



FCA

FIAT CHRYSLER AUTOMOBILES

2017 SUSTAINABILITY REPORT

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Letter from the Chairman and the CEO



FCA posted another record performance in 2017, achieving ambitious financial targets and providing further evidence that we deliver on our promises. We have now reached or exceeded all key financial goals for the first four years of the current five-year plan while also adhering to the principles of sustainability that will help ensure a vibrant and responsible future for our Group.

We improved Adjusted EBIT by 16 percent to €7.1 billion, with Group margin increasing to 6.4 percent from 5.5 percent in 2016. Every one of our segments was profitable and showed improvement over the prior year. Adjusted net profit climbed 50 percent to €3.8 billion and Net profit nearly doubled to €3.5 billion. We also generated €1.6 billion in cash flows from industrial operating activities which contributed to Net industrial debt being reduced by almost half, to €2.4 billion at year-end.

Worldwide combined shipments came in at 4.7 million units and net revenues were €111 billion, both in line with 2016.

Looking at our mass-market operations by region, NAFTA continued its margin improvement, reaching 7.9 percent up from 7.4 percent the prior year. Adjusted EBIT was up 2 percent to €5.2 billion. These results were achieved despite a 7 percent decrease in shipments primarily attributable to a planned reduction in Jeep fleet sales and the impact of discontinued vehicles. We are implementing a significant realignment of our manufacturing footprint in response to a continued shift in demand towards trucks and SUVs.

LATAM posted robust growth driven by new products and improving conditions in the key Brazilian market. Shipments in the region increased by 14 percent, revenues by 29 percent and Adjusted EBIT reached €151 million up from €5 million the previous year.

In APAC, the continued ramp-up of Jeep production through our Chinese joint venture, along with the launch of the Alfa Romeo Giulia and Stelvio as well as the start of production of the all-new Jeep Compass in India, helped drive a 24 percent increase in combined shipments. Adjusted EBIT increased 64 percent to €172 million due to the final insurance recoveries from the 2015 Tianjin port explosions in China.

In EMEA, the positive earnings trend continued with Adjusted EBIT up 36 percent to €735 million and margin increasing by 70 basis points to 3.2 percent. This reflected higher volumes primarily attributable to the all-new Jeep Compass and Alfa Romeo Stelvio, as well as the Fiat Tipo family, and continued cost efficiencies.

Maserati's Adjusted EBIT climbed 65 percent to €560 million and margin grew to 13.8 percent, up from 9.7 percent the year before. Shipments grew by 22 percent, primarily driven by an increase in global sales of the Levante which were partially offset by lower volumes for the Ghibli and Quattroporte.

GRI: G4-1

Magneti Marelli, Comau and Teksid all increased net revenues, reflecting higher volumes across all three businesses. The Components segment achieved a 20 percent increase in Adjusted EBIT to €536 million and continued its margin improvement, reaching 5.3 percent compared with 4.6 percent in 2016.

On the product side, we increased our competitiveness with several key vehicle launches.

Alfa Romeo launched the Stelvio, its first-ever SUV, and completed the introduction of the Giulia in all major global premium markets. Both models represent a significant step in establishing a global presence for the brand. Alfa Romeo also announced its return to Formula 1 for the 2018 championship season, after a more than 30 years absence from the sport.

In India, we launched the all-new Jeep Compass, which is produced locally at our Ranjangaon joint-venture plant. The Compass is now built in North America, Brazil, China and India reflecting the global expansion of the Jeep brand.

We also began production of the all-new 2018 Jeep Wrangler, updating this iconic model with a host of innovative technologies which will include an all-new advanced 2.0L turbo engine with our new eTorque mild hybrid system and a new 8-speed automatic transmission.

The Cordoba Plant in Argentina began producing the all-new Fiat Cronos sedan, for distribution in markets across Latin America, which completes the renewal of our Fiat passenger car line-up in the region.

We began 2018 with the reveal of the all-new Ram 1500 truck and new Jeep Cherokee at the North American International Auto Show in Detroit.

FCA continues to look to the future and the emerging breakthrough technologies that will help reshape personal transportation. We further strengthened our partnership with Waymo, Google's self-driving car company, and in early 2018 we announced an agreement to supply thousands more Chrysler Pacifica Hybrid minivans to Waymo to support the launch of the world's first driverless ride-hailing service. In 2017, we also signed a memorandum of understanding with BMW Group, Intel and Mobileye to develop a world leading, state-of-the-art autonomous driving platform. These partnerships are vital to leveraging each other's capabilities and resources and achieving the synergies and economies of scale needed to advance autonomous driving technologies.

We continue to make significant progress since the unveiling of our five-year strategic plan in 2014, and in our guidance for 2018 we have confirmed all key targets for the fifth and final year of the Plan. These targets include Adjusted EBIT in excess of €8.7 billion, Adjusted net profit of approximately €5 billion, with Net revenues at around €125 billion.

Over the last four years we have followed a disciplined and rigorous strategy to reduce our Net industrial debt. Our goal is by the end of 2018 to have a Net industrial cash position of around €4.0 billion. This significant accomplishment will further reinforce FCA's rightful position as a leader in the global automotive business.

As we pursue this profitable growth, we remain dedicated to a culture of sustainability aimed at balancing our social and environmental responsibilities with our financial objectives. This fundamental value guides the way we conduct our business and recognizes our responsibility to the greater community around us.

We are fully aware that, throughout the value chain, our activities can have a direct or indirect impact on our stakeholders. We also know that the need to transition to a more sustainable future is one of the major challenges facing the world today. That is why FCA is committed to operating responsibly, including making its contribution by supporting the United Nations Sustainable Development Goals.

Our Group adheres to the internationally-recognized principles for the respect and support of fundamental human rights in every geographic area where FCA operates, and expects its suppliers, contractors and other business partners to adhere to the same standards.

Among our 2017 sustainability initiatives, we implemented about 5,000 environmental projects at our plants around the world, reducing our carbon footprint and leading to about €68 million in savings. More than 2 billion m³ of water was saved at FCA plants, with a recycling index that reached almost 100 percent. Globally, our plants also reduced CO₂ emissions by 2.2 percent during the year.

Through continuous improvements over the years, FCA automotive plants in Italy and Brazil purchase 100 percent renewable energy. Along with zero waste-to-landfill and water recycling at 99 percent, the Jeep plant in Pernambuco, Brazil, has also achieved carbon neutral status through the use of renewable energy, cleaner fuels, and initiatives to compensate residual CO₂ emissions.

Our transmission plant in Verrone, Italy, earned the prestigious international "Lean & Green Management Award" based on its optimum integration of environmental and energy issues and innovative manufacturing solutions, guided by our World Class Manufacturing system.

Our employees worldwide continued to contribute to their communities, volunteering thousands of hours to support a wide range of social projects.

An integral part of our long-term business plan is a commitment to improve fuel economy and reduce emissions. FCA was a pioneer in natural gas vehicles in Europe and has been in a leading position in the field for more than 20 years. Following the introduction of the industry's first electrified minivan, the Chrysler Pacifica Hybrid, the recently revealed all-new Jeep Wrangler and all-new Ram 1500 will both be available with our eTorque mild hybrid system and other advanced fuel-saving technologies as well as weighing significantly less than their predecessor generation models.

We also strive to offer our employees a diverse and inclusive work environment and we are proud that several third-party organizations have recognized our efforts in this area.

The culture within our global organization is based on a firm belief that profitability and sustainability are not mutually exclusive. For us, success extends beyond the bottom line to include the needs of local communities and all stakeholders inside and outside the Group. Through values that balance both business and environmental aspects, we are constantly working to ensure that our activities, and the results we achieve, can deliver long-term value.

Something that distinguishes us as a Group is our refusal to accept mediocrity. This also means embracing the responsibility of building a secure future, not only for our enterprise but also for society as a whole.

We want to thank everyone in the FCA organization for their contribution to meeting the challenges and leveraging the opportunities that are a constant part of our business. We have dared to dream big, and our success to date is a tribute to the purpose and passion they bring to work every day.

We also wish to extend our deepest thank you to all of our shareholders and stakeholders for your support as we continue on our global venture together. Whether you have been with us for many years or just a few months, your trust is fundamental, and it will enable FCA to continue to pursue its founding commitment: to deliver with determination, integrity and accountability.

20 February 2018

/s/ John Elkann
John Elkann
CHAIRMAN

/s/ Sergio Marchionne
Sergio Marchionne
CHIEF EXECUTIVE OFFICER

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Business Model and Value Chain

Fiat Chrysler Automobiles is an international automotive group engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems worldwide through 159 manufacturing facilities and 87 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 Comau, Magneti Marelli and Teksid brands. The Group also provides retail and dealer finance, leasing and rental services in support of the car business through subsidiaries, joint ventures and commercial agreements with specialized financing services providers.

FCA has operations in more than 40 countries, customers in more than 140 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 positively affect our world.

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 every link in the value chain from vehicle design through production, distribution, use and eventual reuse of materials. The circular economy model stands in contrast to the disposable economy, which wastes materials and the energy needed to produce them. Keeping resources in use for as long as possible is a sound business practice that reduces material costs and promotes efficiency, while also helping reduce the impact on the environment through the entire life cycle of a product.

Our progress toward achievement of the Company business plan is a reflection of our commitment to create long-term value responsibly, with full recognition of the broader role the Company plays.

To achieve our objectives, the Group targets:

- 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.

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 premium 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.

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. 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.

GRI: G4-2, G4-4, G4-6, G4-8, G4-9



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. **€4.3 Billion**
in research and development

Value generated and shared

8,478 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

2,500+ suppliers globally

Value generated and shared

€70+ Billion in total purchases

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



GRI: G4-2, G4-9, G4-EC7, G4-EC8, G4-SO2



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

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



Key input

235,915 employees working in 159 manufacturing facilities worldwide, as well as other properties: parts distribution centers, research laboratories, proving grounds, warehouses and office buildings

Around **48 Million GJ of energy** consumed at Group plants worldwide

24.1 Million m³ of water consumed (withdrawal) at Group plants worldwide

Value generated and shared

€13.2 Billion in personnel costs as compensation for employee time and efforts

3.8 Million tons of CO₂ emissions at Group plants, a decrease of 11.3% vs 2010

2.1 Billion m³ of water saved at Group plants worldwide with recycling index of 99%

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

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



Key input

€111 Billion in Revenue

Value generated and shared

FCA grants access to mobility for millions of people around the world through **4.7 Million** new FCA vehicles delivered to customers



 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

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



Key input

Vehicles that are discarded by consumers worldwide

Value generated and shared

FCA strives to design and manufacture vehicles with a view towards reparability, recycling and component remanufacturing, in order to extend the useful life of materials and components and reduce the cost of vehicle ownership for customers

GRI: G4-2, G4-9, G4-EC7, G4-EC8, G4-SO2

Materiality and Stakeholder Engagement

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

Key Figures



27
sustainability topics
are material



6,400+
stakeholder surveys
completed

Relevant UN Sustainable Development Goals (SDGs)



Materiality and Stakeholder Engagement

FCA's sustainability reporting focuses on those topics that have been determined to be material, including the most important factors that relate to, and have an impact on, FCA's ability to create long-term value for our stakeholders.

Our stakeholder engagement and development of materiality are conducted in accordance with internationally recognized frameworks and principles, such as the Global Reporting Initiative (GRI), the AA1000 Principles Standard, the AA1000 Materiality Report guidelines, the AA1000 Stakeholder Engagement Standard

and the <IR> Materiality Background Paper. "Material" in this sense differs from the financial definition, and represents information determined to be of interest to internal and external stakeholders due to its economic, environmental or social impact.

The 2017 FCA Materiality Diagram was updated based on the results of our analysis of material topics. The diagram represents the relative importance of issues for both internal and external stakeholders, helping prioritize issues in our reporting as well as set targets to address the material aspects that have been identified.

FCA Materiality Diagram



GRI: G4-18, G4-19, G4-20, G4-21, G4-27

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.

Connections with UN Sustainable Development Goals (SDGs)

FCA's Material Sustainability Topics	UN Sustainable Development Goals (SDGs)												
	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		
Business integrity			■			■		■				■	
Vehicle safety	■							■		■			
Vehicle quality								■					
Research and innovation					■			■		■		■	
Vehicle fuel economy								■		■	■	■	
Vehicle CO ₂ emissions								■		■	■	■	
Hybrid, electric systems					■					■		■	
Alternative fuels					■					■	■	■	
Emissions from operations										■	■	■	
Renewable energy					■						■	■	
Customer satisfaction													
Water consumption				■							■		
Energy consumption					■						■	■	
Waste management											■		
Human rights			■			■		■					
Employee health and safety	■												
Employee well-being and work-life balance	■		■			■							
Employee development		■	■			■		■					
Biodiversity conservation											■		
Emissions from logistics										■	■	■	
Recycled and recyclable materials											■		
Alternative mobility solutions								■		■		■	
Risk management												■	
Employee diversity and equal opportunity			■			■		■					
Engagement with business partners						■	■				■	■	
Raw materials sourcing											■		
Community engagement		■	■			■	■	■	■				

GRI: G4-18, G4-19, G4-20, G4-21, G4-27

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. They help us to better identify risks and opportunities, as well as to align our objectives to social, technological and regulatory changes around the globe.

Our FCA Sustainability-focused Stakeholder Engagement Guidelines form the basis for 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.

The Group annually conducts surveys and stakeholder engagement activities focused on sustainability topics. FCA has a target to expand and innovate the sustainability 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, these stakeholder initiatives are adapted to locally relevant topics.

The results from our stakeholder engagement survey and events are analyzed along with the other factors to complete the review of potential updates in FCA's material sustainability topics.

In 2017, FCA engaged more than 6,400 internal and external stakeholders worldwide through an online survey regarding sustainability topics. FCA seeks to raise awareness on sustainability-related issues across a broad spectrum of stakeholder groups of all ages. Below are some examples of our activities in 2017.

Engaging Employees

New Hire Orientation

In 2017, FCA conducted a number of activities among our newly-hired employees to promote sustainability awareness and encourage them to become sustainability advocates. A dedicated focus on sustainability was included in new hire orientation sessions in various locations. In Italy, the session also included a workshop with a specific task to identify new communication frameworks for sustainability at FCA. Participants developed and presented a range of proposals which highlighted their interest in key sustainability themes.

Sustainability Boulevard - Innovative Training Program

In 2017, FCA engaged employees worldwide through a new learning program that provides an innovative virtual space to test their sustainability knowledge and learn how they can contribute to the Company's commitment. The Sustainability Boulevard represents one area of an FCA game-based learning project around which new trainings are expected to be developed.

Nearly 47,000 employees had the opportunity to participate, with around 10,000 actively exploring the platform. The best performers will be invited to join an ad hoc team to work on business challenges related to sustainability in 2018.



Engaging Youth

Many of FCA's sustainability events over the years have been conceived to engage youth, particularly millennials, in dialogue about the future of mobility. These activities have ranged from classroom working groups and presentations in high schools and universities, to role-playing exercises. In addition, several departments at FCA regularly reach out to students to engage them in design or science, technology, engineering and math (STEM)-related initiatives.

I AM FCA - Millennial Innovation Award

In 2017, FCA promoted an open innovation contest, I AM FCA - Millennial Innovation Award by FCA, targeted to students of the bachelor and master's programs of Economics at six universities located in Central and Southern Italy. More than 1,300 students took part in the contest, which collected ideas and innovative suggestions from millennials on how they imagine the car of the future. Six won an on-the-job training opportunity at an FCA plant in south-central Italy, while six others won a safe driving course at the Fiat Chrysler Automobiles Balocco Proving Grounds.

Innovation Incubator

FCA partnered for the second year with the European Innovation Academy (EIA). Turin (Italy) hosted the 2017 edition of EIA, an event that brought together 650 young innovators, including engineers, economists and students from leading universities, as well as potential investors for a three-week international workshop. As a partner in the initiative, FCA had the opportunity to suggest fresh ideas to the students and to invite some employees from various departments to join the working groups. The purpose of the initiative is to support future entrepreneurs and accelerate start-ups in the fields of technology and digital innovation. The participation supported an innovative ecosystem aimed at expanding skills in the fields of mobility and smart manufacturing - fields which will continue to be needed within the automotive industry.

GRI: G4-24, G4-25, G4-26, G4-27

Drive for Design Contest

For the fifth consecutive year, the FCA 2017 Drive for Design contest challenged U.S. high school students to design a vehicle 30 years in the future. The FCA design team created this contest as an innovative way to educate young artists about careers in automotive design. Drive for Design has grown to become a U.S.-wide national contest that has awarded talented students with prizes and unique opportunities to help further develop their design skills. FCA partnered with the EyesOn Design nonprofit and Lawrence Technological University for the 2017 challenge.

Summer Intern Event

In 2017, FCA conducted a stakeholder event with summer interns, with a two-fold objective: educate our interns about sustainability in general, and in particular about FCA's sustainability efforts; and participate in a role-playing exercise to explore the evolving definition of mobility. Each participant was assigned the role of a stakeholder who either has an impact on mobility, or is impacted by it, such as utility provider, manufacturer, consumer, community leader, or technology provider. The goal of the exercise was to explore the topic of mobility from a variety of viewpoints and discuss challenges and opportunities for the future.

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, including responsible working conditions, environmental impact, ethics, and tools for reporting to FCA.

In Brazil, FCA conducted training with leading suppliers on climate change and greenhouse gas inventory. We also participated in an initiative in the State of Minas Gerais aimed at strengthening the mining and automotive industries. This project focused on helping to increase productivity and competitiveness among micro- and small-sized companies within the mining and automotive supply chain.

[Related content](#)

■ [Supplier Management](#)

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 production sites 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: competitiveness, market and economy; environment and sustainability; international trade; research and innovation; safety; and transport policy.

The Alliance of Automobile Manufacturers is the leading advocacy group for the U.S. auto industry. The Alliance focuses on developing and implementing constructive solutions to public policy challenges that promote sustainable mobility and benefit society in the areas of environment, energy and motor vehicle safety. The organization provides FCA US and the auto industry with a united voice on U.S. federal and state regulatory and legislative matters.

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.

GRI: G4-16, G4-24, G4-25, G4-26, G4-27

Sustainability Targets

As a result of our annual analysis of material topics, including input from our stakeholder engagements, FCA has long-term sustainability-focused targets covering priority areas such as quality and safety of vehicles; environmentally responsible products, plants and processes; good corporate governance; a healthy, safe and inclusive work environment; and constructive relationships with local communities and business partners.

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

- In the Planning Phase, specific and measurable goals are drafted by the Sustainability Team in collaboration with FCA's operating segments, regions and corporate functions. These proposed targets are submitted to the Group Executive Council (GEC) which evaluates their consistency with the business plan and strategy, and either approves or modifies 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

Occupational Health and Safety

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

Customer Focus

- improve vehicle preventive, active and passive systems and overall road safety performance

Production

- optimize environmental performance of production processes

Information and Communication Technology

- implement innovative solutions to support competitive business activities

Community

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

- offer competitive products that meet the needs of customers worldwide

- strengthen relationship with customers worldwide and achieve higher satisfaction levels

Suppliers

- promote social and environmental responsibility among suppliers

Employees

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

Product

- minimize environmental impacts from our products by reducing CO₂ 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

- reduce environmental impact of sales activities and promote excellence in the dealer network

Logistics

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

GRI: G4-2, G4-27

Corporate Governance and Values

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



Targets	2017 Results
2020: demonstrate continued relevance of Group's sustainability performance to financial and non-financial stakeholders through global and regional recognition	<ul style="list-style-type: none"> ✔ FCA's sustainability performance related to product, process and social aspect management recognized at the global and regional levels, including: <ul style="list-style-type: none"> - Chrysler Pacifica Hybrid named 2018 Green Car Reports Best Car to Buy - Chrysler Pacifica earned Altair Enlighten Award for achievements in weight reduction - 3.6-liter Pentastar eHybrid named one of Wards 10 Best Engines for second year in a row - CDP Water A List achieved, with only 72 other companies worldwide reaching this level - Water stewardship in Brazil honored by the National Agency of Waters - Lean & Green Management Award presented to the Verrone (Italy) transmission plant - Top Score for LGBTQ Workplace Policies and Benefits achieved by FCA US - Top Employer for Hispanic Women recognition for FCA US ✔ Among the shareholdings held by FCA's top 200 institutional shareholders, 53% are held by investors that are considered as Highly or Medium ESG sensitive ⁽¹⁾
2020: expand and innovate dialogue on sustainability topics to reach an increasing number of internal and external stakeholders worldwide	<ul style="list-style-type: none"> ✔ More than 6,400 internal and external stakeholders completed online sustainability survey ✔ Sustainability-focused stakeholder engagement events held in all FCA regions worldwide, with the number of participating stakeholders, internal and external, at each event ranging from 20 to 200 ✔ More than 10,000 employees visited the Sustainability Boulevard innovative virtual learning game, posting more than 250 comments on the Sustainability Wall ✔ About 250 internal sustainability network experts from all Group companies and business functions worldwide contributed to the 2017 FCA sustainability achievements and results monitoring and disclosure
2020: incorporate sustainability targets in individual performance goals to drive behaviors in support of sustainability culture and values	<ul style="list-style-type: none"> ✔ Sustainability targets incorporated in performance management system for individuals with responsibility for related projects, Top Management members and second-level reports to Heads of operating sectors and certain central functions
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	<ul style="list-style-type: none"> ✔ Strengthened the checklist risk items, which are an integral part of the standard FCA audit program, related to child labor and young workers, forced labor, non-discrimination, conditions of employment, security and supply chain management
2020: prevent and manage emerging risks to ensure business continuity and minimize economic, environmental and social impacts, both internal and external	<ul style="list-style-type: none"> ✔ New flood risk analysis applied at 189 Group sites worldwide and second level flood studies conducted at 49 ✔ Developed and tested at 34 supplier sites the methodology for detection and mitigation of supplier risks ✔ Assessed 188 parking lots covering nearly 450,000 cars with respect to potential damage risk ✔ Completed a comprehensive and thorough cyber risk assessment focused on insurance needs (read more)

⁽¹⁾ Based on data obtained from an independent third party market intelligence firm and its assessment of investors' ESG sensitivity based on public information available as of February 20, 2018.

Information and Communication Technology

Commitment: implement innovative solutions to support competitive business activities



Target

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

2017 Results

- ✔ Adopted advanced ICT solutions, including the New Plant Landscape infrastructure, to achieve higher quality standards in manufacturing processes by leveraging digital opportunities and new technologies ([read more](#))
- ✔ Launched multiple projects to enhance the customer experience through innovative solutions, including the Abarth AR (Augmented Reality) and the Jeep Adventure Reality application for mobile devices ([read more](#))

Employees

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



Targets	2017 Results
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	<ul style="list-style-type: none"> ✔ Internal mobility opportunities made available to FCA salaried and hourly employees worldwide through a variety of channels, including job posting programs: on average 43% of posted positions filled with internal candidates ✔ Diverse perspectives, best practices, success stories, professional knowledge and expertise shared across regions through international deployment of more than 500 expatriates ✔ More than 25% of new hires were women, contributing to the steady increase of female representation in FCA's workforce ✔ Approx. 15% of managerial positions held by women, compared with approx. 14% in 2016
2020: increase work-life balance opportunities to maximize employee satisfaction and effectiveness	<ul style="list-style-type: none"> ✔ Variety of company programs made available to employees representing opportunities to balance their work and personal life, foster professional effectiveness and increase well-being
2020: strengthen local community involvement through regional implementation of corporate volunteer programs, based on local needs, policies and constraints	<ul style="list-style-type: none"> ✔ More than 24,500 employees volunteered worldwide to support local communities, devoting approximately 240,000 hours during work time, representing an estimated support of €7 million from FCA⁽¹⁾
2020: conduct people satisfaction surveys on a regular basis to monitor and improve effectiveness in talent acquisition, development and retention	<ul style="list-style-type: none"> ✔ People satisfaction surveys conducted globally: <ul style="list-style-type: none"> - more than 44,000 hourly and salaried employees involved - survey results and key findings under evaluation for development of appropriate actions
2020: provide long-term, performance-related incentive plans and development programs at the regional level, in accordance with local requirements and constraints	<ul style="list-style-type: none"> ✔ Approx. 74,500 employees eligible for additional variable pay component defined by trade union agreements upon achievement of the financial targets established in the 2015-2018 period of the business plan ✔ Retention programs and incentives contributed to a reduction in the manager attrition rate compared with previous year ✔ Approx. 12,600 employees participated in exchange programs between FCA regions and companies, high-level training, or MBA Executive programs ✔ Approx. 2,200 recently-graduated new hires involved in induction and orientation programs
2020: develop new initiatives and channels to increase employee contribution to the Group's sustainability profile	<ul style="list-style-type: none"> ✔ Ongoing employee contributions to improve business products and processes continued through several programs⁽²⁾ with approx. 2.8 million suggestions collected, resulting in process improvements and related savings ✔ Developed innovative virtual learning game to increase employee awareness and engagement on sustainability and encourage employees to contribute to FCA's sustainability efforts and results; game made available to 47,000 employees worldwide

⁽¹⁾ This figure represents a conservative estimate that considers total personnel costs, total employees and assumptions on total working days and hours.

⁽²⁾ WCM, Myldea, BIS, BVW, Ideaction, STEP-UP!, VOE and P-Process Continual Improvement.

