3	Evaluation of the management approach	SR	105-107	
308-1	New suppliers that were screened using environmental criteria	SR	105-107	
308-2	Negative environmental impacts in the supply chain and actions taken	SR	105-107, 140-141	
<b>GRI-401: Employment (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 48-60	
103-2	The management approach and its components	SR	21, 32-40, 48-60	
103-3	Evaluation of the management approach	SR	13, 19-21, 32-40, 48-60	
401-1	New employee hires and employee turnover	SR	117	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR	53-54	
401-3	Parental leave	SR	53, 116	Confidentiality constraint for 401-3 c. e.: this information cannot be communicated externally.

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-402: Labor-Management Relations (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 58-60	
103-2	The management approach and its components	SR	21, 36-37, 58-60, 121	
103-3	Evaluation of the management approach	SR	13, 21, 36, 40, 58-60, 121	
402-1	Minimum notice periods regarding operational changes	SR	60	
<b>GRI-403: Occupational Health and Safety (2018)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 55-57, 119-120, 142-143	
103-2	The management approach and its components	SR	22, 36, 55-57	
103-3	Evaluation of the management approach	SR	22, 55-57	
403-1	Occupational health and safety management system	SR	22, 55-56	
403-2	Hazard identification, risk assessment, and incident investigation	SR	55-56	
403-3	Occupational health service	SR	55-56	
403-4	Worker participation, consultation, and communication on occupational health and safety	SR	55	
403-5	Worker training on occupational health and safety	SR	55, 118	
403-6	Promotion of worker health	SR	22, 53-57	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR	55-57	
403-8	Workers covered by an occupational health and safety management system	SR	22, 55-57, 125	
403-9	Work-related injuries	AR SR	156 22, 55-57, 119-120	Information unavailable at the global level for 403-9b. Materiality assessment made on a portion of FCA scope revealed data is not material.
403-10	Work-related ill health	SR	55-57, 120	Information unavailable at the global level for 403-10 b. FCA will consider the possibility of analyzing the materiality of this data for workers who are not Group employees. Confidentiality constraint for 403-10 c.: this information cannot be communicated externally.

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-404: Training and Education (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 51-52	
103-2	The management approach and its components	SR	21, 36, 51-52, 90	
103-3	Evaluation of the management approach	SR	13, 21, 36, 51-52, 90	
404-1	Average hours of training per year per employee	SR	118	
404-2	Programs for upgrading employee skills and transition assistance programs	SR	51-52, 90-91, 118	
404-3	Percentage of employees receiving regular performance and career development reviews	SR	51	
<b>GRI-405: Diversity and Equal Opportunity (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 32, 36-37, 50-53	
103-2	The management approach and its components	SR	21, 32, 36-37, 50-53	
103-3	Evaluation of the management approach	SR	13, 21, 36, 40, 50-53	
405-1	Diversity of governance bodies and employees	AR SR	103, 124 32, 112-115	
405-2	Ratio of basic salary and remuneration of women to men	SR	116	Confidentiality constraint for 405-2: in some countries this information is subject to confidential treatment.
<b>GRI-406: Non-Discrimination (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34-35, 37, 50	
103-2	The management approach and its components	SR	21, 34-38, 51, 110	
103-3	Evaluation of the management approach	SR	13, 36-38, 40, 51, 110	
406-1	Incidents of discrimination and corrective actions taken	SR	40	Confidentiality constraint for 406-1 a.: this information cannot be communicated externally.

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-407: Freedom of Association and Collective Bargaining (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34, 58-60, 108	
103-2	The management approach and its components	SR	21, 34, 36, 37, 58-60, 108, 121	
103-3	Evaluation of the management approach	SR	13, 21, 36, 40, 58-60, 108, 121, 140-141	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR	58-60, 108, 140-141	
<b>GRI-408: Child Labor (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34-35, 37-38, 108-109	
103-2	The management approach and its components	SR	19, 30, 34-38, 108-109, 118, 140-141	
103-3	Evaluation of the management approach	SR	13, 19, 30, 36-38, 108-109, 140-141	
408-1	Operations and suppliers at significant risk for incidents of child labor	SR	37-38, 108-109, 140-141	
<b>GRI-409: Forced or Compulsory Labor (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34-35, 37-38, 108-109	
103-2	The management approach and its components	SR	19, 30, 34-38, 108-109, 118, 140-141	
103-3	Evaluation of the management approach	SR	13, 19, 30, 36-38, 108-109, 140-141	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR	37-38, 108-109, 140-141	
<b>GRI-412: Human Rights Assessment (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34-35, 37-38, 108-109	
103-2	The management approach and its components	SR	19, 30, 34-38, 108-109, 118, 140-141	
103-3	Evaluation of the management approach	SR	13, 19, 30, 36-38, 108-109, 140-141	
412-1	Operations that have been subject to human rights reviews or impact assessments	SR	37-38, 108-109, 140-141	
412-2	Employee training on human rights policies or procedures	SR	35, 118	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR	37, 108-109	

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-414: Supplier Social Assessment (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 105-110	
103-2	The management approach and its components	SR	36-38, 105-110	
103-3	Evaluation of the management approach	SR	105-110	
414-1	New suppliers that were screened using social criteria	SR	105-110	
414-2	Negative social impacts in the supply chain and actions taken	SR	105-110, 141	
<b>GRI-415: Public Policy (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 39-40	
103-2	The management approach and its components	SR	34-35, 36, 39-40	
103-3	Evaluation of the management approach	SR	36, 39-40	
415-1	Political contributions	SR	40	
<b>GRI-416: Customer Health and Safety (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 85-89	
103-2	The management approach and its components	SR	26, 36, 84-89	
103-3	Evaluation of the management approach	SR	26, 85-89	
416-1	Assessment of the health and safety impacts of product and service categories	SR	85-89	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR	88-89	
<b>GRI-417: Marketing and Labeling (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34-35	
103-2	The management approach and its components	SR	21, 34-36, 40	
103-3	Evaluation of the management approach	SR	21, 34-36	
417-1	Requirements for product and service information and labeling	SR	39, 82-84, 91-92	
417-2	Incidents of non-compliance concerning product and service information and labeling	SR	40	
417-3	Incidents of non-compliance concerning marketing communications	SR	40	

GRI Standard	Title	Publications	Page number	Omissions and comments
<b>GRI-418: Customer Privacy (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34-35, 37-38	
103-2	The management approach and its components	SR	34-36, 37-38	
103-3	Evaluation of the management approach	SR	13, 36, 38, 40	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR	40	
<b>GRI-419: Socioeconomic Compliance (2016)</b>				
103-1	Explanation of the material topic and its Boundary	SR	13-14, 34-35	
103-2	The management approach and its components	SR	34-36, 79, 88	
103-3	Evaluation of the management approach	SR	13, 36, 40, 79, 88	
419-1	Non-compliance with laws and regulations in the social and economic area	SR	40, 79	