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

2017 Results

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

- ✓ Reduced Frequency Rate for the 11th consecutive year with 0.09 injuries per 100,000 hours worked (-9% vs 2016 and -79% vs 2010)
- ✓ Reduced Severity Rate for the 11th consecutive year with 0.03 days of absence due to injuries per 1,000 hours worked (-21% vs 2016 and -77% vs 2010) ([read more](#))

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

- ✓ HPP expanded to additional plants, bringing the total to 140 covered, with focus on smoking cessation, nutrition education and promotion of a preventive culture through health and/or medical checks ([read more](#))

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

- ✓ 136 plants certified to OHSAS 18001, covering approx. 98% of manufacturing employees ([read more](#))

Community

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



Targets	2017 Results
<p>2020: serve as a catalyst to help enhance the self-sustaining social-economic development of local communities</p>	<ul style="list-style-type: none"> ✔ Local development opportunities and positive impacts generated in Brazil by the <i>Árvore da Vida</i> program: <ul style="list-style-type: none"> - more than 22,200 individuals reached from 2004-2017 - €682,000 invested in 2017 - social and cultural initiatives continued in partnership with local network representatives ✔ FCA contributed to public school improvements in Brazil through the <i>Rota do Saber</i> program: <ul style="list-style-type: none"> - about 180 schools involved - about 30,000 students and 1,100 teachers reached in the period 2015-2017 - more than €1.2 million invested in 2017 ✔ Contributions to the <i>United Way</i> from FCA, FCA employees, the FCA Foundation and special events totaled approx. €5.9 million ✔ Hygiene conditions improved through the <i>School Sanitation Program</i> in India. Since 2014: <ul style="list-style-type: none"> - 89 government schools involved - more than 14,400 students benefited - around 640 sanitation facilities built - awareness programs on health and hygiene provided
<p>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</p>	<ul style="list-style-type: none"> ✔ Agreement between FCA and Politecnico of Turin (Italy) for the period 2014-2018: approx. €2 million contribution granted to support the <i>Automotive Engineering</i> master degree course in 2017 ✔ <i>Industrial Automation Master</i>, <i>Voluntary Educational Programs</i> and summer schools delivered by Comau to high-potential students from universities worldwide, with roughly 800 hours of lessons offered ✔ Approx. 5,000 students from disadvantaged areas trained worldwide through the <i>TechPro²</i> project ✔ Approx. €346,000 in grants from FCA Foundation to support <i>FIRST</i> programs: 81 teams at the high school and middle school levels supported by more than 90 FCA employee mentors in the U.S. and Canada ✔ <i>Voluntary Educational Program</i> workshop and summer school offered with trainers and tutorship provided by FCA managers for a total of 100 hours, of which 40 focused on environmental sustainability aspects ✔ More than 2,900 children of FCA employees involved in summer camp programs across Europe, including a focus on environmental awareness

Product

Commitment: minimize environmental impacts from our products by reducing CO₂ emissions and improving fuel economy



Targets	2017 Results
2020: achieve 40% reduction in CO ₂ emissions vs 2006 ⁽¹⁾ for mass-market cars sold in Europe, according to EU regulation requirements	<ul style="list-style-type: none"> ✔ Reduced CO₂ emissions in Europe by 21% vs 2006 and by 26% vs 2000 while increasing product portfolio of mass-market cars ✔ 70% of cars sold in Europe recorded emissions less than 120 g CO₂/km and 75% less than 130 g CO₂/km
2020: achieve at least 5% to 15% improvement in fuel economy ⁽²⁾ for major renewals of FCA US vehicles compared with replaced vehicles/models	<ul style="list-style-type: none"> ✔ Fuel economy of new vs replaced vehicles⁽³⁾: <ul style="list-style-type: none"> - 2017 Jeep Compass AWD with 9-speed transmission: +12% - 2017 Jeep Compass FWD with 6-speed automatic transmission: +9% - 2017 Alfa Romeo Giulia: +17% - 2018 Jeep Wrangler Unlimited 3.6-liter: +9% - 2018 Jeep Wrangler 3.6-liter: +6%
2025: actively pursue actions in support of the U.S. EPA/NHTSA industry goal of 54.5 mpg by 2025	<ul style="list-style-type: none"> ✔ Product actions that contributed to fuel efficiency include: <ul style="list-style-type: none"> - Pentastar engine upgrade extended to the 2018 Jeep Wrangler - Launch of all-new 2.0-liter turbocharged I-4 engine, part of Global Medium Engine architecture family, in the 2018 Jeep Wrangler - New eTorque technology integrated into the all-new 2018 Jeep Wrangler and all-new 2019 Ram 1500 - Engine stop-start (ESS) technology integrated into additional models: 2017 Jeep Compass 2.4-liter with automatic transmission, 2017 Alfa Romeo Giulia and 2018 Jeep Wrangler 3.6-liter - Electric power steering (EPS) integrated into the 2017 Jeep Compass - Electro-hydraulic power steering (EHPS) and front axle disconnect integrated into the 2018 Jeep Wrangler - Continued integration of technologies to improve fuel efficiency or decrease emissions, including aerodynamic improvements; LED lighting; weight reductions; tire rolling resistance improvements; thermal control technologies; transmission improvements
2017: at least 6.8% reduction in CO ₂ emissions on average fleet vs 2012 in Brazil	<ul style="list-style-type: none"> ✔ Over 336,000 Flexfuel vehicles licensed⁽⁴⁾ in Brazil (89% of total registered licenses) contributing to the progressive reduction of CO₂ emissions of average fleet
2020: develop electric/hybrid technologies, focusing on solutions that are economically viable, competitive in the marketplace, and beneficial to society	<ul style="list-style-type: none"> ✔ 2018 Jeep Wrangler 2.0-liter I-4 engine all-new eTorque system hybrid functions include: auto stop/start, electric power assist, extended fuel shut-off, transmission shift management, intelligent battery charging and regenerative braking ✔ Jeep Yuntu Concept debuted at the 2017 Shanghai Auto Show, includes a plug-in hybrid powertrain and is designed specifically for the Chinese market

⁽¹⁾ 2006 baseline established using impact assessment guidelines of EC Regulation 443/2009. Rules for CO₂ calculation are defined in EC Regulation 443/2009 and EU Regulation 333/2014.

⁽²⁾ Data is reported to the U.S. National Highway Traffic Safety Administration (NHTSA) and provided by model year, meaning the year used to designate a discrete vehicle model, irrespective of the calendar year in which the vehicle was actually produced, provided that the production period does not exceed 24 months. CAFE standards from NHTSA are set independently for passenger cars and light duty trucks. Fuel economy is based on the most recent NHTSA required submission, which for 2017 reflects mid-model year data. Previous year data is adjusted to reflect final EPA/NHTSA reports.

⁽³⁾ All improvements represent combined fuel economy compared with the replaced model.

⁽⁴⁾ Official data communicated to Brazil's INOVAR-Auto program that establishes a minimum average vehicle energy efficiency for 2017 expressed in megajoules per kilometer (MJ/km).

Key:

+ Target exceeded

✔ Target achieved or in line with glide path

◐ Target partially achieved

○ Target postponed

Targets

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

2017 Results

- ✔ FCA confirmed among leaders for natural gas vehicles in Europe:
 - more than 740,000 natural gas vehicles produced since 1997
 - wide offering of CNG models: 7 passenger cars and 5 light commercial vehicles
- ✔ Experimental project with CAP Group: a Fiat Panda Natural Power is operating on biomethane produced from sewage sludge and waste water
- ✔ Biomethane “tour de France” campaign launched in France to communicate and promote the potential of this alternative fuel

2020: reduce CO₂ emissions by 30% vs 2008 on entire Maserati product range

- ✔ Maserati's electrification strategy on course for implementation

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



Target

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

2017 Results

- ✔ Expanded FCA's collaboration with Waymo to integrate self-driving technology into Chrysler Pacifica Hybrid minivans. An additional 500 Chrysler Pacifica Hybrid minivans were delivered to Waymo for use in Waymo's test fleet
- ✔ Signed a memorandum of understanding to join the BMW Group, Intel and Mobileye to create a state-of-the-art autonomous driving platform for global deployment and is exploring other ways through which we can provide these services to our customers
- ✔ Expanded Uconnect LIVE availability across all vehicle lines in Europe
- ✔ Launched Mopar Connect in Europe to expand the mobility service portfolio
- ✔ Launched eco:Drive MiniFleet in Europe to optimize the fleet management from a fuel efficiency standpoint
- ✔ Enjoy,⁽⁶⁾ the car-sharing service launched by Eni in partnership with FCA and Trenitalia, reached approx. 675,000 individuals and 13 million rentals since 2013
- ✔ Signed a memorandum of understanding with Eni to reduce CO₂ emissions and support sustainable mobility, including a pilot project with a fleet of Fiat 500 vehicles running on a new alternative fuel (15% methanol and 5% bioethanol)

⁽⁶⁾ Already available in Milan, Rome, Florence, Turin and Catania (Italy).

Key:

+ Target exceeded

✔ Target achieved or in line with glide path

⦿ Target partially achieved

○ Target postponed

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



Targets

2017 Results

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

- ✔ Critical review by a third-party certification firm for compliance verification of the LCAs applied to the following vehicles:
 - Fiat Tipo Hatchback 1.6-liter 120 hp diesel vs 1.4-liter 120 hp gasoline
 - Fiat Doblò 1.3-liter 95 hp diesel vs Fiat Fiorino 1.3-liter 95 hp diesel
 - Alfa Romeo Stelvio 2.2-liter 210 hp diesel vs Alfa Romeo Giulia 2.2-liter 210 hp diesel
- ✔ LCA completed on Fiat Argo Drive 1.0-liter Flexfuel vs Fiat Novo Palio Attractive 1.0-liter Flexfuel
- ✔ LCA completed on Fiat Argo Drive 1.3-liter Flexfuel vs Fiat Punto Attractive 1.4-liter Flexfuel
- ✔ LCA completed on Fiat Argo comparing Drive 1.0-liter, Drive 1.3-liter and Precision 1.8-liter versions
- ✔ LCAs completed on two Magneti Marelli products: LED-halogen turn signal and brake pedal
- ✔ LCA completed on the application of aluminum on engine blocks
- ✔ LCA completed on the use of hollow glass bubbles as fillers for thermoplastics

2020: minimize environmental impact of materials used in vehicles

- ✔ Collaborated with European Automotive Manufacturers Association (ACEA) on defining the Global List of Automotive Process Substances (GLAPS)

2020: increase the use of renewable and recyclable materials in next generation vehicles with a focus on recycling and substitution opportunities for critical raw materials

- ✔ Began collaborative work on the EU Horizon 2020 REVALUE Project aimed at optimizing the recycling of carbon fibers for automotive applications
- ✔ Began collaborative work on the EU Horizon 2020 BARBARA Project on biopolymers with advanced functionalities for the construction and automotive industries through additive manufacturing
- ✔ Began work on the EU Horizon 2020 MAGENTA Project to develop innovative liquid thermoelectric materials for exhaust-heat recovery for production of electric energy
- ✔ FCA's research and design organizations evaluated potential use of recycled and bio-based textiles and synthetic leather
- ✔ Approx. 10% increase in number of sustainable materials included in the FCA US approved sources list for plastics and textiles
- ✔ New recycled materials approved for:
 - Chrysler Pacifica under-carpet floor filler, roof rack gasket, exhauster vents, cowl vent screens
 - Ram 2500 fan shroud
 - Front and rear wheel liners on various vehicles

2020: outperform European Union reuse/recycling quota target (85%) and reuse/recovery quota target (95%)

- ✔ All Group vehicles sold in Europe were 95% recoverable and 85% recyclable by weight

2020: improve efficiency in management of End-of-Life Vehicles (ELVs) and exceed minimum regulatory requirements with expansion of qualified and certified ELV network in relevant markets

- ✔ ELV network capacity expanded in Belgium and Norway, to begin end-of-life management of lithium-ion batteries
- ✔ 100% of tires collected from dismantlers in Italy, resulting in approx. 24,800 tons being used in recycling activities
- ✔ 278 dismantlers selected on the basis of environmental and quality criteria to serve the FCA Italian ELV network
- ✔ ELV monitoring activities increased, reaching 75 markets across the EMEA, NAFTA, LATAM and APAC regions

Customer Focus

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



Target	2017 Results
<p>2020: continue to focus on vehicle occupant safety through advanced solutions encompassing all safety aspects while:</p> <ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> ✔ Launched “Leave No Doubt” program to encourage employees, contractors, suppliers and dealers in the NAFTA region to report any issue which may concern vehicle safety, emissions or regulatory compliance ✔ In-vehicle notifications functionality launched to display recall and service notifications on Uconnect touchscreen, available on equipped U.S. vehicles ✔ 2017 Alfa Romeo Giulia named an IIHS Top Safety Pick+ ✔ 2017 Jeep Compass named an IIHS Top Safety Pick ✔ 2018 Chrysler Pacifica achieved US NCAP 5-Star rating ✔ 2018 Dodge Charger achieved US NCAP 5-Star rating ✔ 2018 Dodge Challenger achieved US NCAP 5-Star rating ✔ Jeep Compass achieved Euro NCAP 5-Star rating ✔ Alfa Romeo Stelvio achieved Euro NCAP 5-Star rating

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



Target	2017 Results
<p>2020: achieve top quartile⁽¹⁾ competitive position for vehicle portfolio, leading to increased customer loyalty and advocacy for our products based on applicable regional benchmarks</p>	<ul style="list-style-type: none"> ✔ Improved on average more than 7% globally for the rate of repair in the first 90 days of ownership ✔ Improved on average nearly 10% globally for Things Gone Wrong from surveys that evaluate functionality and design issues

⁽¹⁾ Vehicle portfolio will place within the top 25% of benchmark data.

Commitment: strengthen relationship with customers worldwide and achieve higher satisfaction levels



Targets	2017 Results
2020: support and engage existing and potential customers through a global Customer Care platform and dedicated initiatives or channels	<ul style="list-style-type: none"> ✔ Provided worldwide customer assistance in 31 different languages ✔ Handled more than 26 million contacts worldwide ✔ Offered additional innovative communication channels for existing and potential customers worldwide (read more)
2020: achieve customer service levels ⁽²⁾ in all regions in line with the Group's best performing region	<ul style="list-style-type: none"> ✔ Achieved customer service performance across regions ranging from 79% to 88% call response within 20 seconds (read more)
2020: support customer experience within the dealer network by focusing on personnel development and quality management programs	<ul style="list-style-type: none"> ✔ Provided more than 5.6 million training hours to sales, after-sales and technical personnel within FCA's dealer network worldwide ✔ Expanded Mopar Career Automotive Program by 13% to train high-potential, entry-level automotive technicians (read more) ✔ Through the TechPro² program, trained approx. 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 811 internships at FCA after-sales centers

Commitment: reduce environmental impact of sales activities and promote excellence in the dealer network



Targets	2017 Results
2017: achieve 20% reduction (vs 2012) in average cumulative kWh of electricity consumed at Company-owned dealerships in Italy	<ul style="list-style-type: none"> ● Reduced by 5% (vs 2012) electricity consumption at Company-owned Italian dealerships, with 100% of electricity supplied from the grid coming from renewable sources
2017: progressively introduce eco-efficiency guidelines and best practices at both independent and Company-owned dealerships	<ul style="list-style-type: none"> ✔ Launched an LED lighting initiative to reduce electricity consumption in the U.S. dealer network

⁽²⁾ Group level refers to the level of service across the four regions: EMEA, NAFTA, LATAM and APAC.

Key:

+ Target exceeded

✔ Target achieved or in line with glide path

◐ Target partially achieved

○ Target postponed

Production

2020 targets for this section are based on current estimates of future production volumes according to the 2014-2018 business plan period.

Commitment: optimize environmental performance of production processes



Targets

2017 Results

2020: achieve 32% reduction in CO₂ emitted per vehicle produced vs 2010 at mass-market vehicle assembly and stamping plants worldwide

✔ Reduced by 33% CO₂ emissions per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 0.616 to 0.413 tons CO₂/vehicle) [\(read more\)](#)

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

✔ Reduced by 24% energy consumption per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 7.36 to 5.60 GJ/vehicle) [\(read more\)](#)

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

✔ 100% of electricity supplied from the grid and consumed by mass-market vehicle plants in Italy (accounting for 55% of EMEA region electricity) and Brazil originating from renewable sources [\(read more\)](#)

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

✔ Reduced by 37% water consumption per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 4.99 to 3.12 m³/vehicle) [\(read more\)](#)

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

✔ Achieved 99% water recycling index at FCA plants worldwide [\(read more\)](#)

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

✔ Reduced by 58% waste generated per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 217.2 to 90.8 kg/vehicle) [\(read more\)](#)

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

✔ Reduced by 62% hazardous waste generated per vehicle produced at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 8.2 to 3.1 kg/vehicle) [\(read more\)](#)

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

✔ Achieved 96% waste recovery at mass-market vehicle assembly and stamping plants worldwide [\(read more\)](#)

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

✔ Reduced by 19% VOC emissions per square meter painted at mass-market vehicle assembly and stamping plants worldwide vs 2010 (from 32.4 to 26.2 g/m²) [\(read more\)](#)

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

✔ 143 Group plants certified to ISO 14001, accounting for nearly 100% of total Group industrial revenues⁽²⁾ and covering 98% of manufacturing employees⁽³⁾

✔ ISO 50001 certification for plants, accounting for 95% of total FCA energy consumption [\(read more\)](#)

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

✔ WCM program implemented in 151 plants, accounting for more than 98% of total Group manufacturing cost base

✔ Award performance level achieved in 98 plants (61 bronze, 32 silver and 5 gold level), accounting for 85% of Group plants adopting WCM [\(read more\)](#)

⁽¹⁾ For ISO 50001 only where material: corresponding to at least 95% of energy consumption of all Group plants.

⁽²⁾ Industrial revenues are those attributable to the activities of plants directly controlled by the Group.

⁽³⁾ Manufacturing employees are those directly and indirectly involved in manufacturing processes.

⁽⁴⁾ Percentage based on the total manufacturing cost base.

Suppliers

Commitment: promote social and environmental responsibility among suppliers



Targets	2017 Results
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	<ul style="list-style-type: none"> ✔ Approx. 260 smelters and refiners contacted by FCA to join the Conflict-Free Smelter Program and audited as conflict free ✔ Delivered training on Conflict Minerals and ethical sourcing to 77 suppliers ✔ FCA engaged with multi-stakeholder groups in proactive and material actions supportive of the OECD Due Diligence Guidance for Materials
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	<ul style="list-style-type: none"> ✔ 48 audits of major FCA suppliers performed, of which 14 were conducted by FCA Supplier Quality Engineers and 34 conducted by third-party auditors ✔ More than 800 sustainability self-assessment questionnaires submitted by FCA suppliers, representing approx. 72% of FCA 2017 annual purchased value (from direct and indirect material suppliers)
2020: monitor CO ₂ emissions of 90-100% of top Group suppliers (representing approx. 57% of purchases by value) through the CDP supply chain program	<ul style="list-style-type: none"> ✔ 237 suppliers invited to respond to the CDP Supply Chain program, with a response rate of 70%, representing approx. 50% of FCA 2017 annual purchased value (from direct and indirect material suppliers)

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

2017 Results

- ✔ Expanded to 200 the number of low-emissions natural-gas powered trucks in FCA owned transport fleets operating in North America and Europe
- ✔ New projects implemented or expanded to improve worldwide transport operations, such as:
 - optimization of routes
 - use of intermodal solutions
 - increase of transport capacity[\(read more\)](#)
- ✔ Performance and environmental impact of packaging and protective materials improved through:
 - investments in standard containers
 - optimized design of special racks for premium parts
 - adoption of returnable crates in selected flows[\(read more\)](#)

Corporate Governance

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

Key Figures



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Relevant UN Sustainable Development Goals (SDGs)



Corporate Governance

FCA's governance supports how we do business on a daily basis, enabling us to lead the way to 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 11 Directors, including both executive and non-executive – is responsible for the management and strategic direction of the Group. The designation of Directors as either executive or non-executive is determined by shareholders at the time of election.

The Board of Directors is composed of two executive Directors (i.e., the Chairman and the Chief Executive 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 and the general affairs of the Company and its affiliated enterprise, including the implementation of the strategy of the Company regarding long-term value creation. 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 consider seven of our 11 Board members to be independent. These Board members are all deemed "independent" under the New York Stock Exchange (NYSE) definition.

In December 2017, the Board of Directors adopted a diversity policy for the Board of Directors (the Diversity Policy), since 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 international standards:

- there are 11 Directors, ensuring the effective functioning of the Board and its Committees
- the Board is composed of three women and eight men
- Board member average age is 59
- a skill matrix of the Board members is provided on the corporate website.

During 2017, there were four meetings of the Board of Directors. The average attendance at those meetings was 100%.

Full disclosure of FCA's governance structure is available in the 2017 Annual Report.

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 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 2017, the Governance and Sustainability Committee met three times with 100% attendance of its members at such meetings. The Committee reviewed the Board's and Committee's assessments, the Sustainability achievement and objectives, the revised Dutch Corporate Governance Code and related requirements, and the recommendations for Directors' election.

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 shareholders, 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, FCA involves every area, every function and every employee, 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 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 annual Sustainability Report.

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 Sustainability Group Coordinator is also a member of the GEC and coordinates the activities with the support of the Responsible of the Sustainability Team. The Sustainability Team, with members located in Italy, Brazil, China and the U.S., facilitates the process 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 delegated to 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 to the Governance and Sustainability Committee.

GRI: G4-34, G4-35, G4-36, G4-37, G4-38, G4-40, G4-42, G4-43, G4-44, G4-45, G4-48, G4-49

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.

FCA endorses the United Nations (UN) Declaration of Human Rights, the International Labour Organization (ILO) Conventions and the Organization for Economic Co-Operation and Development (OECD) Guidelines for Multinational Companies. The FCA Code of Conduct is intended to be consistent with such guidelines 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 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
- 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 that cover specific issues to emphasize the Company's accountability and commitment to a culture of responsibility and integrity. These include, among others, statements related to: human rights, competition, sustainability for suppliers, environmental management, responsible taxation, advertising and marketing communication, and Conflict Minerals.

The Code applies to all Board members and officers of Fiat Chrysler Automobiles N.V. and its subsidiaries, as well as full-time and part-time employees of FCA and any of 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.

FCA uses its best efforts to ensure that the Code is regarded as a best practice of business conduct and observed by those third parties with whom it maintains business relationships of a lasting nature such as suppliers, dealers, advisors and agents.

The Code may be consulted and downloaded from FCA's corporate 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 the Head of Internal Audit & 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 systematically measured.

During 2017, FCA offered training on conflict of interest, export controls, anti-corruption, anti-trust, compliance with the Italian legislative decree n° 231/2001 (where applicable), corporate governance and human rights (including non-discrimination) to roughly 153,600 FCA employees and security personnel employed by the Group.

Acting Responsibly

In 2017, FCA acted to reinforce the level of compliance with the Code of Conduct by affirmatively requiring employees to report a non-compliance. Unless local law provides otherwise, employees must now 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 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 (35 dedicated numbers in 21 languages) and web to report any concerns of alleged situations, events, or actions that may be inconsistent with the Code. 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 continuous 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 Internal Audit & Compliance
- checks forming part of the standard operating procedures.

GRI: G4-DMA, G4-15, G4-56, G4-57, G4-58, G4-HR2, G4-HR7, G4-PR7, G4-SO4

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 is periodically updated on the status of the allegations with a specific focus on significant cases.

Whistleblowing Procedures

by Code of Conduct categories

	Total closed cases	Total confirmed cases
Managing Our Assets and Information	1,135	940
Interacting with External Parties	110	54
Conducting Business	36	18
Protecting Our Workforce	238	99
Total⁽¹⁾	1,519	1,111

⁽¹⁾ The increase compared to 2016 is mainly due to a significant number of allegations related to the same topic (or issue) and closed all together.

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. Conducting Business 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.

Regular audits conducted by the FCA Internal Audit & Compliance department are intended to verify compliance with business ethics standards, including those that relate to corruption, and are based on the annual risk assessment.

Human Rights

The Group is committed to the prevention of adverse human rights conditions. FCA requires adherence to internationally recognized 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 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 its worldwide operations with the highest regard for the health and safety of its workforce in accordance with applicable laws and is dedicated to continuously 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 any part of our business and in our supply chain.

GRI: G4-DMA, G-15, G4-57, G4-58, G4-EN34, G4-LA16, G4-HR1, G4-HR3, G4-HR12, G4-SO3, G4-SO5, G4-SO11

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

1. an annual survey aimed at detecting any case of child and forced labor at worldwide FCA companies, including those located in countries that have not ratified ILO Conventions on these issues. In 2017, no incidents of child labor or forced and compulsory labor were reported in any of the companies mapped.
2. a Human Rights self-assessment, part of the standard Internal Audit & Compliance work program in all four FCA regions. This assessment aims to evaluate an effective application of the UN Ruggie Framework Guiding Principles on Business and Human Rights. This survey gauges local supplier conditions, and checks are 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 2017, the human rights self-assessment compliance checklist was performed by individual legal entities and reviewed by Internal Audit & Compliance, with a coverage of 65% of the FCA workforce worldwide.

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 efforts as applied to our products and our 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 wastes and losses (including injuries) at our manufacturing operations by applying methods and standards with rigor, and with the involvement of the entire 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 has established targets to contribute to the goal of transitioning to a low-carbon future.

To reduce the impact of our vehicles, we strive to reduce CO₂ 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 CO₂ 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.

Global goals for our manufacturing plants include:

- reducing energy consumed per vehicle produced by 30% from 2010 to 2020
- reducing CO₂ 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 CO₂ emissions of at least 90% of top suppliers (accounting for about 57% of purchases by value) by 2020.

Transacting 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.

Anti-bribery and anti-corruption laws implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the OECD Guidelines, the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act and similar laws prohibit providing, directly or indirectly (such as through an intermediary), anything of value not only to domestic, but also to foreign government, political or military employees or officials, foreign political party officials or candidates; employees of foreign government owned or controlled entities; or representatives of international organizations (such as the United Nations or the World Bank); or to private entities/individuals for the purpose of obtaining or retaining business or securing any improper advantage.

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.

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.

In order to assist the workforce in the management of conflicts of interest or any potential conflicts, starting from 2018 it is possible to submit a disclosure through the new module within the FCA Ethics Helpline.

As reported in the FCA Code of Conduct, the Group is committed to conducting its government and public institution relations, including lobbying, in strict and full compliance 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 2017, no contributions were made by FCA to political parties.

Data Privacy

More than ever, data has become an essential business asset. FCA is taking measures to keep data secure while devoting resources to innovative technologies that address changing customer expectations for connected products and services, as well as the progressive digitalization of the working environment.

In conducting our business operations, FCA collects personally identifiable information ensuring a high level of protection and security.

FCA considers 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 operates in accordance with the laws and regulations around the world that govern the collection and processing of personal data and with Data Privacy Guidelines that provide guidance on how to manage personal and sensitive data, and prevent potential privacy and security risks and incidents.

Legal Proceedings

Various legal proceedings, claims and governmental investigations are pending against the Group on a wide range of topics. The Group monitors the status of pending legal procedures and consults with experts on a regular basis.

During 2017, the Group has not received an individual final judgment, or group of related final judgments, relating to a breach of i) environmental legislation, ii) rights of local communities, iii) privacy, iv) product liability, v) unfair competition, intellectual property and antitrust, vi) contractual liability, vii) product and service information and labeling, viii) litigation with suppliers and ix) human rights that would be considered material to the Group's operations.

For further details and information relating to the legal proceedings of the Group, please refer to the Legal Proceedings section of the Form 20-F.

Risk Management

Risk management is essential for sound corporate governance within the planning, execution and management of FCA's operations. Our comprehensive approach monitors risks and develops strategies to manage internal and external conditions that could challenge our physical assets, disrupt operations or affect the communities where we are located. 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.

Key Figures



€32 Million
invested in loss prevention
and risk mitigation



50+
risk drivers
identified

Relevant UN Sustainable Development Goal (SDG)



Risk Management

Our management and mitigation of risks to our business encompass a broad array of topics, 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 among the FCA supply chain.

Whether considering local, regional or global risks, their impact can be minor or significant. They are often tangible – usually quantified in financial terms – or more qualitative, such as the reputational risk among consumers, business partners or investors. After first identifying the risks, we take preemptive steps to reduce their likelihood of occurrence, develop plans for responding to risks should they occur, and where possible, 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 its 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 Pure Risk Management 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 engineering 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. They coordinate and conduct 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 regional Risk Management Committee. Regional/company Chief Executive Officers and/or Chief Operating Officers of these operating segments review and approve their respective risk assessments and submit these results to the central ERM team. The central 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 risk dashboards created to monitor major risk indicators as well as current and go-forward mitigation efforts. 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 2017 include risks related to product quality and customer satisfaction; product portfolio strategy; technology development and launch; talent management; supply chain and supplier dependency; and regulatory compliance. Each of those global focus risks have been classified according to the COSO risk categories and corresponding risk factors have been assigned. Control measures and mitigating actions are defined for each identified risk.

For further details, see Significant Risks Identified and Control Measures Taken in the 2017 FCA Annual Report.

GRI: G4-DMA, G4-2, G4-14, G4-45, G4-46, G4-47, G4-49, G4-50, G4-EC2

Business Continuity Management

Resilience is essential in managing business operations and returning to normal production schedules when a catastrophic event causes a major disruption. These potential events include natural disasters, pandemics, facility issues, cyberattacks, or events within our supply chain. Our Business Continuity Management is a structured and disciplined approach to reducing the likelihood of these situations affecting us, and mitigating their impact if they do occur.

The Business Continuity Management process has four major elements:

- conducting an enterprise risk assessment, during which facilities and functions are analyzed in terms of their relative vulnerability and the potential impact of disruptions. Reputational, operational and financial risks are taken into account, and a heat map is developed to enable prioritization for the business continuity plan.
- undertaking a Business Impact Analysis (BIA) for each facility or function, beginning with the higher-risk entities. A BIA identifies and rates all major buildings, equipment, processes, human resources, suppliers and information and technology systems based on their criticality in achieving operational objectives, and required time to recover is determined.
- developing a Business Continuity Plan (BCP), which specifies the procedures for business recovery
- testing the BCP, generally through a simulation exercise.

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

By the end of 2017, Business Continuity Plans had been developed for 20 high-risk manufacturing plants in the United States, Canada and Mexico, accounting for nearly 90% of FCA's total NAFTA revenue attributed to vehicle sales. Plans have also been developed for a core set of supporting corporate functions in the U.S. and Mexico that most directly impact operations. To improve efficiency and accuracy, we use a customized relational database for creating, tracking and sharing business continuity data, plans, and risk mitigation actions across the enterprise.

Because disruptions to business operations may also impact non-manufacturing activities, FCA Services has also put Business Continuity Plans 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 Business Continuity Plan follows the best practices and requirements of international standards (FCA Services is ISO 27001 certified) and focuses on the safety of employees and on continuity of services.

This Plan includes:

- Policies and Procedures 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.
- Business Continuity Plans with all steps and actions to be taken in case of a disruption
- disruption scenarios to be prepared addressing adverse situations
- continuous 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 continuous improvement of the Business Continuity Plan.

Management of Pure Risk

Short- or long-term disruption in operations, as well as damage to goods or facilities, can occur from natural causes such as earthquakes or floods, or from accidental or malicious acts, such as fire, explosions, or cyberattacks, and are classified as pure risks.

Risk mitigation processes, particularly loss prevention, are embedded in FCA's day-to-day activities.

The Fiat Chrysler 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 Fiat Chrysler Risk Management center of competence leads the development of loss expectancy scenarios as well as recovery and/or mitigation options. 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 1,355 sites worldwide covered by the insurance programs.

The Pure Risk Management process is conducted with the support of external consulting firms that specialize in industrial risk and use field audits to provide an impartial, in-depth and continual assessment of risk across the Group.

During 2017, FCA's risk management entities were responsible for managing 231 sites worldwide, representing 86%⁽¹⁾ of total insured value.

To ensure that industrial risk is adequately and efficiently monitored, more than 95% of FCA's total insured value⁽¹⁾ managed by Fiat Chrysler Risk Management is surveyed at least once every three years and more than 50% is surveyed annually. In 2017, 109 sites, representing approximately 74% of FCA's insured value,⁽¹⁾ and 372 new projects were inspected or monitored to ensure conformity with international standards in loss prevention.

In 2017, FCA invested €32 million in targeted loss prevention and physical risk mitigation measures that led to a reduction in overall loss expectancies of approximately €3.3 billion during the year, due largely to the completion of automatic sprinkler system upgrades. Figures relate to the insurance year from July 1, 2016 to June 30, 2017.

By concentrating and strictly controlling the fire protection investments at selected vital sites, an overall Global Efficiency Index (GEI) of 0.98 was achieved, representing a reduction of 100€ of Loss Expectancy for every 0.98€ invested. The Global Efficiency Index for loss mitigation (GEI = cost of protection/reduction of expected damage) is recognized as a measure of effectiveness for industrial risk management. These actions made it possible for FCA to maintain 75% of the total insured values⁽¹⁾ certified by the insurance market as Highly Protected Risk (HPR). The HPR system 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.

Industrial losses from natural hazards can be caused by earthquakes, flooding, tornadoes or severe storms. Climate change has the potential to further influence the magnitude and frequency of hydrogeological and meteorological disasters, and may introduce new hazards in areas unfamiliar with them.

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.

⁽¹⁾ 2018 insured values in scope.

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
- improve risk profiles of each functional area to minimize environmental risk costs
- 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.

Ninety-one percent⁽²⁾ of FCA's worldwide total insured value was analyzed and quantified using this methodology.

To validate information collected through 113 self-assessments, 23 ad hoc on-site visits have been conducted at Group sites considered representative in terms of size, activity and geographical distribution. In 2017 alone, there were 53 self-assessments and 4 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 environmental risks have been adequately identified and quantified and are properly managed, enabling the Group to secure comprehensive global 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 state-of-the-art 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 2017, the collaboration consolidated and extended 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 38 sites, bringing the total to 88 sites since the launch of the project
- the Level 2 analysis, providing quantitative seismic loss assessment, applied to two locations identified as top risks during the Level 1 analysis, bringing the total to four sites since the launch of the project
- the Level 3 analysis, consisting of on-site earthquake-specialized loss prevention engineers developing dedicated risk mitigating recommendations, was applied to selected plants.

Flood Risk Project

To verify whether the FCA methodologies used to identify and quantify flood exposures are still the most advanced available, 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 to 189 sites globally, and identified 93 sites where a second flood risk study is recommended. Forty-nine second level studies were completed in 2017.

⁽²⁾ 2018 insured values in scope.

Parking Lot Project

This global project, piloted in 2016, 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 positive results from the pilot led to the project's expansion to 188 vehicle parking lots by the end of 2017. Methodology and tools were recognized as an industrial best practice by the insurance market.

Supply Chain Risk

Managing the complexity of multi-tier supply chains presents particular challenges for all major industries, including the automotive sector. FCA strives to implement strategies that manage both everyday and exceptional risks along the supply chain.

Suppliers who meet 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.

The process, led by Fiat Chrysler Risk Management and FCA Purchasing, begins with a simplified, semi-quantitative approach: already available information (financial, business, industrial and geopolitical) is used to prioritize suppliers. This helps focus engineering resources on those crucial suppliers with the greatest potential impact or loss likelihood to FCA supply chains. A second step entails a methodology and supporting tool that allows FCA to assign a risk management maturity index to the supplier risk management processes. It is based on suppliers with mature risk management practices managing their risks and minimizing the probability of an extended production stoppage in one of their key manufacturing plants. The final step is to work with specialized third-party risk engineering advisors to conduct focused loss prevention audits of targeted suppliers to identify and quantify risks that could impact the supply of components to FCA and develop adequate action plans to mitigate those risks.

The methodology and reporting tools enable focused loss prevention supplier audits to be conducted and required information to be collected to:

- quantify the potential exposure to FCA
- define the fire and natural hazard loss scenarios and quantify the production downtime
- estimate the time to restart and time to resource
- identify potential equipment bottlenecks, critical equipment and vital Tier 2 or 3 suppliers.

In 2017, this methodology was applied to selected EMEA suppliers.

FCA strives to better identify suppliers throughout the many tiers of the supply chain. 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.

Cyber Risk Management

An interfunctional work group composed of FCA cyber risk experts and insurance market leaders, and coordinated by the Fiat Chrysler Risk Management loss prevention team, completed a comprehensive and thorough infrastructure risk assessment in 2017 focused on insurance needs. The ad hoc risk assessment framework covers:

- 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.

This effort allowed the design and purchase of dedicated insurance coverage.

3

Employees and Community

Employees

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Community

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Employees

FCA's worldwide team of around 236,000 employees brings together a diverse set of skills and experience to create value for our many stakeholders inside and outside the Company. We endeavor to create a rewarding, safe and healthy workplace that enables employees to collaborate in ways that transform differences into strengths, breaking down geographic and cultural barriers, and developing each person's potential.

Key Figures



236,000
employees



1 global
leadership model

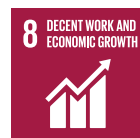


1 Safety Pillar
worldwide through
World Class Manufacturing



2.4
Million hours
of training

Relevant UN Sustainable Development Goals (SDGs)



Employees

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

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

As of December 31, 2017, the Group employed 235,915 people.

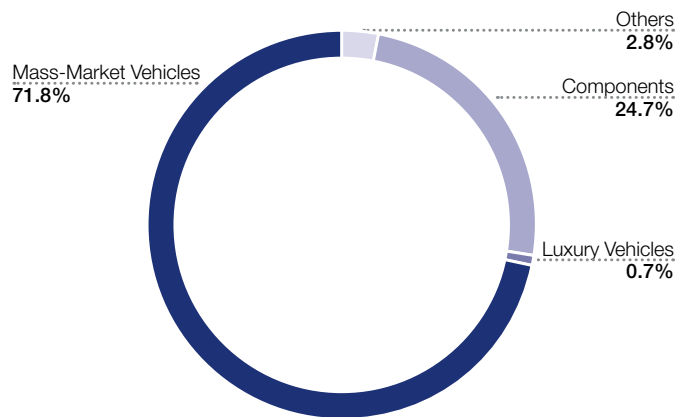
Workforce Trend by Year

FCA worldwide (no.)



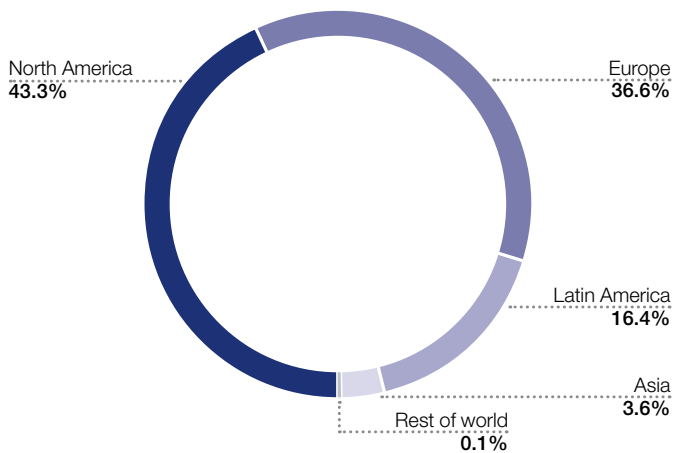
Workforce by Operating Segment

FCA worldwide



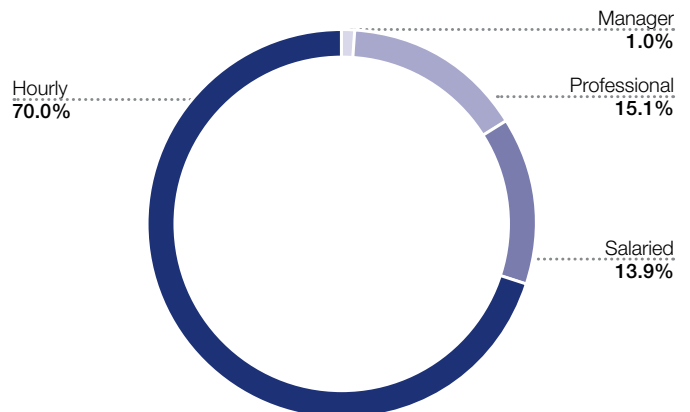
Workforce by Geographic Area

FCA worldwide



Workforce by Category

FCA worldwide



GRI: G4-DMA, G4-9, G4-10, G4-13, G4-LA1, G4-LA10, G4-LA12

Diversity and Inclusion

We embrace inclusion and do not tolerate discrimination in our workplace.

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.

We strive to ensure equal employment opportunities for members of our workforce 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, or genetic information, among others. Promoting equal opportunities in the workplace is vital to FCA's human resources management and long-term success. A wider, more diverse pool of talent improves the Company's understanding not only of our workforce, but of our customer base as well.

Several programs are in place across the Group to foster a diverse and inclusive work environment among employees. The FCA US Diversity Council works to improve the representation of women and ethnic minorities. Diversity within North America is also represented by the longstanding Business Resource Groups (BRGs). The BRGs (African American Network, Latins in Connection Network, Asian Network, First Nations Network, Gay and Lesbian Alliance, Women's Alliance and the FCA Veterans' Group) provide multicultural learning opportunities, mentoring and networking for employees, and support for community outreach initiatives and charitable events.

FCA is aligned with the vision of the United Nations Sustainable Development Goal on Gender Equality through a variety 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.

The Women's Alliance hosted an event for more than 150 daughters of employees who took part in a half-day program designed to help young women discover their strengths, interests and to prepare them to pursue a range of possible career paths.

A leadership program aimed at supporting women in managerial positions was deployed across Europe. This program, designed for female managers, provided training and coaching, equipping participants with concrete insights to boost their networking skills and role effectiveness within the organization.

Women by Category

FCA worldwide (%)

	2017	2016	2015
Hourly	20.6	20.1	19.5
Salaried	28.3	28.3	28.6
Professional	19.8	19.5	19.2
Manager	14.9	14.1	13.5
Total workforce	21.5	21.2	20.7

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 2017, the employment level of the disabled among the Group's workforce was surveyed across 32 countries, covering 66% of the total workforce. The survey showed that in the countries where regulatory requirements exist (14 mapped), employees with disabilities made up 3.5 % of total employees, compared to the 2.9% reported in the 2015 survey.

GRI: G4-DMA, G4-LA12

Management and Development

Core values, shared among employees at every level, help FCA to achieve and maintain the discipline and passion needed to succeed in today's automotive market. Our approach to leadership and development is embodied in the commitment to five key leadership principles, which provide the basis for every decision including the appointment of leaders:

- 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 deliver what we promise.

Performance and Leadership Management (PLM) is the appraisal system adopted worldwide to assess FCA manager, professional and salaried employees and upon which the variable compensation is based. Through PLM, specific targets are established to guide and assess employees in relation to their results and behaviors. Complete performance and leadership mapping processes were conducted during 2017 for approximately 65,600 FCA employees.

The PLM process provides the framework for talent management, succession planning and the orientation of our culture around sustainability principles and goals. Sustainability targets are embedded into the business and thus are part of organizational objectives used for annual performance evaluations.

Talent Management and Succession Planning

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

Our succession planning process helps identify employees with high potential and create opportunities to gain experience in other geographic or business areas as well as engagement with senior management. On average, 43% of FCA's posted positions are filled with internal candidates. 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 job rotations, coaching, mentoring and training.

The Group invested approximately €54 million in training during 2017, delivering 2.4 million hours of training to more than 140,000 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 (77.3%), managerial skills (7.7%), cross-cultural awareness and language skills (7.7%) and corporate campaigns, rules and commitments (7.3%).

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 €2.2 million enabled by a training cost of about €1.1 million in 2017.

In 2017, a new approach to learning was inaugurated through the FCA Learning City, an innovative virtual learning platform.

This platform enables employees to grow, share and challenge their individual professional skills with other colleagues in a learning community that:

- facilitates learning and self-development by means of gamification
- favors networking and sharing of expertise
- challenges top learners to resolve real business cases.

This shift in FCA's approach to learning puts employees even more at the center of their development paths, in a setting of self-accountability and empowerment.



47,000+
employees
invited to participate in the
Sustainability
Boulevard training

In 2017, through this new learning platform, a training project called the Sustainability Boulevard was made available to roughly 47,000 employees worldwide. Topics included the Company's commitments and achievements, and how the various business areas can contribute to FCA's sustainability efforts.

GRI: G4-DMA, G4-LA9, G4-LA10, G4-LA11

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.

Between 2016 and 2017, more than 44,000 hourly and salaried employees have been 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. In 2017, one of these broad campaigns surveyed worldwide employees from several business functions and revealed that, on average, participants responded favorably about the company and their working experience at FCA. When compared with other manufacturing firms, the favorability rate was in line with industry averages. Asked to describe the corporate culture, the key words most frequently used were “collaborative,” “team,” and “diverse.”

This and other information derived from the above reported initiatives is under evaluation for development of appropriate actions.

Several tools and programs are also in place worldwide to collect suggestions from employees. The World Class Manufacturing program offers our largest worldwide example of employee engagement. In 2017, more than 2.6 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 176,000 ideas generated through direct and spontaneous engagement of employees worldwide.



2.6 Million
suggestions
through the WCM process

Compensation and Reward

FCA employs a progressive 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.

The Company reviews market-driven benchmarks 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 closing competitive gaps with respect to market position, giving priority to top performers. Variable compensation and career development are impacted by individual contribution, which is vigorously evaluated through a 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 its 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 October 2017, FCA conducted our annual analysis of various company compensation and benefits over the entire workforce.

Findings show that more than 67% of employees are eligible for a supplementary retirement plan and during 2017 more than 77% of these employees participated in this type of plan, representing 52% of the total employee base.

Supplementary retirement plans provided by the Group fall into two categories:

- defined contribution plans, for which contributions (by employees, the company or both) are defined at the outset, and benefits depend on the total sums allocated to the fund supporting the plan and the financial returns of the individual account holders. Most existing retirement plans at Group companies are defined contribution plans.
- defined benefit plans, in which the future benefits paid out to employees are defined at the outset, and contributions may vary over time to fund the payment of the pre-defined benefits.

GRI: G4-DMA, G4-EC3, G4-LA2

Company-provided health plans are also available for FCA employees, and roughly 69% of the surveyed population participated in a company-provided health plan. Childcare services are also offered at some locations to help employees achieve work-life effectiveness by responding to the needs of the family.

The Group also 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 entitled to benefit)

Supplementary retirement plans	67
Company-provided health plans	82
Life insurance	64
Financial support for disability/invalidity	71
Employee cafeteria or lunch vouchers	61
Childcare services ⁽¹⁾	39
Wellness and nutrition programs ⁽²⁾	66
Gym/fitness services ⁽³⁾	41
Others ⁽⁴⁾	43

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

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

⁽³⁾ Includes gymnasium access, gym/fitness courses and other sports initiatives.

⁽⁴⁾ Includes benefits such as company cars, transportation, housing, interest free loans.

Work-Life Balance

FCA offers several programs and tools to support employees in the effort to 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. 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.

In 2017, an assessment of Group companies revealed that roughly 19% of employees were covered by one or more of the available flexible working arrangements. Specifically, 3.9% of the workforce is employed part-time, of which about 49% are women; 2.6% took parental leave related to childbirth and care; approximately 8.5% participated in other types of leaves;⁽⁵⁾ and 3.8% were covered by other types of work schedule flexibility (e.g., flexible working hours, working from home, job sharing).

⁽⁵⁾ Other types of leaves are those not related to childbirth or childcare.

The actual figure may be considerably higher, as this percentage does not include participation resulting from an informal agreement with local managers, which may not be 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, FCA provides parental leaves to employees in compliance 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.

At the end of 2016, FCA launched a corporate initiative in Italy called Conto Welfare. This program 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 5% toward their spending account. In 2017, more than 26,500 employees participated in Conto Welfare. This initiative supported employee welfare and work-life balance, granting more affordable 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 help pay for certain health care and dependent day care expenses by setting aside a portion of their pre-tax earnings as a selection of their benefit choices.

Occupational Health and Safety



1.2 Million
safety training
hours

FCA aims to provide all employees with a safe, healthy and productive work environment at every site worldwide and in every area of activity. The Company focuses on identifying and evaluating safety and health risks; implementing safety and ergonomics standards; increasing use of collaborative robots; promoting employee awareness and safe behavior; and encouraging a healthy lifestyle. At the Group level, Environment, Health and Safety (EHS) managers are responsible 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 accidents 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 2017, 136 Group plants, representing 98% of manufacturing employees,⁽⁶⁾ were OHSAS 18001 certified.



€200+ Million
spending on
health and safety

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. See the Production section of this Report for more information about WCM.

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 in the process through training and initiatives designed to increase safety awareness, and by participating in a comprehensive system for gathering feedback and suggestions. During 2017, employees submitted more than 2.6 million suggestions through the WCM program, including proposed improvements to health and safety conditions. The most actionable ideas were put into practice, shared across multiple facilities and incorporated into FCA's Occupational Health and Safety Management System (OHSMS). Recognition was given to the employees who proposed them.

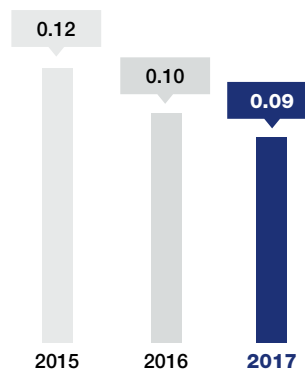
FCA engages in ongoing dialogue about improving employee health and safety with the employee-representative bodies in accordance with current laws and the collective agreements applied in the various countries in which the Group operates. The analysis carried out in 2017 revealed that 96.3% of employees covered by those bodies 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 Occupational Health and Safety Management System (OHSMS) and by the WCM Safety pillar, together with the active involvement of employees, development of specific competencies and targeted investment.

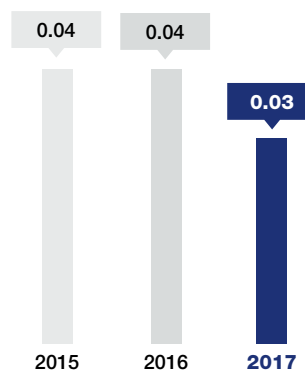
Frequency Rate

FCA worldwide (injuries per 100,000 hours worked)



Severity Rate

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



⁽⁶⁾ Manufacturing employees are those directly or indirectly involved in manufacturing processes.

GRI: G4-DMA, G4-LA5, G4-LA6

Work-related injuries are analyzed to determine the causes and to take appropriate measures to avoid recurrence.

In 2017, the Frequency Rate index was down 9% compared to the previous year (with 0.09 injuries per 100,000 hours worked) and the Severity Rate was down 21% compared to 2016 (with 0.03 days of absence due to injuries per 1,000 hours worked).

FCA's investment in health and safety, combined with these measures, 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 approximately €105 million from 2012 through 2017.



€105 Million
savings on insurance 2012-2017

In 2017, there were two fatal injuries involving two Group employees: the first at a Teksid plant in Portugal, the second at the Balocco Proving Ground (Italy). There was also a fatal injury involving an employee of an external company at the Drosso rail yard in Italy. The circumstances were analyzed in detail and the FCA companies assisted local authorities with the accident investigations.

Occupational illnesses refer to diseases that develop gradually over time as a direct consequence of insured work activities carried out by an employee. FCA monitors trends in occupational illness on a continuous basis. In 2017, there were around 350 cases worldwide. The occupational illness frequency rate was 0.08 cases per 100,000 hours worked (compared to 0.14 in 2016). 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 risk associated with historical working methods or environmental conditions that have long since been mitigated or eliminated. There is currently no evidence of a high incidence or high risk of occupational illness related to FCA employees.

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 2017, the HPP was expanded to 140 plants in 19 countries, continuing to address local issues where appropriate.

The four top-priority areas where the HPP provides support are:

- screening and vaccination, including services such as blood pressure, blood sugar level and cholesterol monitoring
- nutrition education initiatives, including counseling on healthy eating in the workplace and providing healthier food options on the cafeteria menu
- promotion of physical exercise through sports teams or clubs, and advice on how to increase daily exercise. For example, dedicating special areas of the Company to sports activities and/or entering agreements with local sports centers for use by employees and their families
- specific regional programs, implemented where more relevant, such as smoking cessation or HIV/AIDS prevention programs. These are developed through awareness campaigns and training sessions on disease or smoking-related issues, including long-term health risks and the creation of support groups.

GRI: G4-DMA, G4-LA6, G4-LA7

Freedom of Association and Collective Bargaining

FCA respects workforce members' freedom of association, and publicly affirms this commitment in the FCA Human Rights Guidelines.

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 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 such representatives, FCA's actions and behavior seek a constructive approach and relationship. In 2017, a survey covering 95.5% of the total workforce worldwide⁽⁷⁾ showed that approximately 79% 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 NAFTA region, representatives are only present at sites where a trade union has been established. In China, 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.

At December 31, 2017, 85.3% of employees worldwide⁽⁷⁾ were covered by collective bargaining agreements at any level. In nonunionized companies, 83.5% of employees not covered by collective bargaining benefit from conditions that are supplemental to, or better than, the minimum required by law.

In 2017, an analysis was carried out in those countries that have not ratified International Labor Organization (ILO) Conventions on freedom of association or the right to organize and collectively bargain. It covered approximately 95% 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 and, in some cases, is supported by appropriate information actions carried out by the company.

Although outside the scope of consolidation, in 2017 GAC Fiat Chrysler Automobiles Co., Ltd signed the renewal of the Company Collective Consultation of Compensation Agreement in compliance with requirements of local government. This agreement included a 2017 annual salary adjustment guideline and an increase in certain shift allowances from October 1, 2016.

Italy



In Italy, all FCA employees are covered by collective bargaining agreements and all FCA companies apply the company-specific collective labor agreement (CCSL) which was renewed in 2015 for the period 2015-2018. Managers in Italy are covered by a company collective bargaining agreement valid until the end of 2017. In December, the Company reached a union agreement to further improve in 2018 the flexible benefits program launched in 2017 (Conto Welfare).

Canada



In Canada, FCA Canada LLC applies the terms of the four-year labor agreement signed in October 2016 covering over 10,500 employees. The Agreement with Unifor will terminate September 21, 2020.

United States



In the U.S., the Company applies the UAW-FCA US four-year national collective bargaining agreement that covers around 47,500 employees and is in effect until September 14, 2019.

Mexico



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 almost 13,500 employees. This Agreement will terminate May 9, 2020.

⁽⁷⁾ Including Sevel (Italy).

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 which was subsequently renewed with amendments and modifications. The last renewal agreement for FCA employees EWC was signed in July 2016 and is effective until the end of 2018. In 2017, the annual meeting between the FCA EWC and Company management was held in January in Turin (Italy).

Overall, in 2017, collective bargaining, conducted in accordance with local law and practices, resulted in 258 trade union agreements at either the Company or plant level.

In Serbia, FCA Srbija d.o.o. in Kragujevac was affected by strikes called before the expiration of the three-year Collective Labor Agreement. For this reason, negotiations were carried out under the aegis of the Serbian Government to ensure compliance of proper conduct. On July 25, 2017, a week after the start of discussions, the parties reached an agreement which provides for annual salary adjustments within the range of the official inflation rate projected by the National Bank of Serbia, including the estimated fluctuation band for the period 2018-2020 and the obligation on the trade union to respect the commitments entered into.

Otherwise, in 2017, the level of labor unrest and local labor action in other countries was negligible and mostly related to local issues at individual plants.

Management of Production Levels

During 2017, the management of production levels varied within the regions based on market demand.

- In the EMEA region, the contrasting levels of market demand for certain models led to the use of forms of flexibility in order to increase or reduce production depending on the required volumes. The Company continued its policy for employment protection taking advantage of temporary layoff schemes or schemes defined by collective bargaining or company policies. In Italy, the use of temporary layoff benefit schemes by Group companies continued to decrease in 2017 by 40.4% compared to 2016. At the same time, the implementation of the investment plan had positive impact in some major production plants leading to employment synergies between plants and stabilization of employment contracts.
- In the NAFTA region, the Company is realigning its installed capacity in an effort to meet the demand for SUVs and trucks. This is to be accomplished within existing plant infrastructure. In support of the realignment, the Company continues to utilize flexible operating patterns at NAFTA facilities and 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.
- In Argentina, new flexibility rules to carry out the launch of the new model were negotiated with the trade unions.

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 its 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 WARN (Worker Adjustment and Retraining Notification Act) applies to both unionized and non unionized sites and requires an employer to give a minimum of 60 days' notice of any action that will cause at least 50 employees or 33% of the workforce to lose their jobs.
- 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 locations 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 agreement usually defines 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 that relate 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 agreement with Federal Labor Law, companies are also required to inform the Federal Labor Agency prior to any large-scale employee layoffs or plant closures. 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 the layoff. 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 10% of company employees must be notified to the labor union or to all employees 30 days in advance. The company must also provide the local labor authorities with a workforce reduction plan.

GRI: G4-DMA, G4-11, G4-HR4, G4-LA4

Community

FCA aims to enrich the vitality of the communities where we live and work by creating jobs through our facilities, giving back through employee engagement and providing support through our charitable initiatives. Our corporate citizenship efforts primarily target areas where we have operations. Working with key community stakeholders in the nonprofit, academic and government sectors, we can evaluate and, where possible, address local social and economic development needs.

Key Figures



240,000+
hours volunteered
by employees



€25.6 Million
committed to benefit
local communities

Relevant UN Sustainable Development Goals (SDGs)



Community

Supporting our Communities is one of the key Principles of the FCA Code of Conduct, which captures the Company's commitment to important values in business and personal conduct.

In 2017, we committed resources for a value of about €25.6 million⁽¹⁾ to benefit local communities, including contributions from the FCA Foundation. In alignment with the United Nations Sustainable Development Goals, our social contribution efforts focus most particularly on Quality Education, Gender Equality, Decent Work and Economic Growth, Reduced Inequalities, Industry, Innovation and Infrastructure and Sustainable Cities and Communities.

A portion of the Group's charitable activities is operated through the FCA Foundation, which is supported solely by FCA US and governed by a Board of Trustees consisting of corporate executives. The FCA Foundation directs its resources toward the focus areas of youth development, education, community service, and U.S. military veterans.

Working alongside the community

Around the world, FCA works to build strong relationships and partnerships with nonprofit organizations and community, academic and local leaders. Engagement with these stakeholders is essential to understanding where FCA can best apply our resources.

FCA strives to operate in a way that generates local growth, respects the interests of the various stakeholders, and encourages employees to work alongside community members. FCA employees have volunteered through disaster relief, donating blood, mentoring youth, cleaning up streams and rivers, packing and delivering food and other supplies to those in need, and hundreds of other initiatives depending on local needs.

FCA's Motor Citizens volunteer program allows employees in the U.S., Canada and Mexico the opportunity to positively impact communities through a variety of engagement activities. In 2017, more than 9,200 employees took part in more than 1,600 Motor Citizens volunteer projects during work hours.

Examples of our regional initiatives illustrate the breadth of FCA's community engagement.

The Fundación FCA performs a similar role in Mexico.

In addition to monetary contributions from the Company, FCA encourages our employees to donate their time and skills to help build strong, self-reliant communities and create a vital connection with the communities where they live and work. During 2017, Group employees around the world volunteered more than 240,000 hours during work time in support of social projects, representing roughly 27% of the economic value of FCA's activities benefiting local communities.

Engagement in charitable initiatives extends from senior management throughout the entire Company. In the U.S., Sergio Marchionne, FCA's Chief Executive Officer, is serving a two-year term as United Way of Southeastern Michigan Volunteer Campaign Chair. United Way Worldwide is a non-governmental organization operating in 45 countries that is committed to improving living conditions in local communities.

Árvore da Vida: developing local communities

The *Árvore da Vida* program in Brazil promotes social, cultural and economic growth by encouraging independence and empowerment of the residents in Jardim Teresopolis, an area near the FCA plant in Betim. Developed in 2004, more than 22,200 people have benefited from the program since its inception. The program was launched following a study that revealed low education rates, low family income, high violence rates and a flat social structure. Consequently, the program focused on socio-educational initiatives, professional qualification programs and support for entrepreneurship and community development. The success of the program has led to the creation of a Vision of the Future, including four priorities for the coming years: Education, Culture, Community Integration and Safety.

Cooperárvore: combining entrepreneurship and environmental responsibility

Another Brazilian program that focuses on local entrepreneurial activities to generate income is the Cooperárvore, a social cooperative formed in 2006 by women from the community surrounding the FCA Betim plant. FCA donates fabric and seat belt remnants from the plant, and the Cooperárvore transforms them into fashion accessories and other items. Over the past 11 years, the Cooperárvore has contributed to improving the quality of life for more than 70 households in the area. Since it was created, the Cooperárvore has repurposed more than 36 tons of material and produced 248,000 products. Besides the positive impact on the families involved, the program illustrates the benefits of the circular economy, putting potential waste to good use.

⁽¹⁾ 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, 2017. 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, 2017.

Rota do Saber

FCA launched the Rota do Saber program in 2015, near the Company's plant in Pernambuco (Brazil). This program trains elementary school teachers and school administrators to improve public education. In the city of Igarassu, where the program has been in place for two years, the Basic Education Development Index in elementary school grew 25%, from 2.8 to 3.5, reaching the target defined by the Brazilian Government. In 2017, five new cities were added to the Rota do Saber initiative (Goiana, Paulista, Itambé, Alhandra and Caaporã), reaching an additional 30,000 students, 1,100 teachers and about 180 schools.

Fiat India Automobiles projects: improving sanitation conditions at schools

In India, Fiat India Automobiles Private Limited (FIAPL) and its employees have actively supported a wide range of community initiatives. These include, among others, a nutrition program for local children in need, a water conservation program, blood donation, and providing artificial limbs, wheelchairs, and walking assistance equipment for disabled children. Another vital initiative supported by FIAPL is a school sanitation program to improve hygiene conditions for students. Since 2014, this initiative has assisted 89 government schools and more than 14,400 students through the provision of sanitation facilities and awareness programs on health and hygiene. FIAPL employees are engaged in site identification, evaluation of needs, feasibility studies, execution and final handover of the facility to schools.

Toledo Season of Service: giving back to the community

In the U.S., the launch of the new Jeep Wrangler in Toledo (Ohio) provided FCA plant employees an opportunity to give back to the community that has been so supportive of the brand over its more than 70 year history. During the six week Season of Service while the plant was being retooled for a new product, 2,200 plant employees volunteered more than 15,000 hours to a number of community projects in the Toledo area. Activities included cooking meals, sorting clothes, building structures, painting, and cleaning up parks.

Big Brothers Big Sisters: mentoring youth in need

FCA is partnering with Big Brothers Big Sisters of Metropolitan Detroit (U.S.) through a grant from the FCA Foundation and engagement of employee volunteers. Big Brothers Big Sisters is the oldest and largest youth mentoring organization in the U.S. and endeavors to provide youth facing adversity with strong, enduring, professionally supported one-to-one relationships. FCA's site-based mentoring program at the Company's Auburn Hills facility gives students and mentors a chance to build relationships with each other and connect their experiences to setting goals and leading healthy lives.

Social Team Building: impacting local community needs

FCA employees also participate in a social team building program that was launched in Italy in the second half of 2015. Partnering with local municipalities and districts, FCA assesses local community needs and directs its effort to positively impact them. This program also represents an effective way to promote a sense of belonging and to reinforce connections within the Company and communities. Through the end of 2017, more than of 1,300 employees from the Mirafiori area (Turin, Italy) had participated in social team building events to improve conditions of public areas such as local schools and district gardens that needed concrete interventions. Doing social activities together also helps strengthen employees' sense of belonging and awareness of the power that these collective efforts can generate.

Emergency Relief: supporting when disaster strikes

FCA also provides support to communities that have been affected by natural disasters. Depending on the need, this assistance may take the form of technical, humanitarian and financial aid as well as the provision of support vehicles.

In 2017, FCA provided aid to Texas, Florida and Puerto Rico (U.S.) following the devastating hurricanes and subsequent flooding that affected those areas. In addition to financial support from FCA and the FCA Foundation, employees donated essential supplies, non-perishable food and volunteered their time and other resources. FCA US and the FCA Foundation partnered with several nonprofit and disaster relief organizations to meet the needs of the community, including AmeriCares, Team Rubicon, First Response Team of America and United for Puerto Rico.

The Fundación FCA and employees in Mexico supported communities and victims impacted by the strong earthquakes which occurred in Chiapas, Oaxaca, Mexico City, Puebla, Morelos and Guerrero in September 2017. Through the Secretaria de la Defensa Nacional (SEDENA), FCA, our employees and union members supplied food and cleaning supplies, personal hygiene items and tools to help victims and rescuers.

GRI: G4-DMA, G4-EC1, G4-EC7, G4-EC8, G4-SO1

Advancing Education

FCA believes that education is essential to create and sustain strong and empowered communities. Improving education levels helps not only the current generation, but lifts future generations as well for a continued positive effect. The Company's commitment to education is reflected in our target to advance youth education and training. In 2017, educational initiatives represented roughly 40% of approximately €25.6 million in contributions to local communities.

Over the years, the Company has partnered with a number of academic and nonprofit organizations across the globe to promote educational opportunities, and subsequently, employability. These partnerships are focused on encouraging youth to remain in school and helping them develop the technical skills necessary to succeed in the labor market. The demand for skilled professionals is expected to continue to grow across the industry and around the world. Many of our partnerships are dedicated to programs designed to expand science, technology, engineering and math (STEM) skills and opportunities.

La robotica entra a scuola!

In 2017, FCA's production systems brand, Comau, signed an agreement with Pearson Publishing to provide Italian schools with innovative training courses centered on digital transformation and robotics. The project, called *La robotica entra a scuola!* (Robotics goes to school) is offered from elementary to high school, covering a complete program ranging from basic digital literacy to advanced programming certifications. The educational offer includes the *Patentino della Robotica* (Robotics License), which is recognized by the Italian Ministry of Education as work-related learning that can be used as certification for future employment. Training for teachers is also included, as well as a robotics workshop for schools introducing e.DO, a modular robot created for the education sector by Comau that teaches basic coding and robotics skills in an appealing and effective manner.

FIRST Robotics

Engaging youth in STEM-related activities begins at a young age with programs such as FIRST (For Inspiration and Recognition of Science and Technology), an international, not-for-profit organization founded to inspire young people's interest and participation in science and technology.

In 2017, the FCA Foundation awarded approximately €346,000 in grants to FIRST programs in the U.S. More than 90 FCA employees in the U.S. and Canada served as team mentors to guide 81 student teams at the high school and middle school levels to design, build and program robots to perform prescribed tasks against a field of competitors. Through this process, students learn basic physics, electrical and mechanical engineering, and machining skills.

Alternanza Scuola-Lavoro

Alternanza scuola-lavoro is an initiative administered by the Italian government that aims to familiarize high school students in Italy with real working situations. The program offers an alternative to traditional classroom learning through work-school programs at a variety of companies. To support the initiative, FCA launched the FCA for Education project in 2016. FCA for Education consists of two initiatives: FCA Adoption and FCAe_discovery. FCA Adoption is the adoption by the Company of high schools located near FCA plants. Adopted schools participate in a comprehensive 200 to 400-hour work-school program. Students have the opportunity to learn from FCA managers about the various professional paths available in a global company. They can participate in typical work situations such as meetings, brainstorming, on-site audits and systems analysis. In 2017, 1,411 students from 16 high schools were enrolled in this program. FCAe_discovery is an online product for students, with tutors available to assist when needed. The content teaches students about all aspects of a company from the inside out, with a special focus on the automotive industry.

Because this project is provided online, there is the potential for any school in Italy to participate. These two projects represented an FCA investment of approximately €225,000 in 2017 and roughly 5,850 hours volunteered by FCA employees.

GRI: G4-DMA, G4-EC1, G4-EC7, G4-EC8, G4-SO1

Communities in Schools

In 2017, the FCA Foundation provided a grant of approximately €208,000 to Communities in Schools (CIS), the largest dropout prevention organization in the U.S. CIS works to keep the most vulnerable students in school and on the path to graduation by working hand-in-hand with teachers, school leaders, community partners and families to identify those students' unique needs and to surround them with a caring network of support. CIS has served roughly 1.48 million students, and, according to data collected through their program, 99% of the students remain in school, 93% promote to the next grade and 91% of high school seniors graduate or receive a high school equivalency diploma. In 2017, FCA employees volunteered their time and skills to partner with CIS for the third annual Big Bike and Book Giveaway Day, presenting 150 elementary and middle school students with new bicycles, helmets and children's books in recognition of their improvement in one or more of the ABCs – Attendance, Behavior and Course performance.

School LEAP Program

Fiat India Automobiles Private Limited (FIAPL) supports the School LEAP program which aims to improve access to quality education for students through digital literacy and effective teaching and learning tools. The program also strives to enhance the learning environment and improve educational outcomes. FIAPL launched the School LEAP program in six government Schools in Shirur (India) for class 1 to 7 standard. The initiative will focus on overall school development, with the involvement of students, teachers, the school Management Committee, parents and the local community.

MeccaniCotto

In 2017, FCA launched the MeccaniCotto project through Mopar, our service parts and customer care brand, in collaboration with the Cottolengo school in Turin (Italy), which has a two-century history of helping the disadvantaged.

The program is aimed at helping young students enter the working environment, providing them with the necessary skills to work in vehicle maintenance. Mopar has completely refurbished the allocated aftersales workshop, creating working labs in line with quick service processes and standards, and providing tools, equipment and training to Cottolengo's trainers.

Michigan Council of Women in Technology

FCA is engaged in a number of initiatives to promote studies and careers in technical fields among segments of the population that may be under-represented in science, technology, engineering and math (STEM) vocations. FCA has partnered with the Michigan Council of Women in Technology (MCWT) to promote technical studies among girls and young women. In 2017, FCA employees volunteered more than 240 hours of their personal and work time to a variety of programs offered with MCWT.

Masters in Industrial Automation

To train graduates for a role within the manufacturing industry, FCA's production systems company, Comau, collaborated with Politecnico of Turin (Italy) to create a Masters in Industrial Automation program. Funded by the Region of Piedmont, this two-year postgraduate program aims to attract the best graduates in engineering from Italian and foreign universities and provide them specialized training in industrial automation. The curriculum also includes a focus on environmental sustainability and vehicle emissions reduction. Courses are taught in part by Comau managers and are conducted entirely in English, with 660 hours of project work at Comau in the second year. Twenty-two engineers were hired into the FCA apprenticeship program from the first six graduating classes, a clear indication of the success of the program.

GRI: G4-DMA, G4-EC1, G4-EC7, G4-EC8, G4-SO1

4 Products and Customers

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Research and Development

Our success depends on our ability to develop innovative, high-quality products that are attractive to consumers. The Group's emphasis on innovation plays a key role in product research and development. Through internal idea generation, research projects and partnerships, FCA is working on initiatives that range from improving energy efficiency to autonomous vehicle technologies.

Key Figures



€4.3 Billion
in research and
development



11,853
patents and
applications registered

Relevant UN Sustainable Development Goals (SDGs)



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.

During our 2017 sustainability-focused stakeholder engagements, FCA stakeholders confirmed research and innovation as one of the key material topics for the Group.

In 2017, the Group invested approximately €4.3 billion in research and development, representing around 3.9% of net revenues from industrial operations. Approximately 21,000 employees at 87 locations worldwide were involved in the Group's innovation activities, continuing to generate a significant intellectual property portfolio. At year-end 2017, FCA had 11,853 patents and patent applications, and 1,854 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 include:

- enhancing vehicle safety and connectivity – through the development of safer and smarter vehicles that are increasingly integrated into a secure and intelligent transport system

- increasing product competitiveness – with a focus on new vehicle architectures, performance, comfort, perceived quality, and innovative production technologies while ensuring affordability and economic sustainability
- minimizing the environmental footprint – reducing the environmental impact of vehicles over their entire life cycles, from the use of raw materials to vehicle end-of-life, improving vehicle energy efficiency and performance while reducing carbon and polluting emissions and noise.

The global innovation and product development activities are centrally coordinated by the Chief Technology Officer (CTO). In particular, the CTO leads FCA Research & Development (R&D) and is responsible for stimulating opportunities for synergies and technology transfer across the entire enterprise.

The primary R&D facilities at FCA are located in Turin and Modena (Italy) and in Auburn Hills (U.S.) and Windsor (Canada). During 2017, a new FCA research center dedicated to autonomous driving solutions (SAE Level 3) in Trento (Italy) was opened as the first privately-owned site in Italy to test urban scenarios, including a focus on preventive safety and Advanced Driver Assistance Systems (ADAS).

GRI: G4-DMA, G4-14, G4-EN7, G4-EN27

Collaboration Projects

FCA fosters innovation by encouraging creativity among its workforce, as well as through collaboration with suppliers and external organizations such as universities, research centers and other institutions.

Product and process improvements may also result from suggestions and ideas from other internal areas, in addition to Engineering. In 2017, the global World Class Manufacturing program that promotes employee suggestions to improve processes produced more than 2.6 million suggestions. The most actionable suggestions were implemented and the project owners were recognized for their contributions.

Among other methods, FCA stimulates innovation internally through training and workshops at our locations around the world. During 2017, the Innovation Space located in Auburn Hills (U.S.) served as the venue for more than 100 activities. Creative and alternative thinking processes are promoted through the tools and techniques used in the Innovation Space. Among the techniques explored is biomimicry, an approach to innovation that seeks solutions to human challenges by emulating nature's designs and processes.

New innovation initiatives in 2017 included expansion of innovation leader training (using a Train the Trainer approach) and regional innovation feature workshops in both the Shanghai (China) and Chennai (India) FCA engineering centers.

Universities and Research Centers

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. Collaboration is promoted in many different ways by the individual companies and across the Group.

In November 2017, FCA signed a research agreement with Eni, an energy company, for joint projects to reduce CO₂ emissions produced by road transport vehicles. Areas of cooperation identified include the development of new technologies for the use of gas in transport such as technologies and materials to absorb natural gas; and the assessment of new fuel types for use in existing vehicles, without the need for substantial mechanical changes. This research cooperation will also benefit from the collaboration with the Massachusetts Institute of Technology for the realization of technologies and devices for the capture and temporary storage of part of the CO₂ produced by internal combustion engines. In the same memorandum of understanding, FCA and Eni extended their cooperation in the Enjoy car-sharing program to include a research project focused on a new type of fuel containing alternative fuels (15% methanol and 5% bioethanol). It will be used by a sample of Fiat 500 vehicles from the Enjoy fleet in an extensive road test. Use of this new fuel can reduce CO₂ emissions by more than 4%.

FCA's collaboration with Politecnico of Turin (Italy) and the University of Windsor (Canada) through the International Dual Master's Degree (IDMD) Program continues to demonstrate our commitment to global research and internationalization. FCA is also working with McMaster University (Canada) on the development of next-generation, energy-efficient, high-performance electrified powertrains and powertrain components.

FCA US is a 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. Participation in USCAR provides access to more than 300 projects with national laboratories, research centers, industry partners and universities in conjunction with U.S. DRIVE, a partnership between USCAR, the U.S. Department of Energy (DOE), and energy and utility companies. USCAR is also involved, through collaboration with the United States Advanced Battery Consortium (USABC), with 17 advanced battery technology programs with a total cost-shared value of nearly \$74 million. The USCAR/USABC/DOE collaboration allows for a total of \$125 million of cost-shared funding over a five-year period for the advancement of battery technology. The emphasis of this collaboration is to accelerate the development of automotive battery technology of industry partners within the U.S.

Collaborative Research Projects: European Technology Platform

FCA, through CRF, our 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.

GRI: G4-DMA, G4-EN27

Autonomous Driving

FCA is devoting resources to research and develop innovative technologies that address changing driver expectations and evolving mobility scenarios, while taking measures to keep vehicle data secure. As an example, a cross-functional team at FCA conducted an in-depth study of autonomous vehicles and the impact the technology will have on the marketplace. The study included understanding macro-market trends, engaging experts inside and outside the industry, and conducting in-home consumer research. Autonomous vehicles can offer benefits identified through the research including improved safety, commuting and parking; the ability to enhance comfort; and more productive time. Based on the findings, FCA identified ideal autonomous and mobility customer experiences, developed road maps for future consumer products and services, and initiated next steps to work toward those road maps.

FCA is collaborating with Waymo to integrate self-driving technology into Chrysler Pacifica Hybrid minivans. Since the beginning of the program, nearly 600 Chrysler Pacifica Hybrid minivans have joined Waymo's self-driving test fleet. Waymo also invited selected Phoenix (U.S.) residents to use its fleet of self-driving vehicles for everyday travel and experience the self-driving Chrysler Pacifica Hybrid minivans for the first time. In addition, FCA expanded its collaboration by announcing an agreement in early 2018 to provide thousands more Chrysler Pacifica Hybrid minivans to Waymo for the launch of the world's first driverless ride-hailing service.



~600 self-driving
Chrysler Pacifica Hybrid
minivans in Waymo's test fleet

In 2017, FCA launched Highway Assist autonomous vehicle technology on several Maserati models. This system includes Mobileye vision technology to enable autonomous driving on designated highways. FCA also announced the signing of a memorandum of understanding to join BMW Group, Intel and Mobileye to create a state-of-the-art autonomous driving platform for global deployment. The cooperation allows the companies to leverage each other's individual strengths, capabilities and resources. The open platform will be scalable for highly automated driving (Level 3) to fully automated driving (Level 4/5) and can be used by multiple automakers around the world while maintaining each automaker's unique brand identities. FCA is also exploring other ways through which we can provide these services to our customers.

In addition, FCA has been participating as a partner in the Adaptive (Automated Driving Applications and Technologies for Intelligent Vehicles) project, Europe's first large-scale collaborative research project on automated driving. Launched in 2014, the project involves auto manufacturers, automotive and technology suppliers and research institutes collaborating to develop various automated driving functions for daily traffic by dynamically adapting the level of automation to the situation and the driver. Adaptive focuses on the performance and acceptance of automated systems that improve safety by minimizing the effects of human errors. In 2017, FCA, along with other automakers involved in the project, completed the development and testing of demonstration vehicles that included several automated functions offering different levels of assistance.

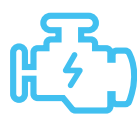
Cybersecurity

Although "being connected" has gained in importance among many individuals, there is a fast-growing concern in the automotive industry related to cybersecurity. In response, FCA has put in place 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 third-party penetration testing. Cybersecurity is considered throughout a vehicle's life cycle including development, manufacturing and service. In addition, FCA continues to offer a financial reward for discovery and reporting of potential cybersecurity vulnerabilities through a crowdsourced bounty program. FCA is a founding member with active engagement in the Automotive - Information Sharing and Analysis Center (Auto-ISAC). The Auto-ISAC enhances the industry's ability to quickly learn of new threats and vulnerabilities and to work in a collaborative manner on threat triage.

Efficient Powertrains and Technologies

FCA's approach to responsible vehicle development includes dedication to efficient powertrains, improved aerodynamics, weight reduction, safety and quality. We leverage regional strengths and develop plans from a global perspective, to align products with consumer demands in each market where we do business. This approach addresses the unique regulatory requirements of each region, and includes actions to improve vehicle fuel efficiency and reduce vehicle CO₂ emissions.

Key Figures



1.3 Million
Pentastar
engines
produced in 2017



300,000+
natural gas
Fiat Panda
vehicles produced since 2007

Relevant UN Sustainable Development Goals (SDGs)





Jeep Wrangler

The all-new 2018 Jeep Wrangler - a modern design that stays true to the original - builds upon more than 75 years of legendary history to deliver the most capable, fuel-efficient and advanced technology ever offered in a Wrangler. FCA invested \$700 million to retool the North plant at the Toledo Assembly Complex (U.S.) for production of the all-new Wrangler and announced 700 new jobs. The Jeep Wrangler received improvements to on-road driving dynamics, ride comfort and interior sound quality while integrating sustainability solutions to reduce weight and improve fuel efficiency and passenger safety. The Wrangler offers more than 75 available active and passive safety and security features.

The following attributes of the 2018 Jeep Wrangler underscore FCA's commitments to offer competitive products that meet the needs of customers, reduce environmental impacts by improving fuel economy and improve overall road safety performance.

Advanced fuel-efficient powertrains, including eTorque assist mild hybrid technology

2.0-liter turbocharged I-4 engine with eTorque assist

- The all-new 2.0-liter turbocharged inline four-cylinder engine with eTorque assist technology is mated to a new 8-speed automatic transmission.
- The all-new eTorque system improves fuel economy, launch performance, and driver comfort during start/stop operations.
- The eTorque system's hybrid functions include auto stop/start, electric power assist, extended fuel shut-off, transmission shift management, intelligent battery charging and regenerative braking. Both the engine and fuel flow may be turned off during stops, coasting or when the engine is decelerating.

3.6-liter Pentastar V-6 engine

- The 3.6-liter Pentastar V-6 engine now features engine stop-start as standard equipment.
- All-new 6-speed manual transmission is standard on all Wrangler models equipped with the 3.6-liter Pentastar V-6, and a new-to-Wrangler 8-speed automatic transmission is optional. These advanced technology transmissions contribute to fuel-economy improvements.
- There are more than five million 3.6-liter V-6 Pentastar engines on the road today.

Lightweighting

- The Jeep Wrangler's fully boxed frame is optimized to reduce weight while utilizing high-strength steel to provide increased strength in all critical areas.
- The use of lightweight, high-strength aluminum closures, including the doors, door hinges, hood, fender flares, windshield frame and magnesium swing gate, help reduce weight and boost fuel economy.
- Other weight reduction actions include using hollow track and stabilizer bars, aluminum engine mounts and steering gear, and a larger, lighter master cylinder.



Powertrain and Electrified Propulsion Technologies

Maximizing powertrain efficiency is part of FCA's commitment to reduce vehicle CO₂ emissions and improve fuel economy. This means not only developing more efficient engines and transmissions, but also optimizing the vehicle/powertrain systems. Selection of the most suitable powertrain (engine and transmission) is based on vehicle type and use.

Gasoline Engines

The evolution of our proprietary technologies like MultiAir (electronic control of the intake valve actuation) and MultiJet (increased fuel pressure and improved injection pattern) has progressed in combination with other technologies, such as direct injection, variable displacement oil pumps, two-step valve lift systems, cooled exhaust gas recirculation systems, and electronic thermostats, leading to the development of more efficient powertrain architectures.

The latest generation MultiAir technology brings further improvements in fuel efficiency and CO₂ emissions via improved intake valve event control, building on the progress of the previous generation.

New global small and medium gasoline engine families are being developed to improve fuel economy and emission levels. These new engine families feature a modular approach from a shared cylinder design (allowing for different engine configurations, displacements, efficiency and power outputs) and are expected to cover a large range of vehicle applications and introduce features and technologies such as direct injection, downsizing, turbocharging, and cooled exhaust gas recirculation to improve efficiency, while also addressing internal friction and thermal management.

The all-new 2.0-liter turbocharged inline four cylinder engine with eTorque assist technology, available in the 2018 Jeep Wrangler, is part of the global medium engine architecture family. Additionally, a 1.0-liter three cylinder and a 1.3-liter four cylinder Firefly global small engine launched in the LATAM region in the third quarter of 2016, and the first global medium engine application (a 2.0-liter turbo four cylinder engine) launched in the Alfa Romeo Giulia in the fourth quarter of 2016 and the Alfa Romeo Stelvio at the beginning of 2017.

Looking to the future, FCA has been engaged in the development of new and improved temperature aluminum alloys for engine use. This work has demonstrated an aluminum alloy capable of a 50% increase in strength at 300° Celsius when compared to other currently used aluminum alloys. While still in very early development, this type of alloy strength behavior has the potential to provide increased design flexibility for cylinder heads and blocks and help enable increased engine efficiency.

Electric and Hybrid Technologies

FCA has been developing electrification technologies, including a mild hybrid system using belt starter generator technology which offers improvements in fuel economy and a reduction in CO₂ emissions. The eTorque mild hybrid system, available in the 2018 Jeep Wrangler, replaces the traditional alternator on the engine with a belt-driven motor generator unit that works with a 48-volt battery pack to enable start/stop function, short duration torque assist and brake energy regeneration. This same technology will be available in the 2019 Ram 1500. Additionally, the Group is developing next-generation global batteries for electric vehicles.

The Chrysler Pacifica Hybrid, launched in the North America market in 2016, achieves an efficiency rating of 84 miles per gallon equivalent (MPGe), based on U.S. Environmental Protection Agency standards. Power to the wheels is supplied by the hybrid electric drive system and is comprised of a specially adapted new version of the award-winning Pentastar 3.6-liter V-6 engine and the new eFlite hybrid transmission.

The Group is supporting public and private sector pilot projects for electrified solutions. Several of these projects are focused particularly on urban areas in Europe, and are aimed at overcoming existing barriers and testing the market potential for widespread application of electric vehicles.

Collaboration with academic partners also supplements FCA's electric and hybrid program. The electrification project in partnership with McMaster University (Canada) is in the final phase, and focuses on developing next-generation, energy-efficient, high performance electrified powertrain components, suitable for a range of vehicle applications. The collaboration has already contributed to the expansion of FCA employees' competencies and skill sets in the field of electric/hybrid vehicles, with FCA hiring more than a dozen graduating students from the university.

Diesel Engines

In recent years, diesel research has focused on the combustion process and after-treatment technologies. Although diesel engines are expected to remain an important part of FCA's portfolio, future diesel research efforts are likely to focus on the truck, light commercial vehicle (LCV), larger sport utility vehicle (SUV) and larger passenger car segments.

GRI: G4-DMA, G4-EN7, G4-EN27

Transmissions

Our transmission portfolio includes manual transmissions, dual dry clutch transmissions and automatic transmissions.

In support of global fuel consumption and CO₂ requirements, FCA has developed our first dedicated hybrid transmission, the eFlite, used in the Chrysler Pacifica Hybrid. The new eFlite hybrid transmission architecture is an electrically variable front-wheel-drive transaxle with an input split configuration. It incorporates two electric motors, both capable of driving in electric vehicle mode. The lubrication and cooling system uses two pumps, one electrically operated and one mechanically driven. The FCA team expects future hybrid vehicle portfolio growth with the eFlite transmission and similar electrified propulsion systems.

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. In this area the engine is more efficient at converting the fuel energy to mechanical energy.

Other transmission improvements are used to reduce the power consumption of the transmission. The 2nd generation TorqueFlite 8-speed improves transmission efficiency via improved line pressure control and reduced clutch drag. The addition of transmission oil heaters allows for 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.

Axles and Drivelines

FCA focuses on producing lightweight axle and driveline systems that provide capability and efficiency across our entire portfolio of vehicles. Additionally, FCA deployed automatic axle disconnect systems on the majority of our four-wheel and all-wheel-drive equipped vehicles to reduce parasitic losses and improve fuel economy during normal driving conditions. Future development activities are focused on optimized system design and material selection to reduce overall system weight without sacrificing capability or performance.

Virtual Engineering

Over the last several years, we have taken advantage of the rapid expansion in computing power and developed new tools and processes. This approach helps simulate and improve the behavior of complex propulsion systems on high performance computers long before the physical parts are built. This process also allows development of efficient propulsion system designs while saving on the cost of expensive physical prototypes.

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

FCA was a pioneer and has been in a leading position for more than 20 years in natural gas vehicles in Europe. Since 1997, the Group has sold more than 740,000 natural gas-powered cars and commercial 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 generates 23% less CO₂ emissions compared with gasoline. In addition, natural gas has the potential to become a renewable fuel source in the form of biomethane. Natural gas is also a key element in the European Union's strategy for low-emission mobility. In line with the principles set in the EU Directive on the deployment of alternative fuels infrastructure (DAFI), FCA is cooperating with leading energy players in Europe.

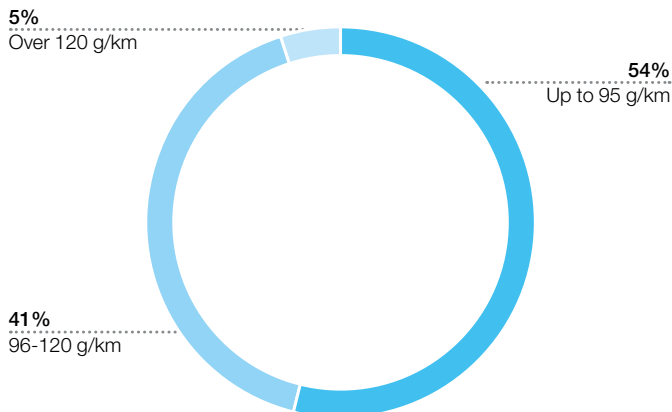
FCA played an active role at the G7 Summit held in Italy in 2017, providing a fleet of roughly 90 vehicles - including natural gas-powered models - that were made available to event organizers. Moreover, as part of our commitment to promote natural gas as a sustainable and viable solution for responsible mobility, FCA supported the #AllForTheGreen program organized to accompany the Environment G7 held in Bologna (Italy). During the event, the results from the study "Economic and ecological advantages of methane as an automotive fuel in 2016" were presented, including an update on the use of natural gas in Italy. This initiative is one of the concrete examples of FCA's longstanding and continued support for the promotion of natural gas mobility.

The Group offers a wide range of eco-friendly, bi-fuel (natural gas/gasoline) vehicles that meet the needs of private and commercial consumers. In the U.S., FCA offers a factory-built compressed natural gas (CNG) pickup, the Ram 2500 Heavy Duty CNG. In February 2017, the 300,000th Fiat Panda Natural Power was manufactured in the Pomigliano plant (Italy); this was the first mass-produced CNG city car and, from 2007 to date, is the best-selling CNG car in Europe.

GRI: G4-DMA, G4-EN7, G4-EN27

Newly Registered Natural Gas Cars by CO₂ Emission Levels

Fiat and Lancia in Europe



The Group recently completed a significant natural gas direct injection research activity that demonstrated the significant opportunity afforded by direct injection of gaseous high octane fuels and may open the door for future developments.

Biomethane: a Renewable Fuel Source

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 CO₂ emissions as an electric-powered vehicle running on electricity generated from renewable fuel.

Efficiency Solutions

FCA augments our powertrain and alternative fuel engine innovations by integrating technologies that optimize energy demand into our vehicles. These include improving aerodynamics, reducing weight, minimizing tire 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. Conventional gasoline and diesel engines are expected to continue to play a prominent role in mobility in upcoming years. 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.

During 2017, FCA was engaged in several projects to promote biomethane as a sustainable solution for transportation. Among these initiatives, a Fiat Panda Natural Power was delivered to the CAP Group, the utility company that manages water works, sewage and treatment facilities in metropolitan Milan (Italy). The Fiat Panda Natural Power is operating on biomethane made by the CAP Group from sewage sludge and waste water, in a virtuous and innovative circular economy approach.

To continue promoting this type of fuel and to consolidate our leadership in Europe, FCA has kicked off our own biomethane tour de France to demonstrate our portfolio, which is broad enough to satisfy diverse mobility needs. This biomethane tour reached several French cities and terminated in Paris. It provided an opportunity to communicate the environmental benefits of biomethane and the availability of related services and infrastructure.

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 2017, more than 336,000 Flexfuel vehicles were registered in Brazil, accounting for approximately 89% of vehicles licensed by the Group.

Improved Aerodynamics

Fuel economy can be improved by optimizing vehicle aerodynamic performance. FCA strives to reduce the aerodynamic drag of our vehicles, and also uses active aerodynamic technologies that are automatically activated under certain conditions to improve aerodynamic drag and reduce fuel consumption and CO₂ emissions. Depending on the vehicle, these active technologies may include active grille shutters such as those found on the Maserati Levante, Fiat Tipo, Chrysler Pacifica, Jeep Cherokee, and Ram 1500, and the carbon fiber active aero front splitter on the Alfa Romeo Giulia Quadrifoglio.

From the earliest development stage, the aerodynamic performance of every vehicle profile is measured, optimized, tested and certified in the world-class, full-scale, aerodynamic wind tunnels of the Group. Due to a combination of honed surfacing and aero-enhancing application, the Alfa Romeo Giulia delivers a drag coefficient of 0.25, Alfa Romeo Stelvio a value of 0.30 and Maserati Levante a value of 0.31. The Fiat Tipo hatchback and station wagon versions deliver a drag coefficient of 0.29. Achieving this aerodynamic performance was heavily dependent on the virtual simulation capabilities of the Product Engineering organization.

GRI: G4-DMA, G4-EN7, G4-EN27

The 2017 Chrysler Pacifica achieves a 0.30 drag coefficient. The vehicle's aerodynamic performance contributes to its fuel efficiency and is the result of a wide range of enhancements, including an active grille shutter system and aero optimization of the windshield angle, mirrors, front end, sill claddings, placement of belly pans and windshield wipers.

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. The 2017 Chrysler Pacifica won the full-vehicle category in the fifth annual Altair Enlighten Awards for innovation in automotive lightweighting. FCA engineers blended high-strength steels, aluminum and magnesium to create an innovative body structure that is 76 kg lighter than that of the minivan model it replaced. The Pacifica's liftgate includes an aluminum outer panel bonded to a cast-magnesium inner panel - one of the largest cast-magnesium automotive components in high-volume production. The combination of these two materials contributes to weight savings of 8.4 kg per vehicle, making the total weight differential more than 100 kg. Additionally, simulation methodologies, including topology optimization studies, were used throughout the vehicle's development. See also Jeep Wrangler lightweighting elsewhere in this Report.

Engine Stop-Start

FCA has progressively introduced engine stop-start (ESS) to reduce fuel consumption. ESS technology 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. In the EMEA region, ESS has been extended to nearly the entire passenger car range in order to improve average CO₂ emissions. Additionally, ESS technology was integrated into the 2018 Jeep Wrangler, the 2017 Alfa Romeo Giulia and select versions of the 2017 Jeep Compass in the NAFTA region.

Minimizing Tire Rolling Resistance

FCA uses a variety of solutions to reduce rolling resistance, which contributes directly to improvements in fuel efficiency and CO₂ emissions. Low rolling resistance tires, for example, are offered on select versions of the Ram 1500, Jeep Wrangler and Grand Cherokee, Dodge Durango, Chrysler Pacifica, and Alfa Romeo Giulia and Stelvio.

Magneti Marelli's Efficiency Solutions

Magneti Marelli provides wide-ranging expertise in electronics through a process of ongoing innovation and environmental sustainability in order to develop intelligent systems for active and passive vehicle safety, on-board comfort and powertrain technologies. Magneti Marelli products that are intended to improve energy efficiency, including hybrid systems, Xenon and LED lights, gasoline direct injection systems and automated manual transmissions, contributed €2.5 billion in revenues for 2017.

Emissions and Fuel Economy

FCA's efforts to improve fuel economy and reduce CO₂ emissions have focused on:

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

To optimize vehicle fuel economy and reduce CO₂ emissions, FCA addresses each of these areas at the start of the product development process.

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 the regulatory requirements of each market, while also addressing vastly different consumer preferences and demands across the world.

For more information on emissions and fuel economy regulations in the various markets, see the FCA 2017 Annual Report on Form 20-F.

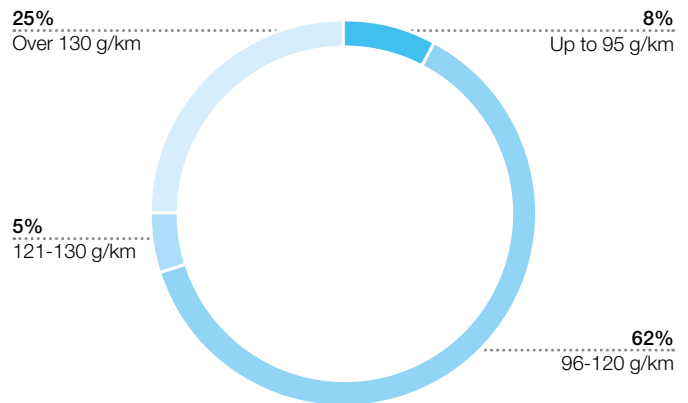
European Union

In the European Union (EU), the average CO₂ emissions of the Group's mass-market cars is 119.4 g/km in 2017. This represents a 21% decrease compared with 2006 (the benchmark year used in EU regulations to set the 2012-2015 and 2020 targets), and a 26% reduction compared with 2000, which was the first year the EU Commission monitored average emissions.

Approximately 70% of the Group's newly registered mass-market cars in the European Union emitted 120 g/km of CO₂ or less, while 75% emitted 130 g/km of CO₂ or less.

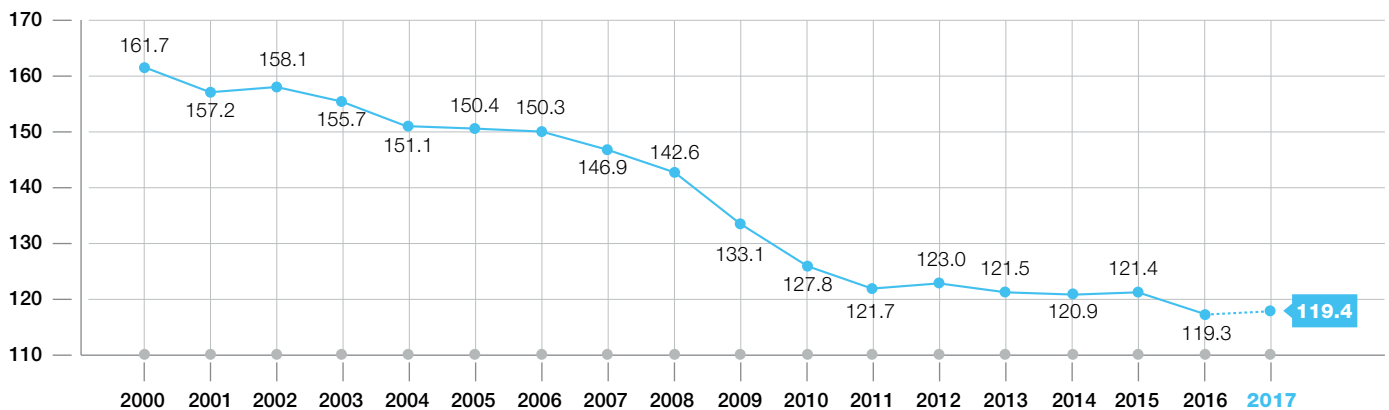
New Car Registrations by CO₂ Emission Levels

FCA mass-market cars in the European Union



Average CO₂ Emissions for Newly Registered Passenger Cars

FCA mass-market cars in the European Union (g/km)



Source: 2000-2016 EU Commission data; 2017 FCA estimate.

In 2014, the European Union implemented new regulations that established CO₂ emission targets for light commercial vehicles (LCV) and, accordingly, FCA continues to monitor LCV data and established appropriate systems based on regulation requirements. A new regulatory test procedure for measuring CO₂ emissions and fuel consumption from light duty vehicles, the World harmonized Light vehicles Test Procedure (WLTP), entered into force in the European Union on September 1, 2017 for new passenger car types, on September 1, 2018 for all passenger cars, and one year later for light commercial vehicles. WLTP replaces the New European Driving Cycle (NEDC). The WLTP is expected to provide CO₂ emissions and fuel consumption values that are more representative of real driving conditions. The CO₂ targets will be replaced in 2021 with values that represent a stringency comparable to that specified for the NEDC-based targets. The new WLTP test procedure is also used for measuring levels of regulated emissions.

Other Emissions

FCA works to develop technologies that reduce regulated tailpipe emissions, including particulates and oxides of nitrogen (NOx).

The Group has developed solutions to reduce emission levels to comply with the Euro 6 standard. This standard introduces

mandatory, more stringent limits, particularly on diesel NOx emissions, for all new type-approved passenger cars in Europe as of September 2014, and for all new registrations as of September 2015 (one year later for LCV). For diesel engines, FCA's MultiJet II technology represents an important step toward compliance with Euro 6 emission standards, as it ensures better combustion while lowering the need for exhaust gas aftertreatment. In addition to passenger cars, in 2016 Euro 6 standard compliance was completed across the entire FCA LCV lineup. Further requirements of Euro 6 have been developed by the EU institutions and will be effective for all passenger cars on September 1, 2018. In addition, a new test procedure has been defined to directly assess the regulated emissions of light duty vehicles under real driving conditions. Compliance with emissions conformity factors of this new test procedure are mandatory for new passenger car types since September 1, 2017, and for all passenger cars on September 1, 2018 for the measurement of particle number emissions (PN) and on September 1, 2019 for NOx emissions (one year later for LCV); a more stringent conformity factor for NOx emissions will be introduced for new passenger cars on January 1, 2020 and for all passenger cars on January 1, 2021 (one year later for LCV).

GRI: G4-DMA, G4-EN7, G4-EN27

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 reduction of fuel consumption and CO₂ emissions. Both fuel economy and greenhouse gas emissions are monitored by, and disclosed to, several regulatory agencies, including the National Highway Traffic Safety Administration (NHTSA), the Environmental Protection Agency (EPA), and the California Air Resource Board (CARB).

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. 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. FCA has a target to actively pursue actions in support of the EPA/NHTSA industry goal and described the plan for achievement of this objective in the 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

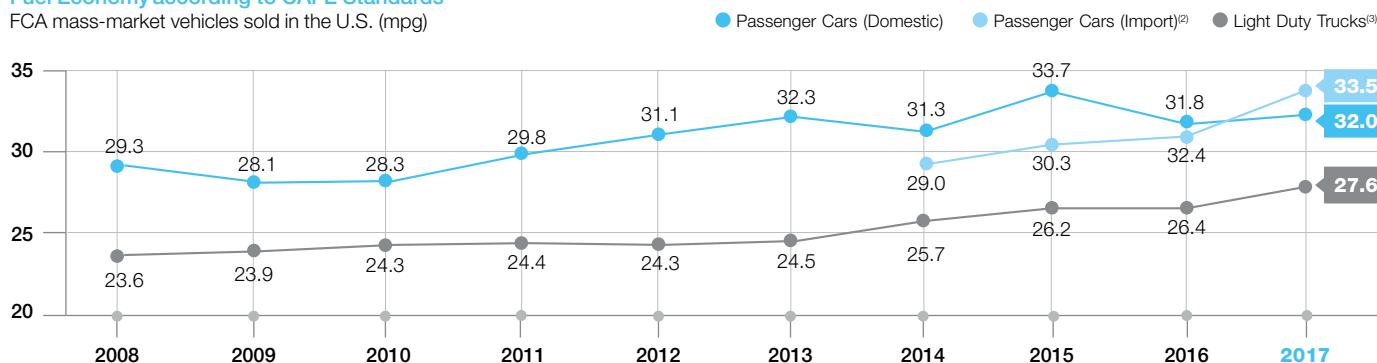
compared with replaced vehicles/models. The 2017 Jeep Compass all-wheel drive improved combined fuel economy by 12% over the comparable previous model Compass. The all-new Jeep Wrangler is targeting an improvement in fuel economy of over 20% versus the preceding model by reducing vehicle energy demand, implementing a 2.0-liter turbocharged variant of the global medium engine family, and deploying eTorque assist mild hybrid technology.

FCA's industrialization strategy has been realigned to respond to the sustained market shift to sport utility vehicles (SUVs) and pickup trucks in the U.S. As a result, production of high demand products, such as the Company's Jeep brand vehicles and trucks, increased in 2017 in response to consumer preferences.

Corporate Average Fuel Economy (CAFE) is the sales-weighted average fuel economy that a manufacturer's fleet must achieve. More specifically, CAFE standards are set independently for domestic and imported passenger cars and light duty trucks by NHTSA. FCA's truck fuel economy (including SUVs, pickup trucks and minivans) improved 4.5% from 2016 to 2017, increasing from 26.4 to 27.6 mpg. Domestic passenger car fuel economy slightly improved in 2017 from 31.8 to 32.0 mpg.

Fuel Economy according to CAFE Standards⁽¹⁾

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



Other Markets

In countries in the APAC and LATAM regions, including those without specific regulations governing CO₂ emissions or fuel consumption, FCA offers vehicles with leading-edge technology designed to reduce both.

Brazil

In Brazil, the major market in the LATAM region, more than 336,000 Flexfuel vehicles were registered⁽⁴⁾ in 2017, accounting for approximately 89% of vehicles licensed by the Group in this

market. FCA participates in the government's INMETRO vehicle fuel consumption monitoring program (PBEV - Brazilian Labeling Program Vehicle). For PBEV 2017, 103 FCA models were involved.

FCA's global family of small gasoline engines, launched in Latin America in 2016 under the Firefly family name, was designed to improve vehicle fuel economy and emission levels. It covers a large range of vehicle applications with different power outputs and introduces new features and technologies to improve efficiencies, focusing on a reduction in friction and thermal management to maximize the efficiency of the engine's internal combustion.

⁽¹⁾ Data reported to NHTSA is provided by model year, the year used to designate a discrete vehicle model, irrespective of the calendar year in which the vehicle was actually produced, provided that the production period does not exceed 24 months. Fuel economy is based on the most recent NHTSA required submission, which for 2017 reflects mid-model year data. Previous year data in the table is adjusted to reflect final EPA/NHTSA reports.

⁽²⁾ 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.

⁽³⁾ Vehicles for the transportation of passengers and/or goods with specific characteristics defined by NHTSA (e.g., SUVs, MPVs and pickups).

⁽⁴⁾ Official data communicated to Brazil's INOVAR-Auto program.

This engine family's output is aligned with the expected evolution of regulations and the foreseeable trends in market and customer needs. The Firefly engine family is now also available on the Fiat Argo, the new FCA model launched in 2017. The Fiat Argo was chosen as a Best Buy[®] model based on four criteria including fuel economy performance. In 2017, FCA presented the Fiat Cronos, a new model assembled in Cordoba (Argentina) that will be available in the market in 2018. For this new model, based on the MP-S (Modular Platform Sedan) platform, FCA adopted a number of weight reduction solutions, including the use of high-strength steel (HSS), that help manage vehicle energy demand and improve fuel economy.

China

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. Each automaker must meet a specific fleet average fuel consumption target as related to vehicle weight. The phase-in of this fleet-average requirement began in 2016, with increasing stringency each year through 2020.

China 5 standards, which mirror Euro 5 standards, are currently in place in China. These standards define limits for polluting emissions and implemented European onboard diagnostic requirements nationwide for newly registered vehicles. The Fiat Viaggio, Fiat Ottimo, Jeep Cherokee, Jeep Renegade and the all-new Jeep Compass launched in China have been developed with the intent to meet China 5 standards.

The Group aims to implement fuel efficient technical solutions such as engine stop-start (ESS). The locally-produced Jeep Renegade and Compass have ESS as a standard configuration. In October 2017, the locally-manufactured Jeep Compass lineup was expanded with the availability of an all-wheel-drive (AWD) model, featuring the 1.4-liter MultiAir engine. It delivers a 0.8L/100km fuel savings compared to the existing AWD version with the 2.4-liter Tigershark engine.

Regulatory Actions

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 (DVSA). We also initially responded to inquiries from the German authority, the Kraftfahrt-Bundesamt (KBA), regarding emissions test results for our vehicles reported by KBA, 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 European Commission (EC) rules, between MIT and the German Ministry of Transport and Digital Infrastructure (BMVI), 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 correctly performed, which was borne out in material Italy provided during the mediation process.

In addition, at the request of the French Consumer Protection Agency, the French public prosecutor has been investigating diesel vehicles of a number of automakers including FCA, regarding whether the sale of those vehicles violated French consumer protection laws.

On January 12, 2017, the U.S. Environmental Protection Agency (EPA) and the California Air Resource Board (CARB) issued Notices of Violation related to certain software-based features in the emissions control systems in approximately 100,000 2014-2016 model year light-duty Ram 1500 and Jeep Grand Cherokee diesel vehicles. On May 23, 2017, the Environmental and Natural Resources Division of the U.S. Department of Justice (DOJ-ENRD) filed a civil lawsuit against us in connection with the concerns raised by the EPA. The complaint alleges that software-based features were not disclosed to the EPA as required during the vehicle emissions certification process, resulting in violations of the Clean Air Act. The complaint also alleges that certain of the software features bypass, defeat or render inoperative the vehicles' emission control systems, causing the vehicles to emit higher levels of oxides of nitrogen (NOx) during certain normal real world driving conditions than during federal emissions tests. A number of private lawsuits relating to the vehicles have been filed in U.S. state and federal courts principally on behalf of consumers asserting fraud, violation of consumer protection laws, and other civil claims, including a putative class action that is proceeding in U.S. federal court in Northern District of California, and a number of other governmental agencies and authorities, including the U.S. Department of Justice, the U.S. Securities and Exchange Commission and various states Attorneys General have commenced related investigations.

We have been working with the EPA and the CARB to clarify issues related to the Company's emissions control systems technology and announced in May that we had developed updated emissions software calibrations for our model year 2017 light-duty Ram 1500 and Jeep Grand Cherokee diesel vehicles that we believe address the agencies' concerns. Following this, we continued to work with the agencies on vehicle testing and refinements to these calibrations. The 2017 model year updates include modified emissions software calibrations, with no required hardware changes, and we believe that the modifications do not negatively impact the fuel efficiency or performance of the vehicles. In July 2017, we received vehicle emissions certifications from CARB and the EPA permitting the production and sale of our 2017 model year light-duty Ram 1500 and Jeep Grand Cherokee diesel vehicles in all 50 states. We continue to work with the EPA and CARB to seek their permission to use these modified emissions software calibrations to update the emissions control systems in our 2014-2016 model year light-duty Ram 1500 and Jeep Grand Cherokee diesel vehicles.

[®] Fiat Argo equipped with Firefly 1.0-liter "Melhor Compra de 2017" by Brazilian magazine "Quatro Rodas."

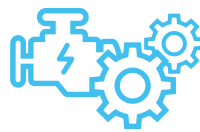
Design for the Circular Economy

FCA's design approach addresses the environmental footprint of products throughout their life cycle. By embracing the concept of the circular economy, we leverage the potential to reduce that footprint through the use of eco-compatible materials and substances, and through design choices that maximize recovery and recycling for end-of-life vehicles. The disposable economy, which wastes materials and energy, is replaced by a sustainable model of recycle and reuse.

Key Figures



Life Cycle Assessment
methodology used to support transition to circular economy



3,000+
remanufactured parts offered globally

Relevant UN Sustainable Development Goals (SDGs)



Design for the Circular Economy

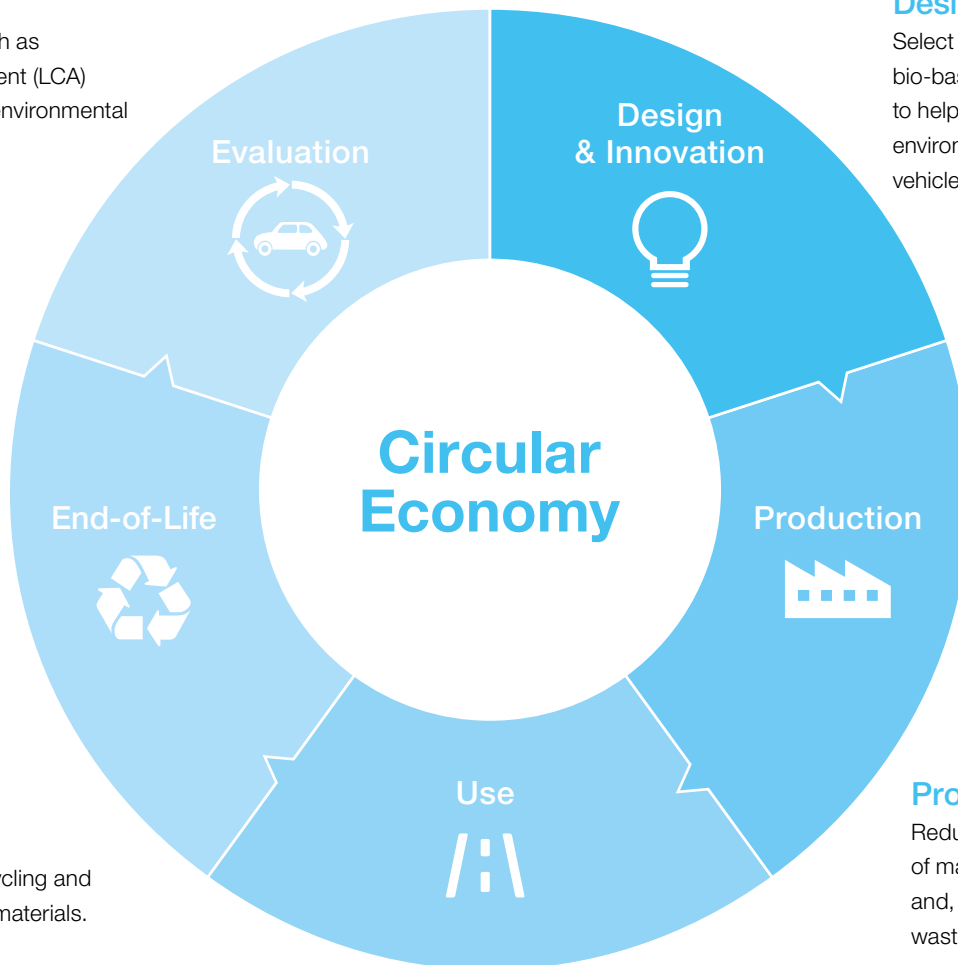
FCA's sustainability practices help support global efforts to stimulate the transition toward a circular economy that is focused on maximizing the value and use from materials, products and waste. FCA favors a well thought-out and balanced approach that addresses a full spectrum of opportunities.

Evaluation

Adopt methods such as Life Cycle Assessment (LCA) to measure overall environmental impact of vehicles.

Design & Innovation

Select recycled, recyclable, bio-based, bio-filled materials to help minimize the overall environmental impact of the vehicles we produce.



End-of-Life

Promote reuse, recycling and recovery of vehicle materials.

Production

Reduce environmental impact of manufacturing operations and, where possible, use waste as a resource.

Use

Promote responsible driving among customers.

GRI: G4-DMA

Examples of circular economy activities at FCA



Design & Innovation

Selecting polymeric materials enhanced with natural fibers and recycled aluminum alloys allow a reduction in both weight and environmental impacts of the vehicle. For example, soy-based

acoustical foam contributes to the Chrysler Pacifica's weight reduction of over 100 kg and its lower density requires less foam to be used to achieve the desired performance, while reducing costs.



Production

Pursuing efficiencies throughout the various stages of vehicle production helps FCA improve the environmental footprint of manufacturing operations and, where possible, use waste as a resource. For example, the use of rainwater and new

technologies adopted at the Cassino plant in Italy makes it fully self-sufficient in terms of water usage for production. Through innovations such as dry scrubbing technology in the paint shop, zero water is withdrawn from local resources.



Use

By promoting eco-friendly driving, we help our customers reduce the impact of their vehicles during the use phase. For example: the Chrysler Pacifica Hybrid offers a coaching tool that guides drivers to drive more efficiently and maximize the time spent in battery mode. It also helps the driver optimize energy consumption while accelerating, and provides guidance on

braking in order to take full advantage of the regenerative braking that contributes to charging the battery. Another example is eco:Drive, an FCA software system available on selected models that offers personalized tips on driving styles with the objective of contributing to a reduction in fuel consumption and emissions.



End-of-Life

Promoting reuse, recycling and recovery of vehicle materials is one way FCA extends its responsibility to the final phase of vehicle life. For example: FCA develops product lines from selected remanufactured parts to support the aftermarket needs

of customers. These parts simultaneously reduce the cost of vehicle ownership for customers and decrease the volume of salvageable materials heading to landfills.



Evaluation

Adopting methods such as Life Cycle Assessment (LCA) to measure the overall environmental impact of vehicles, while taking circular economy legislative frameworks into

consideration, where available. For example, in 2017, FCA completed LCAs for several vehicles, including the Fiat Tipo, Fiat Doblò, Fiat Argo and Alfa Romeo Stelvio.

GRI: G4-DMA

Materials and Substances

Most material innovation and development is conducted by FCA's Group Materials Labs (GML). GML monitors changes in legislation and assesses potential implications on the Group's products and processes. The FCA US Organic Materials Engineering organization is also responsible for approving sustainable materials for use in FCA vehicles. An additional 10% sustainable materials were approved in 2017 compared with the previous year. These approved materials contain recycled or bio/renewable content, lower density or low emission polymers as sustainable material options for various components.

New applications in 2017 include recycled materials used on the Ram 2500 fan shrouds, Chrysler Pacifica exhaust vents, and front and rear wheel liners for several vehicles. Selected FCA vehicles also feature a laminated steel-polymeric panel with improvement of antivibration properties. By eliminating the weight of a traditional soundproofing panel, this technical solution improves acoustic and recyclability performance with a significant weight reduction.

FCA participates in a variety of research and collaborative projects, including:

- the MAGENTA project, a Horizon 2020 publicly-funded collaborative research project aimed at innovative liquid materials for exhaust-heat recovery applications to generate electric energy
- a recently completed European sustainable materials project called POLYGRAPH, with the objective of producing graphene functionalized coatings, composites and adhesives. Results include validation on a pilot scale with a significant weight reduction.
- FCA partners with a supplier to reclaim lithium-ion batteries from FCA vehicles and reuse them for non-automotive applications (e.g., motorized wheelchairs). This circular economy initiative is a zero waste-to-landfill solution and presents a cost avoidance for FCA.

Substances of Concern

FCA works to eliminate or reduce the use of Substances of Concern (SoC) that can 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 internally 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, who 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. In 2016, FCA began development of a global standard to address the use of process chemicals. This standard is expected to be completed and rolled out to suppliers in 2018.

FCA has developed and published vehicle indoor air quality (VIAQ) evaluation standards which are part of our material approval process for interior materials. That approval process includes odor and Volatile Organic Compound (VOC) testing on raw materials to reduce detectable interior odors as well as to improve customer satisfaction.

FCA focuses on substances identified in globally regulated Substances of Concern restrictions like the REACH⁽¹⁾ regulation and heavy metal ban.⁽²⁾ This level of awareness and commitment to compliance is also critical to FCA suppliers with whom we collaborate closely in identifying technically and environmentally sustainable substitutes for substances that will be restricted in the near future.

Life Cycle Assessment

To more thoroughly and effectively assess the impacts of our products, we use 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 LCA studies with these standards. Collaborative LCAs are also conducted within several internationally-funded projects related to materials, processes and automotive components.

Vehicle LCAs influence the development of new, more environmentally-friendly products.

In 2017, Life Cycle Assessments completed include:

- Fiat Tipo HatchBack 1.6-liter 120 hp diesel vs 1.4-liter 120 hp gasoline
- Fiat Doblò 1.3-liter 95 hp diesel vs Fiat Fiorino 1.3-liter 95 hp diesel
- Alfa Romeo Stelvio 2.2-liter 210 hp diesel vs Alfa Romeo Giulia 2.2-liter 210 hp diesel.

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

⁽²⁾ Commission Directive 2016/774/EU of May 18, 2016 amending Annex II to directive 2000/53/EC of the European Parliament and of the Council on End-of-Life Vehicles.

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 minimized at the point when the customer discards the vehicle at its end-of-life stage.

In some 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](#) introduced by the European Commission in 2015 describe required reuse, recycling and recovery activities. FCA contributes to the process review of end-of-life vehicle (ELV) policies, supporting the development of new standards or regulations, such as vehicle and battery recycling.

In Europe, all type-approved vehicles sold are monitored in terms of recyclability and recoverability according to the standard set by the European Union. In 2017, all Group vehicles sold in Europe were 95% recoverable and 85% recyclable by weight, in compliance with the EU's Reusability, Recyclability, Recoverability Directive.

Additionally, FCA supports using recycled and renewable materials in new products. For some types of materials in our vehicles (e.g., metal), the percentage of recycled content is significant. For other materials such as polymers and elastomers, efforts are in place to increase the percentages. FCA is also committed to the research of recycled materials and biomaterials use, and participates in several international collaborative research projects.

In the U.S., the environmental impacts of vehicles at the end-of-life stage are reduced using a market-driven recycling infrastructure, making them among the most recycled consumer products. FCA provides recyclability and recoverability information on vehicles exported to countries with end-of-life vehicle 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 manuals and provides or confirms existing part information that is used to generate more accurate recyclability and recoverability information on vehicles exported to countries with end-of-life vehicle regulations.

FCA recognizes the importance of collaboration for improving the environmental sustainability of supplier products and processes, and provides comprehensive support through a variety of initiatives. 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 finds use for these batteries after fulfilling their original purpose. The Electric Vehicle

Battery Recycling program is important due to the significant carbon 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. This program continues to grow as more batteries become available for reuse.

Additionally, FCA participates in the U.S. Advanced Battery Consortium LLC, a collaborative organization of automakers with the mission to develop electrochemical energy storage technologies that support the commercialization of hybrid, plug-in hybrid, electric and fuel cell vehicles. This work group contains a number of battery-related projects including two that are focused on lithium-ion battery recycling. The Group also belongs to trade associations like the National Alliance for Advanced Transportation Batteries, which promote the recycling and development of aftermarkets for advanced batteries and electrochemical energy storage.

Finally, FCA measures CO₂ emissions and the associated energy consumption resulting from end-of-life vehicle treatment. In 2017, CO₂ emissions amounted to approximately 202 kg of CO₂eq per vehicle, while energy consumption was 1,480 MJ of primary energy demand per vehicle. ⁽³⁾

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.

Providing a second life for selected parts from FCA vehicles has led the Company to develop specific product lines of remanufactured parts that support the aftermarket needs of customers. These parts simultaneously reduce the cost of vehicle ownership for customers and decrease the volume of salvageable materials heading to landfills. This approach recovers materials and saves energy, water and chemicals by reusing parts or components. The FCA remanufactured product lines include air compressors, starters and alternators, brake calipers, electronic control modules, steering and suspensions, as well as engine and transmission product categories. The number of product offerings continues to grow and represents 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.

⁽³⁾ Life Cycle Assessment according to ISO 14040 and 14044; performed with GaBi 8.2 software, using CML 2001 method (updated January 2016) in order to calculate the Global Warming Potential (GWP) of the end-of-life of an average FCA vehicle. The results take into account the environmental debits due to the following ELV management activities: depollution (oil, fluids), dismantling for component reuse and material recycling, shredding activities, and landfilling of the automotive shredder residue. The environmental credits due to the reuse, recycling and recovery of the materials sorted are out of the scope of the LCA.

Customer Focus

Vehicle safety and quality are key elements of the overall customer experience and are among the most material topics to both our stakeholders and FCA. We also recognize that cultures, individual preferences and driving experiences vary from market to market, and impact the support and services customers may need. 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 Figures



Relevant UN Sustainable Development Goals (SDGs)



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. In 2017, we launched the Leave No Doubt program to encourage employees, contractors, suppliers and dealers to report any issue which may concern vehicle safety, emissions or regulatory compliance. The program works through the existing Ethics Helpline whistleblowing system to allow for the anonymous reporting of vehicle-specific issues.

Across the industry, vehicles are being integrated with elaborate systems and new, sophisticated technologies, and they must also comply with a complex array of laws, regulations and standards. FCA believes the industry should adopt a systematic approach to ensure that vehicle safety remains a fundamental corporate value that protects drivers, passengers, the environment, and our communities, in a socially responsible and sustainable manner.

FCA developed a Model Vehicle Safety Compliance Program in 2017, and introduced it to other automotive manufacturers in November 2017. The program is an important contribution to vehicle safety compliance and the development of best practices across the automotive industry. It proposes, for example, a multidisciplinary approach that involves senior management, training, analysis and remediation of safety incidents, and other activities that build a compliance culture around vehicle safety.

Working with the National Highway Traffic Safety Administration (NHTSA), FCA US launched a web-based training program for suppliers in 2017. This training covers FCA expectations and supplier-specific requirements of the Motor Vehicle Safety Act.

FCA US, along with the 17 other automakers who in 2016 signed the Proactive Safety Principles, continues to leverage their knowledge and collaborate to enhance the safety of the traveling public. The Principles include Enhance and Facilitate Proactive Safety; Enhance Analysis and Examination of Early Warning Reporting Data; Maximize Safety Recall Participation Rates; and Enhance Automotive Cybersecurity.

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 upfront 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 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 result in the continual implementation of upgrades to our testing equipment and methodology. In 2017, more than 3,000 impact and crash tests were reviewed globally to understand performance to vehicle safety standards for vehicle occupants, as well as pedestrians and cyclists. In addition, more than 900 real accidents were reviewed at the Pomigliano Technical Center (Italy).

FCA also actively participates in national and international groups and projects focused on areas of occupant and pedestrian 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 to identify technical issues and conduct research related to vehicle safety through the U.S. Council for Automotive Research, among others.

Safety Technology and Ratings

Consumers are accustomed to connectivity in their everyday lives - sending text messages, talking on the phone, participating in social media or accessing content available on the internet. The task for auto manufacturers is to account for these consumer behaviors in a way that enables drivers to maintain their focus on driving. FCA's Uconnect System allows customers to stay connected to the information they want and need while remaining focused on the road.

The new In-Vehicle Notifications functionality allows customers to receive important information about recalls and service needs such as oil changes. When the vehicle is parked, the notification appears as a pop-up on the Uconnect touchscreen display, allowing the customer to call and ask questions or schedule service with the simple push of a button on the Uconnect touchscreen.

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 assisting them to control their vehicles or alert them to potentially hazardous situations. These systems monitor surroundings, the status of the vehicle and driver behavior. They also include semi-automated technologies that provide assistance to drivers in certain instances, with the driver retaining control as needed. One such system is Full-Speed Forward Collision Warning-Plus, which includes Automatic Emergency Braking (AEB) technology. When the system first detects a potential impact, it pre-fills the vehicle's brakes and transmits audible and visual warnings for the driver to intervene. If there is no driver response, the system triggers a brief brake application as a tactile alert. If the driver remains unresponsive and the frontal collision risk is imminent, braking occurs automatically to slow the vehicle and reduce an impact's severity. The system may bring the vehicle to a full stop if a frontal collision appears imminent at speeds below 25 miles per hour.

Passive safety systems 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 a crash as well as a vehicle's ability to avoid a crash through the use of technology. Several FCA vehicles have earned top ratings based on performance during assessments.

The 2018 Chrysler Pacifica, Dodge Charger and Dodge Challenger achieved the 5-Star overall safety rating in the U.S. NCAP conducted by the National Highway Traffic Safety Administration (NHTSA). The Insurance Institute for Highway Safety (IIHS) named the 2017 Jeep Compass a Top Safety Pick and the 2017 Alfa Romeo Giulia was named a Top Safety Pick + rated vehicle. In addition, the Jeep Compass and Alfa Romeo Stelvio earned the 5-Star Euro NCAP rating in 2017.

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

Regulatory Compliance

FCA is dedicated to improving the overall customer experience during the recall process and increasing completion rates. Through the Global Technical Compliance organization, the recall investigation and execution process has been harmonized to enhance coordination across regions and the robustness of recall campaign remedies for our customers.

We continue to investigate and implement ways to further improve customer engagement and experience related to recalls through both regional communication channels and our Customer Contact Centers (CCC). For example, the CCC and Vehicle Safety & Regulatory Compliance groups collaborated to redesign the customer recall notifications in the U.S. in response to findings from extensive customer research. The findings of this research and resulting notification changes were shared with other automakers. Along with supporting our commitment to leading industry education and outreach, customers can better understand the steps for recall repair completion, use multiple channels of communication, and have the support of the CCCs at their disposal.

In addition, the Check to Protect public awareness campaign was launched in 2017 by the National Safety Council and FCA US 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.

When potential vehicle safety issues arise, we promptly investigate and take corrective action, including initiating recall campaigns when appropriate. As an example, FCA uses 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 initiate appropriate recalls to address safety issues more quickly and inconvenience fewer customers. In 2017, there were 115 recall campaigns involving 8,777,282 initial recall notices for FCA vehicles worldwide.

Vehicle Quality

FCA's ability to produce vehicles that meet product quality standards and gain market acceptance is integral to our approach in earning and maintaining the trust and loyalty of customers. During vehicle development, our customer-focused approach to quality keeps customers' needs and expectations in mind, which may vary from market to market due to differences in driving experiences and local preferences such as vehicle size, fuel type and acceptance of new technology. One measure of this customer focused approach is reflected in the results of the J.D. Power 2017 U.S. Initial Quality Study, which showed the Chrysler, Dodge, Jeep, Ram and Fiat brands posted year-over-year improvements. In addition, on average, the brands improved initial quality at a faster rate than the U.S. industry average for the second consecutive year.

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. This includes vehicle reliability as measured by rate of repair and survey results related to vehicle functionality and design. In 2017, the rate of repair in the first 90 days of ownership improved on average by more than 7% globally. Things Gone Wrong (TGW) is an internal and external survey process that evaluates customer needs and behaviors related to vehicle functionality and design issues. In 2017, TGW improved on average by nearly 10% globally.



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 issues earlier in the vehicle development process and makes implementing solutions more cost effective.

At times, differences in customer expectations or regulatory requirements 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 that is available in five languages to help expedite issue resolution across functional groups and regions. Benefits of the GIM system extend beyond our internal resources by providing our supply chain access to view and address 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 find the root cause of build variations even when components appear perfect to the naked eye. All of these tools are used to find and resolve 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 ISO/TS 16949 certified.

FCA conducts thousands of reliability, capability and durability tests each year at our proving grounds in Chelsea (U.S.) and Balocco (Italy). 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 new cold weather testing facility in Fairbanks (U.S.).

In addition to monitoring throughout the product development process, the Connected Customer Fleet (CCF) program was launched with the 2017 Pacifica Hybrid. Selected customers participated in an online community to provide earlier and more extensive vehicle feedback to FCA than traditional methods. Programs such as CCF help to rapidly identify and resolve potential issues with new models and improve customer satisfaction.

Customer Experience

FCA aims to reinforce customer relationships by creating positive experiences throughout the ownership process, including interactions with FCA products, services, tools and representatives. The 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 to provide a positive experience while accommodating brand values, local requirements, and different customer needs. Several 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. To evaluate the effectiveness of our customer-related programs, FCA measures how satisfied customers are with both sales and service experiences, as well as how likely they are to recommend our dealers and brands to family and friends. Results are integrated into dealer processes, customer contact center management, and training programs.

Customer experiences are monitored on a regional basis through surveys that provide insight into customer advocacy and satisfaction with the dealer network. FCA uses an advocacy measurement to track customer satisfaction. This figure represents the percentage of customers who are likely to recommend the dealer to a friend or family member based on their sales or service experience. The sales advocacy results improved more than two percentage points and the service advocacy results improved more than four percentage points in the U.S., compared with 2016 results. In 2017, more than 1.5 million completed surveys were received from U.S. sales and service customers, furthering the ability to monitor and improve dealer processes.

In the EMEA region, the international measure used to evaluate customer satisfaction throughout the sales and service experience is the Net Promoter Score (NPS). In 2017, with improvements to the dealer network processes, NPS increased by 1.5 percentage points for sales and 4.9 percentage points for service, along with a 6% increase in the number of customers providing feedback compared with 2016. The overall feedback process covered 15 markets for sales and 20 markets for service within the EMEA region, providing extensive insights from customers.

Today's customers value personalization, as well as easy access to information. In addition to traditional touch-points, emerging technologies also have an impact on customer expectations and perception. 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.

Vehicle shopping solutions in various markets use virtual and augmented reality to enable customers to customize and experience vehicle details in real-time, even when they do not have access to the physical vehicle. Initiatives like the Abarth AR (Augmented Reality) and the Jeep Adventure Reality applications for mobile devices offer customers a cyber experience to help them configure the vehicle and make their purchase decisions.

In addition, FCA provides customers in selected countries, directly or through partnerships with major providers, the ease and convenience of shopping for a vehicle online. This approach also allows customers to take delivery of the vehicles at their local dealers, combining online purchasing with human interaction.

FCA also offers innovative features and solutions to support new and unique market expectations. For example, connected services such as the Family Drive Alerts, debuting in early 2018 on select Uconnect systems, provide peace of mind in situations when teen drivers or aging parents are driving. Vehicle owners can set boundary limits, receive speed alerts and know when their vehicle has safely reached its destination, all via the Uconnect smartphone application.

Dealer Network Development

The dealer network plays a pivotal role in developing relationships and building trust with FCA's customers. FCA proactively engages with the network to create personal, differentiated experiences for customers in the markets. 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 touch-screen kiosks.



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 relationship management; product and vehicle systems knowledge; and environmental and safety features of the Group's vehicles. Depending on the topic, dealer personnel demonstrate comprehensive knowledge by completing a series of courses, skill assessments and certifications.

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 2017, more than 1,900 dealership employees and family members have taken advantage of this opportunity.

- Mopar Career Automotive Program (CAP). This national 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 2017, there were 89 Mopar CAP and CAP LOCAL schools in the U.S., a 13% increase over 2016, supporting more than 8,100 active students.
- TechPro² 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 2017, more than 800 students in Italy were enrolled in TechPro² apprenticeships, with 39% of them within the FCA dealer network. In addition, approximately 5,000 students took part in the program around the world, receiving around 4.5 million hours of training in seven languages and 60 locations.

In addition to developing personnel in the network, FCA is working on initiatives to reduce the environmental impact of the network based on local network opportunities. These programs relate to increasing awareness on sustainability topics while improving daily business operations. One example is the program launched in 2017 to assist U.S. dealers in converting to LED lighting. FCA and our partners in the program offer an LED retrofit solution that not only provides a brighter and safer environment at night, but also decreased the dealers' total electricity cost more than 40% by reducing consumption by more than 50%, based on pilot results. This program supports FCA's commitment to reducing the overall environmental impact, in addition to offering a positive financial impact for dealerships and a better experience for customers.

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 recall information. These solutions provide convenient access to information and improved customer service.

To strengthen connections with our customers and address customer complaints, FCA's social media listening teams monitor digital media channels, such as Facebook, Twitter 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 26 CCCs worldwide, with around 1,500 agents and supervisors who handled approximately 26 million customer contacts in 2017, 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 31 languages. FCA believes that skilled, knowledgeable and motivated agents are essential for a high level of customer satisfaction. For this reason, in 2017 the Group offered nearly 62,000 hours of agent training on new products, behaviors and processes, as well as systems and new procedures.

FCA also regularly engages with customers to provide information regarding the proper use of our products and services; potential risks or hazards; safety and usage instructions; 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 140 countries worldwide, and is subject to numerous laws and regulations governing product information. FCA does not sell our products or services in markets where they are banned.

NAFTA

 **909**
Personnel



3 Languages
spoken

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



LATAM

 **121**
Personnel



2 Languages
spoken

Belo Horizonte, Brazil
Cordoba, Argentina
Valencia, Venezuela



EMEA

 **418**
Personnel



25 Languages
spoken

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



APAC

 **44**
Personnel



7 Languages
spoken

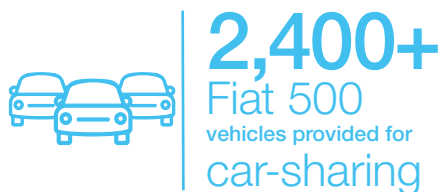
Shanghai, China
Pune, India
Tokyo, Japan
Seoul, South Korea
Brisbane, Australia



GRI: G4-DMA, G4-PR3, G4-PR6

Customer Mobility

FCA focuses our efforts on the entire customer experience through both traditional products and services and more customized solutions. To strengthen customer relationships, FCA offers a variety of options to support different mobility needs. Enjoy is a car-sharing service that offers a fleet of Fiat 500 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 2,400 vehicles. Since the service was launched, approximately 675,000 individuals in Milan, Rome, Florence, Turin and Catania have signed up to use it and 13 million rentals have been logged. The operations, from registration to use, are managed online through smartphone applications.



In 2017, FCA and Eni signed a memorandum of understanding which will extend the use of car-sharing and underline the versatility and flexibility of compressed natural gas (CNG). It was announced that the Enjoy fleet will be expanded in 2018 to include Fiat Professional Doblò vans in the new Enjoy Cargo service where 20% of the Fiat Doblò fleet will be CNG powered.

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 Automobility 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 Fiat, Lancia, Alfa Romeo, Abarth, Jeep and Fiat Professional brand vehicles. In 2017, there were 25,489 customized vehicles sold through the Autonomy program to customers in Europe and Brazil. Revenues from the sale of these vehicles in Italy totaled about €146 million in 2017. In addition, 1,750 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, Automobility, 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 helps cover up to €885 of the expense for installing adaptive driver or passenger equipment on most Chrysler, Jeep, Dodge, Ram or Fiat vehicles. Automobility supplies vehicles to a network of more than 20 vehicle modifiers, who operate over 300 sales and service outlets across the U.S. In 2017, the [Automobility website](#) was redesigned to help customers determine which vehicle and adaptive equipment best suit their lifestyle, find the nearest sales outlet and apply for reimbursement. FCA also launched a [social media channel](#) to communicate with the disabled community, and facilitate an open dialogue on the latest developments in adaptive driving equipment, assistance programs and general lifestyle information. Since 2010, the Automobility program has provided nearly 35,000 customer assistance grants.

Customer Education

FCA's focus on the ownership experience extends to educating consumers through a variety of methods. To educate customers about vehicle safety, for example, a wide array of courses are offered aimed at improving driver behavior and control over the vehicle. The courses vary by brand, highlighting the individual vehicle attributes. One example of an advanced driving course is the Mopar Road Ready program in the U.S. This program is in its third year of teaching safe and defensive driving techniques, helping train more than 3,000 teenage drivers and their parents. Each session provides a brief classroom review of basic driving topics, including proper seat positioning, hand positioning and vehicle dynamics. Advanced behind-the-wheel training is then provided to teens during five on-track courses, including accident avoidance, distraction, panic stop, wheel drop and wet skid pad.

In addition to offering safe driving courses, FCA encourages eco-friendly driving through awareness campaigns and software tools like [eco:Drive](#). Based on the life cycle of a vehicle, most CO₂ emissions occur during the use phase. With this in mind, eco:Drive, an FCA software system available on selected models in the EMEA region, offers personalized tips on driving styles with the objective of contributing to a reduction in fuel consumption and emissions. In 2017, more than 110,000 new activations were registered.

Similarly, one of the customizable cluster displays in the 2017 Chrysler Pacifica Hybrid is an "efficiency coach," which guides the owners to drive more efficiently and maximize the time spent in battery mode. It helps the driver optimize energy consumption while accelerating, and provides guidance on braking to take full advantage of the regenerative braking that contributes to charging the battery.

5

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Production

FCA's environmental stewardship endeavors to reduce our environmental footprint while also contributing to the Company's financial success through reduced production costs. Continuous improvements in environmental performance in our manufacturing operations are achieved 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.

Key Figures



Relevant UN Sustainable Development Goals (SDGs)



Production

FCA's Environmental Guidelines detail our commitment to address environmental and climate change issues by aiming to reduce CO₂ emissions, energy consumption, water withdrawal and waste generation. Our environmental responsibility also entails efforts to minimize the use of raw materials by promoting renewable and recycled materials in our production processes, encouraging the use of reusable and environmentally friendly packaging and containers, and preserving 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 ISO 14001 standards. The EMS consists of a system of methodologies and processes designed to prevent or reduce the environmental impact of the Group's manufacturing activities. At the end of 2017, 143 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.

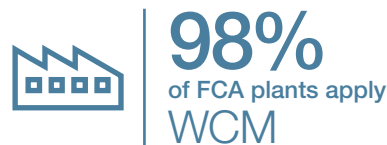
FCA's Energy Management System (EnMS) focuses on methodologies and processes related to consumption of energy. At the end of 2017, the majority of Group plants were ISO 50001 certified, representing approximately 95% of the Group's total energy consumption.

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

As a key contributor to our environmental stewardship, the WCM program was first adopted more than 10 years ago and has been implemented at FCA plants worldwide. WCM represents the concrete application of our model of environmental sustainability and, in particular, our efforts to reduce the impacts of our production processes. WCM is a rigorous manufacturing methodology that involves the entire organization and encompasses all phases of production. The projects developed within WCM are designed to reduce losses and waste; increase productivity; and improve quality and safety in a systematic manner, aiming to ultimately reach zero accidents, zero waste, zero breakdowns and zero inventories.

At year-end 2017, 151 FCA plants have implemented WCM, which covers more than 98% of our plants: 61 have achieved a WCM bronze level of implementation and performance, 32 silver and five gold. 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 2017, FCA plant employees submitted more than 2.6 million suggestions, representing an average of 15 proposals per employee. Best practice projects are shared among all plants, with almost 20,000 approved and disseminated across the Group's plants throughout 2017.



There were roughly 5,000 environmental projects started during 2017, for an estimated cost savings of €68 million.

WCM tools and methods are also applied to non-production business processes. FCA is transferring WCM principles and best practices to our logistics, manufacturing engineering, design activities, dealers and suppliers. In 2017, this methodology has also been applied for the first time within industrial security processes across Italy. By expanding the WCM approach and principles across the different FCA business functions and business partners, FCA minimizes the environmental footprint along our value chain while spreading a sustainability culture.



Energy Consumption

The Group seeks solutions that enable further reductions in the use of fossil fuels. Over time, these solutions have generated significant savings in energy-related costs. In 2017, energy consumption was well below the 2010 baseline level in both absolute terms and on a per vehicle produced basis, and the related CO₂ emissions decreased year-over-year. Energy consumption for FCA worldwide in 2017 was 48,207 TJ compared with 48,877 TJ in 2010, despite increased production volumes.

At mass-market vehicle assembly and stamping plants, the energy consumption per vehicle produced decreased by 6% compared with last year (from 5.95 to 5.60 GJ), and by 24% compared with 2010 (from 7.36 to 5.60 GJ).

During the year, the Group rolled out several initiatives 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 had a considerable impact, generating energy savings of around 2,000 TJ and avoiding approximately 160,000 tons of CO₂ emissions.

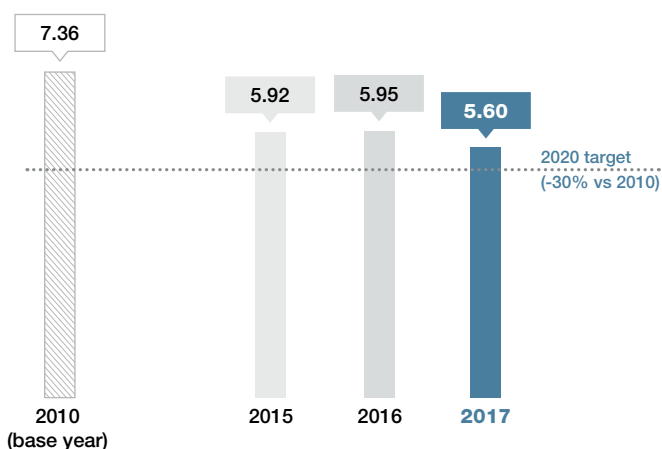
Direct and Indirect Energy Consumption

FCA worldwide (TJ)

	2017	2016	2015
Direct energy consumption	20,651	19,572	20,602
Indirect energy consumption	27,557	27,865	26,816
Total energy consumption	48,207	47,437	47,418

Direct and Indirect Energy Consumption per Unit of Production

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



⁽¹⁾ Prorated to include carry-over from projects launched in 2016.

CO₂ and Other Emissions

Total CO₂ emissions from manufacturing processes decreased more than 2% to 3.8 million tons compared with 2016, despite stable vehicle production volumes. This achievement was below the 2010 baseline level on both a total and per vehicle produced basis.

Direct and Indirect CO₂ Emissions

FCA worldwide (thousands of tons of CO₂)

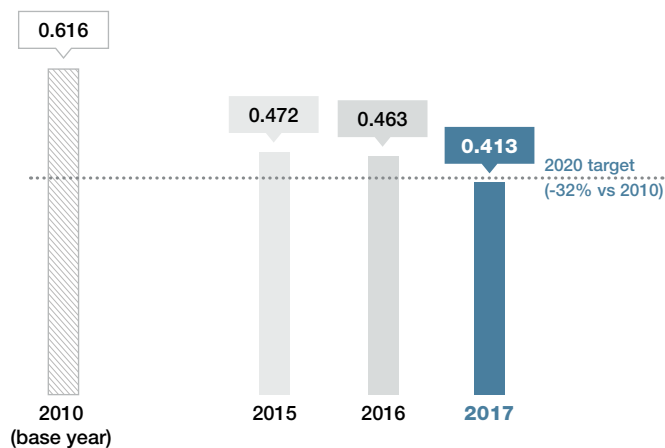
	2017	2016	2015
Direct emissions	1,101	1,039	1,104
Indirect emissions	2,714	2,861	2,912
Total CO₂ emissions	3,815	3,900	4,016

In 2017, 3,600 energy projects were launched, resulting in savings of approximately €55 million.⁽¹⁾

Emissions of CO₂ per vehicle produced at mass-market vehicle assembly and stamping plants decreased 33% in the last seven years, falling from 0.616 tons per vehicle produced in 2010 to 0.413 tons per vehicle produced in 2017.

Direct and Indirect CO₂ Emissions per Unit of Production

Mass-market vehicle assembly and stamping plants worldwide (tons of CO₂ per vehicle produced)



In 2017, FCA continued to make use of energy from renewable sources. In Europe, the vast majority of renewable energy purchased for consumption by the Group is certified by the supplier, covering 100% of Italian plants' electricity. In Brazil, South America's major market, electricity purchased for consumption is certified as originating almost entirely from hydroelectric or wind 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 29% of total electricity consumption in 2017.

GRI: G4-DMA, G4-EN3, G4-EN5, G4-EN6, G4-EN15, G4-EN16, G4-EN18, G4-EN19

One example of FCA's commitment to renewable energy is our Jeep plant in Goiana (Pernambuco State, Brazil). In 2017, this plant obtained certification as Carbon Neutral. The Goiana plant has also established itself as an eco-performer. Along with zero waste-to-landfill status since the start of activities in 2015, the plant is almost self-sufficient in terms of water usage, with a 99% water recycling index.

Other Emissions

Estimated emissions of other substances, based on direct fuel consumption for energy production, slightly increased in 2017. Nitrogen Oxides (NO_x) emissions increased as a result of higher natural gas consumption, while Sulfur Oxides (SO_x) emissions increased as a result of the increased production at our foundries. Dust also increased slightly.

Direct Emissions of NO_x, SO_x and Dust

FCA worldwide (tons)

	2017	2016	2015
NO _x	1,350	1,319	1,334
SO _x	105	83	122
Dust	59	53	63

Related content

- Emissions and Fuel Economy
- Low-emission Transport

Water Management

FCA aims to responsibly manage our entire water cycle, adopting 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 has used a new risk assessment method since 2016 to evaluate water stressed areas. We conduct scenario analyses to identify those plants located in areas where water is considered a limited resource and to mitigate future climate change impacts.

As a result of improvements in water cycle management and measures taken to reuse water in industrial processes, FCA reduced overall water consumption by 29% compared with 2010 (from 33.7 to 24.1 million m³). Projects to cut the quantity of water consumed led to an overall savings of about €4.8 million in 2017.

Water recycling resulted in 2.1 billion m³ of water saved.

In 2017, mass-market vehicle assembly and stamping plants reduced water consumption per vehicle produced by about 37% compared with 2010.

Of 144 total plants active in 2017, 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 m³)

	2017	2016	2015
Water withdrawal	24.1	24.4	24.3
Water discharge	15.8	17.6	19.3

Water Recycling Index

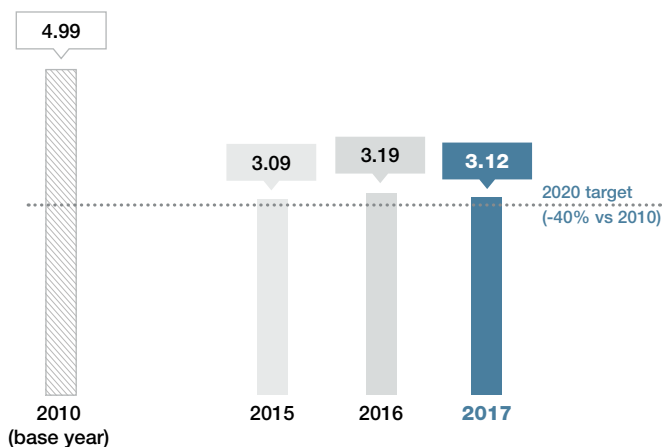
FCA worldwide (millions of m³)

	2017	2016	2015
Total water requirement	2,099	2,251	2,361
of which covered by recycling	2,075	2,227	2,337
of which water withdrawal	24	24	24
Recycling index	99%	99%	99%

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 Unit of Production

Mass-market vehicle assembly and stamping plants worldwide (m³ per vehicle produced)



GRI: G4-DMA, G4-EN8, G4-EN10, G4-EN21, G4-EN22, G4-EN24

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, waste is disposed of using the method available that has the least environmental impact (waste-to-energy conversion or treatment) with landfills used only as a last resort. As a result of continued improvements in waste management, FCA achieved a 29% reduction of waste generated in 2017 compared with 2016. In the past six years, FCA reduced waste from our operations by 2 million tons. In 2017, these efforts saved about €5 million. In addition, revenues of about €33 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 45% compared with 2010 baseline levels.

Waste Generation and Management

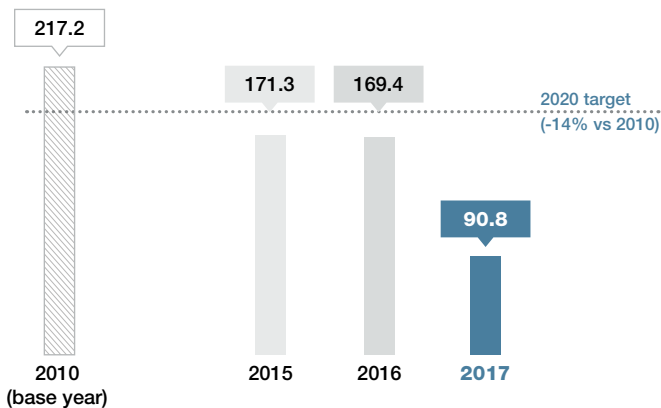
FCA worldwide (tons)

	2017	2016	2015
Waste recovered	737,112	1,174,325	1,211,526
Waste disposed	244,938	210,699	253,994
Total waste generated	982,050	1,385,024	1,465,520

In mass-market vehicle assembly and stamping plants, the quantity of waste generated per vehicle produced in 2017 decreased by 46% compared with the prior year (from 169.4 to 90.8 kg/vehicle produced), and by 58% compared with 2010 (from 217.2 to 90.8 kg/vehicle produced). This significant decrease year-over-year was the result of waste reduction initiatives and the alignment in NAFTA to country-specific waste exemptions. Hazardous waste per vehicle produced decreased 62% compared with 2010 (from 8.2 to 3.1 kg/vehicle produced).

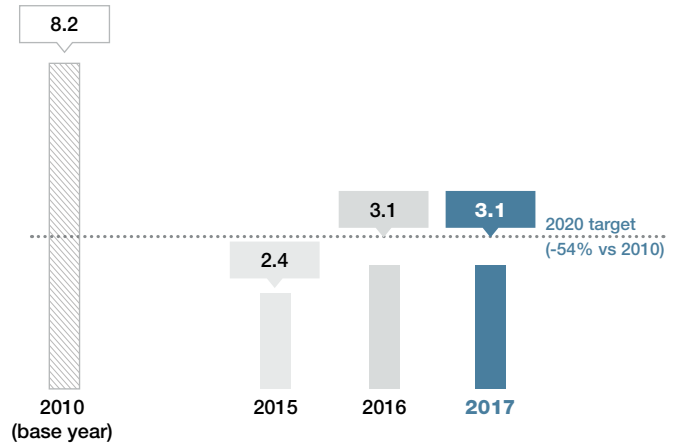
Waste Generated per Unit of Production

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



Hazardous Waste Generated per Unit of Production

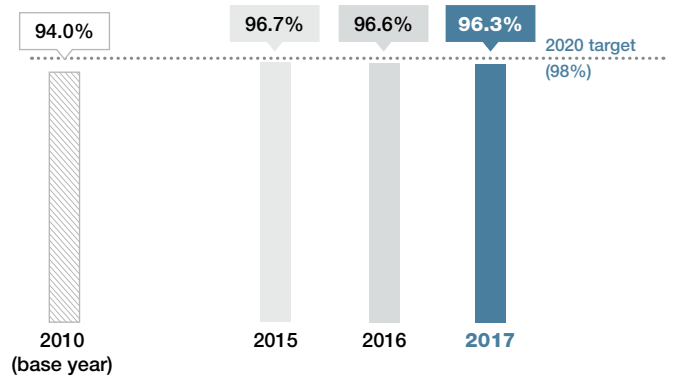
Mass-market vehicle assembly and stamping plants worldwide (kg per vehicle produced)



In 2017, the waste recovery rate in mass-market vehicle assembly and stamping plants was around 96% and the percentage of waste sent to landfill was around 3%.

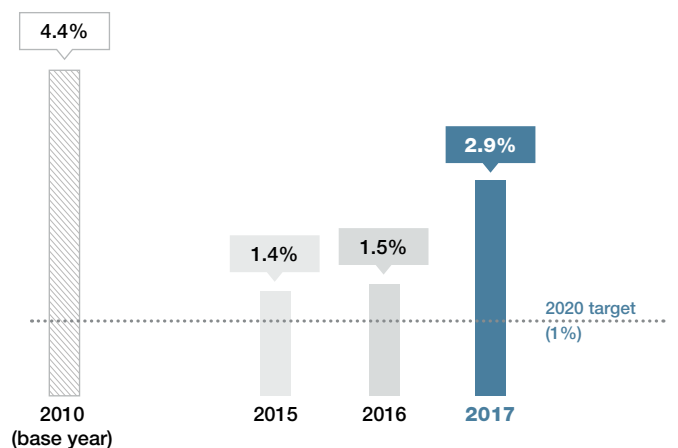
Waste Recovery Rate

Mass-market vehicle assembly and stamping plants worldwide



Waste Sent to Landfill

Mass-market vehicle assembly and stamping plants worldwide



GRI: G4-DMA, G4-EN23

Smart Manufacturing at FCA

At FCA, increased digitalization of plant workstations offers opportunities for collaboration between humans and technology which can unlock efficiency, ergonomics, quality and employee empowerment. For more than 10 years, FCA has leveraged these opportunities through the implementation of World Class Manufacturing (WCM) at FCA plants worldwide. WCM represents the foundation of this progressive transition to a smart modular factory model.

Information technology plays a key role in transforming work processes by:

- optimizing collaboration and integration between humans and technology
- maximizing the added value from data and information gathered through the many thousands of actions required to produce a complex product
- advancing the adoption of cybersecurity standards for connected systems
- accelerating the paradigm shift in terms of worker skills and mindset.

In addition, a new Information and Communication Technology (ICT) infrastructure, known as the New Plant Landscape (NPL), was developed with technology partners and has been deployed at major FCA plants worldwide. NPL employs advanced ICT solutions to help achieve high standards of quality in manufacturing and assembly processes through rapid decision-making at all levels of the value chain. Furthermore, digital twins are used to advance process design, allowing the simulation and validation of instructions and processes in a virtual environment.

ICT innovations supporting enhancements in FCA manufacturing include, among others: IoT solutions, 3D printing, collaborative robots, cybersecurity, advanced analytics, cloud solutions, augmented reality, 3D simulation, wearable devices and mobile apps.

The approach to flexible manufacturing also includes the creation of on-demand prototype parts, which is made possible by 3D printing, also referred to as additive manufacturing. Thousands of prototype parts were created through additive manufacturing during development of the Alfa Romeo Giulia and Stelvio, which are manufactured at the Cassino (Italy) plant.



Cassino plant: zero carbon footprint



FCA's Cassino (Italy) assembly plant exemplifies the concepts of Smart Manufacturing through its high standards of efficiency, workforce ergonomics and sustainability. It has sent zero industrial waste to landfill since 2000. It has a zero carbon footprint: 100% of electricity used in industrial processes comes from renewable sources, including on-site solar power generation. The plant is also fully self-sufficient in terms of water usage through innovations such as dry scrubbing technology in the paint shop, where zero water is withdrawn from local resources for industrial purposes.



Supplier Management

Promoting sustainable practices in a global supply base is a complex but essential undertaking. The sourcing and manufacturing of our products are critical to the way FCA takes responsibility for the social and environmental impacts of our activities. As materials move through the supply chain tiers, eventually finding their place in the vehicles we produce, stakeholders at each step expect responsible management and consideration of impacts generated.

Key Figures



€70+ Billion
in total purchases



2,400+
suppliers
worldwide

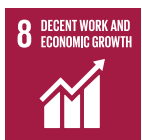


1,900+
suppliers trained
online on
sustainability



800+
Supplier Sustainability
Self-Assessments
completed

Relevant UN Sustainable Development Goals (SDGs)



Supplier Management



Choosing suppliers who demonstrate proven capabilities in quality management, market understanding, and readiness to innovate is critical in distinguishing our products from the competition. We work together with our suppliers to create responsible development practices that help limit exposure to unexpected events and supply disruption, while building long-term core competence that can drive sustainable growth over time.

FCA Purchasing, the organization responsible for supplier management, sets global purchasing strategies and oversees the integration of processes worldwide. This organization also works with automotive peers and non-automotive counterparts to integrate key environmental, social, and governance considerations into global purchasing decisions. Our buying teams work with suppliers and colleagues from various internal functional areas to develop and execute sourcing strategies as well as support the ongoing selection, management and development of our supply base.

FCA's supplier relationships are driven by our Foundational Principles that provide the framework for how we work with our supply base, as well as internally. Focused training events based on these Principles takes place in each of FCA's regions.

The long-term goal is that all supplier relationships will reflect these Principles:

1. Integrity - Trust and be trustworthy
2. Mutual Transparency - Share expectations and information
3. Proactive Collaboration - Work together effectively and efficiently

4. Personal Accountability - Take ownership and accept responsibility
5. Empathy & Advocacy - Respect and support each other
6. Sense of Urgency - Act quickly and decisively
7. Continuous Improvement - Share best practices
8. Long-Term Mindset - Make decisions that foster sustainable relationships.

Our supply base is concentrated, with 129 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.

Our 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, while minimizing transport-related environmental impacts. Local suppliers are those that supply an FCA plant located in the same country where they operate. For example, at our plants in Brazil more than 90% of our spending originated from in-country suppliers. In Poland, 57% of purchases came from local suppliers.

GRI: G4-DMA, G4-12, G4-13, G4-EC8, G4-EC9

Supplier Sustainability

FCA relies on a network of suppliers who have committed to operate responsibly. Suppliers are selected based not only on the quality and competitiveness of their products and services, but also on their respect of social, ethical and environmental principles. Commitment to this responsibility is a condition to both become an FCA supplier and to develop an ongoing business relationship with us.

Suppliers must conduct business activities according to ethical standards and procedures set forth by FCA. The Company's General Terms and Conditions require any new purchase order with suppliers to align with the principles set forth by FCA's policies, including the FCA Code of Conduct and the FCA Sustainability Guidelines for Suppliers. If a supplier fails to meet these standards, a corrective action plan, jointly developed with FCA, is required. In extreme cases, FCA may terminate the business relationship. FCA's Sustainability Guidelines for Suppliers are available on our corporate website as well as the supplier portal. They focus on the following principles:



Human rights and working conditions

- rejection of the use of forced or child labor in any form
- recognition of the right to freedom of association in accordance with applicable laws
- freedom from harassment and discrimination
- safeguarding of employee health and safety
- guarantee of equal opportunities, fair working conditions, appropriate working time, equal compensation, and the right to training for employees.



Respect for the environment

- optimized use of resources
- responsible waste management
- management of Substances of Concern in the manufacturing process
- development of low environmental impact products
- use of an environmentally sustainable logistics system.



Business ethics

- high standards of integrity, honesty and fairness
- prohibition of corruption and money laundering.

Supplier Assessment Process

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

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

Potential suppliers must demonstrate that they have adopted a program that promotes sustainability, both internally and along the supply chain; 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.

The SEA consists of an audit carried out at the supplier's facility and is generally preceded by the completion of a Supplier Data Profile. Subsequently, if required, corrective actions, responsibilities, and target dates for resolution can be defined for all identified items.

Suppliers play a key role in the continuity of our activities and can have a significant impact on external perceptions of our social and environmental responsibility. The assessment of supplier compliance with sustainability criteria is conducted through 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. Used in all four FCA regions, this 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. Moreover, it represents an effective tool that reduces the burden of multiple and similar information requests received by suppliers. Suppliers complete the SSSA online each year by accessing it via the FCA eSupplier Connect portal.

The second phase of assessing suppliers is the creation of the risk map. The primary factors taken into account in building the risk map are:

- supplier's turnover
- country risk associated with the supplier's home country, with particular emphasis on countries with a poor human rights record⁽¹⁾
- supplier's financial risk
- supplier's SSSA score
- supplier's exposure to commodity risk
- location of supplier's main production activities (where available or known).

The risk map score indicates a supplier's overall risk level and is used to prioritize supplier audits. Active direct material suppliers are assessed yearly and their risk level analyzed.

On-site supplier sustainability audits (in the form of both announced and semi-announced/unannounced) represent the third and most intensive phase for confirming supplier compliance, and are conducted by either internal Supplier Quality Engineers or external auditors. Globally, 48 supplier locations participated in these audits in 2017. 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 and the supplier. Action plans establish specific responsibilities within the supplier's organization, activities and deadlines for implementation.

48 sustainability audits conducted at supplier locations

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

The Group plans to conduct sustainability audits or assessments of all Tier 1 suppliers with potential exposure to significant environmental or social risks by 2020.

Supplier Environmental Performance

Climate change is not an issue that can be solved in isolation. Through ongoing engagement with our suppliers, our combined efforts contribute to addressing the challenges of climate change. We expect our suppliers, dealers, contractors, business partners, licensees, and joint venture partners to comply with all environment-related rules and regulations, and to adopt measures and standards contributing to an overall improvement in environmental impact throughout the value chain. We work with our suppliers and encourage them to implement an environmental management system aligned with international standards.

Their involvement in environmental management initiatives, which we verify, reflects a supply base that is seeking to optimize their use of resources and minimize emissions and greenhouse gases; properly managing waste treatment and disposal; and adopting logistics processes with minimized environmental impact.

In all supply contracts, FCA specifies our support of responsible procurement by requiring every material's adherence to environmental, health and safety requirements, and covers ingredients, formulas and handling procedures where relevant. These requirements extend to our procurement practices through the use of tools such as the International Material Data System (IMDS) and Life Cycle Assessment.

Suppliers are required to submit detailed information on the material content and substances used in production and service parts through IMDS so substances can be traced back to the specific component. In this way, FCA can monitor, control, reduce, or eliminate regulated chemical substances that are restricted or prohibited in one or more markets.

As directed by Substances of Concern regulations such as the EU's REACH (regulation on Registration, Evaluation, Authorization and Restriction of Chemicals), our suppliers are required to use chemicals whose contents meet our current standards for the management of Substances of Concern.

If an environmental risk is identified, the Group conducts thorough on-site audits to examine the supplier's environmental management methods. These audits include a rigorous inspection of proper environmental management system documents and their mode of distribution in the work environment; accountability for ensuring compliance with the environmental management system; training programs provided to employees; goals to improve environmental performance; and any environmental certifications held by the company. In order to prevent, mitigate or redress a negative impact encountered during inspection, a joint action plan is developed with the supplier.

⁽¹⁾ With reference to the EIRIS "Countries of Concern for Human Rights" List.

FCA partners with our suppliers to reduce the environmental impact of the components we buy from them, including through recycling or remanufacturing. In collaboration with one of our electric battery suppliers, we developed a program to repurpose lithium-ion batteries for non-automotive applications such as motorized wheelchairs. For more information, see the Remanufactured Parts section elsewhere in this Report.

To promote awareness among suppliers of their impact on the climate, particularly regarding greenhouse gas emissions, 237 suppliers were invited to participate in the CDP supply chain program in 2017. Of those invited, 167 suppliers disclosed (70% response rate), attaining an average score of C- (on a scale from A to D-). This response rate was due in part to dedicated supplier training webinars that FCA provided in cooperation with the CDP supply chain program to support this engagement and to convey the importance and benefits from transparently reporting on impacts. Approximately 86% of responding suppliers reported scope 1 and scope 2 emissions.

By 2020, the Group expects to monitor 90-100% of top Group suppliers' CO₂ emissions (accounting for about 57% of annual purchases by value) through the CDP supply chain program. In 2017, suppliers disclosing accounted for approximately 50% of FCA annual purchases by value from direct and indirect material suppliers.

Related content

- Life Cycle Assessment
- Materials and Substances
- Design for the Circular Economy

Supplier Human Rights and Labor Practices

FCA is firmly convinced that the respect and support of fundamental human rights is essential for building a better future for our 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, expecting 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. The responsible procurement of raw materials for our vehicles is essential. Although the source of any raw material may be several tiers removed in the supply chain, we recognize its place in our sourcing process.

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 Automotive Industry Action Group (AIAG) Corporate Responsibility Steering Committee, which leads auto industry engagement in the cobalt/mica/Conflict Minerals activities and relationships, and the Responsible Minerals Initiative (formerly CFSI).

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.

Conflict Minerals

The vehicles we produce contain various metals, including tantalum, tin, tungsten and gold (3TG). These metals are commonly referred to as Conflict Minerals because the minerals used to make tantalum, tin, tungsten and gold 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.

In collaboration with the Automotive Industry Action Group (AIAG), FCA has developed strategies addressing Section 1502 of the Dodd-Frank Act, which requires companies to determine whether 3TG in their supply chain originated from the covered countries, and whether the procurement of those minerals supported the armed conflict in this region. FCA is working closely with the Responsible Minerals Initiative (RMI, formerly the Conflict-Free Sourcing Initiative or CFSI) and its Responsible Minerals Assurance Process (RMAP), formerly the Conflict-Free Smelter Program (CFSP). At the end of 2017, roughly 260 smelters and refiners have been validated as conformant to the RMAP or cross-sector recognized standards.

In the covered countries, there are also companies and individuals engaged in legal business activities, with no connection to any illegal activities. We strive to ensure that such companies or individuals' business activities and livelihoods 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 engagement with RMI and other organizations. Through AIAG and RMI, along with other stakeholder organizations, we are helping to build fair supply chains of minerals in the covered countries.

GRI: G4-DMA, G4-EN33, G4-LA14, G4-LA15, G4-HR4, G4-HR5, G4-HR6, G4-HR10, G4-HR11

As outlined by the Organisation for Economic Co-operation and Development (OECD) Guidance, we are working with our suppliers to determine the presence of 3TG in our supply chain. This process begins by surveying all direct and after-market suppliers about their use of 3TG 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 all our 3TG suppliers 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
- reserve the right to verify any information received from our suppliers.

Historically, more than 90% of direct and after-market suppliers by purchased value submit responses consistent with FCA's due diligence framework.

To prepare suppliers for current and upcoming regulations, FCA provided training in 2017 in the U.S. and Europe regarding Conflict Minerals and ethical sourcing. In addition to developing training materials for deployment to suppliers, FCA provided training sessions focusing on Conflict Minerals and responsible sourcing during Supplier Training Week.

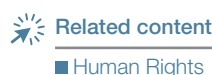
Raw Material Sourcing

FCA 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.

FCA has joined other automakers and leaders from other industries in becoming a signatory of the Responsible Raw Materials Initiative (RRMI, now part of the Responsible Minerals Initiative, RMI) Declaration of Support. This 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, tools and infrastructure improvements.

The work group focusing on cobalt is currently finalizing a supply chain reporting tool in the form of a standardized Cobalt Reporting Template based on the Conflict Minerals Reporting Template. Through a collaborative effort, the RMI has developed and recently launched the Risk Readiness Assessment (RRA), 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 it relates to Conflict Minerals, cobalt and other raw materials. Further, RMI is collaborating with the Responsible Cobalt Initiative on a joint cobalt refiner pilot audit program, aligned with the OECD Due Diligence Guidance and the Chinese Due Diligence Guidelines for Mineral Supply Chains.

As another example of FCA's engagement, FCA is participating in responsible sourcing events with purchasing professionals such as the Original Equipment Suppliers Association (OESA) Chief Purchasing Officers Meeting, aimed at determining how to avoid negative impacts from sourcing decisions.



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 or by women, and which are certified by relevant government councils.

With a supplier diversity and development program that spans 33 years, FCA US spent more than €5 billion with minority suppliers in 2017. Women-owned businesses, included in this total, accounted for more than €2 billion of FCA US spending. FCA US suppliers' External Balanced Scorecard includes a metric for diversity sourcing at the Tier 2 level.



In 2017, FCA launched a new initiative aimed at connecting our purchasing organization with minority, women and veteran business associations by providing customized training, learning and development, and networking opportunities. The inaugural Black Supplier Engagement Forum brought in more than 50 African-American business owners for a half-day program with sessions led by commerce leaders.

FCA also supports inclusion across our supply base through the Matchmaker event, which creates opportunities for diversity suppliers. Completing its 18th year, the annual Matchmaker provided more than 184 minority-owned, women-owned and veteran-owned businesses access to our Tier 1 suppliers and to decision-makers within our procurement organization.

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. Since 2010, FCA has provided consistent support for our High Focus suppliers, resulting in a cumulative impact of more than €7 billion from those suppliers.

Providing 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.

Ongoing Dialogue with Suppliers

FCA's communication with our suppliers is based on the trust and transparency that are 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 2017, FCA and our suppliers participated in 26 FCA-specific conferences and 51 Technology Day events, which attracted an average of approximately 1,000 participants per event. At these events, leading suppliers with respect to innovation, technology, and quality addressed specific topics and shared some of their latest technological developments.

Another aspect of supplier engagement focuses on fostering innovation to improve products, processes and content, often leading to sustainable solutions such as the use of recycled raw materials or weight reduction. The Value Optimization SUPER Program encourages a proactive approach with suppliers. Economic benefits are shared when innovative manufacturing technologies and leaner component designs are implemented.

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 2017, 10 Technology Open House events were held.

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.

GRI: G4-DMA, G4-EC8

In further collaboration, FCA worked with other automakers, AIAG and Drive Sustainability to develop the “Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain.” This document, endorsed by 13 automakers around the world, presents a common set of expectations we have of ourselves and our suppliers throughout the supply chain. It reflects the same principles and commitments included in the FCA Sustainability Guidelines for Suppliers, and is publicly available [online](#).

Every year, FCA seeks to improve and expand training opportunities for suppliers. Our supply base is a critical element of FCA’s activities and it is imperative that timely training is developed and deployed to our suppliers worldwide. In 2017, training developed specifically for indirect suppliers was deployed to address the needs of this specialized segment of the FCA supply chain.

Within FCA’s eSupplierConnect portal, the supplier Learning Center provides learning opportunities and other resources. 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.

Additional 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. More than 1,900 participants took the web-based training in 2017, which is available in eight languages and is also provided to FCA Purchasing employees.

FCA periodically hosts Supplier Training Weeks during the year in Turin (Italy), Auburn Hills (U.S.) and Shanghai (China). The curriculum covers subjects from 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 impact and ethics. In 2017, more than 6,000 supplier attendees took part in Supplier Training Weeks.

Supplier WCM

FCA Purchasing, with the support of the World Class Manufacturing Academy and the FCA plant WCM specialists, has continued providing WCM methodology and applied tools to our suppliers. Support includes plant floor assessments for new launch suppliers and focused improvement activities for current production suppliers. To maximize the effectiveness of the program, suppliers and commodities are prioritized based on impact to FCA plants, purchasing strategy, and the supplier’s current performance.

We are taking a more global approach to expand the World Class Supplier program by offering a range of engagements from basic to advanced WCM support levels.

FCA Purchasing piloted a program in 2017 designed to improve suppliers’ shop floor management and to apply WCM continuous improvement tools in their facilities. Dedicated trainers from FCA plants provided weekly guidance and mentoring to improve a supplier’s key activity and performance indicators.

Supplier Awards

In 2017, FCA again honored outstanding suppliers during the Supplier Award ceremonies held in each of FCA’s four regions. Several 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. The top winners in 2017 were BASF for the NAFTA and LATAM regions, Brose for the EMEA region, and Baoding Lizhong for the APAC region. These companies were honored for the breadth and depth of their related initiatives and programs.

Logistics Operations

Responsible supply chain practices extend beyond purchasing and manufacturing automotive parts. Millions of parts and finished products must be transported efficiently to their destinations. Whether the destination is around the corner or around the world, we identify and implement new and efficient methods of moving components into plants, and vehicles to dealers.

Key Figures



200
low emission
natural gas trucks
in FCA-owned fleet



-50,000
tons of CO₂ emissions
as a result of optimization projects

Relevant UN Sustainable Development Goals (SDGs)



Logistics Operations

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. This provides immediate benefits through the reduction of stock and material handling, and the delivery of only what is needed, where it is needed, at the right time.

FCA Global Supply Chain Management serves as the link between Group plants, the supplier network 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 and 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 detect areas of improvement and actions needed, and transparently communicate our related environmental and social impacts to stakeholders. In 2017, the scope of this monitoring was further expanded to include additional flows to and from South and North American countries, and vehicle exports to China and Japan. The increase in reporting scope enabled a more thorough analysis, both from the regional and global perspectives.

Transport Routes and Modes

Redesigning logistics flows improves efficiencies in the supply chain by limiting the travel required to move finished vehicles and parts. By tailoring leading global practices and initiatives, our logistics operations supply our plants and dealerships with parts and vehicles effectively and efficiently.

FCA's initiatives include:

- optimizing inbound ship frequencies, transport modes and logistics networks for North America, as well as sourcing from locations closer to FCA's facilities, helping us avoid nearly 10.6 million km and over 10,800 tons of CO₂, annualized for 2017
- scheduling transports from suppliers more efficiently and optimizing part collection through higher cube saturation and milk run routes, reducing travel across Europe and North America, saving over 3,600 tons of CO₂ emissions
- enhancing routes and leveraging transport capacity to avoid empty trips for vehicle distribution across Europe and Brazil, which reduced road travel by 12 million km, saving more than 10,100 tons of CO₂
- improving port selection for finished vehicles destined for Northeast U.S. dealers, eliminating nearly 271,000 km and 340 tons of CO₂ and reduced in-transit time.

As a result of these and other initiatives, fuel consumption, emissions, time and in-transit inventory have been reduced, validating our approach to moving parts and vehicles.

The Group also explores alternative solutions to road transport for both material and vehicle distribution by using various modes, such as rail and ocean, especially for long distance shipments. FCA continues to evaluate our network for potential new rail and sea routes on an ongoing basis. Depending on plant and dealer locations, as well as existing infrastructure, movements may still require a significant percentage of road transport.

Efforts continued in 2017 to implement new, or extend existing, intermodal solutions which combine different modes of transportation. Initiatives where rail transportation for vehicle distribution replaced road transport in Europe and the U.S. led to savings from both the economic and environmental perspectives. Approximately 700 tons of CO₂ emissions were avoided in 2017. An additional 300 tons of CO₂ emissions were avoided in 2017 for some downstream delivery routes within Europe by adopting sea transportation instead of moving vehicles via road.

 **Related content**
■ Production

GRI: G4-DMA, G4-EN19

Low-Emission Transport

The use of low-emission trucks for transport also contributes to reducing FCA's environmental impact. Where possible, the Group transport fleets are adopting alternative fuel solutions to improve performance.

FCA Transport is the Group-owned trucking fleet composed of 274 tractors and nearly 1,300 trailers servicing plants in Michigan and Ohio (U.S.), and Ontario (Canada). Launched in 2015, its fleet of 185 tractors operates on compressed natural gas (CNG) rather than traditional diesel fuel. In 2017, the use of CNG tractors reduced carbon emissions, avoiding nearly 14,800 tons of CO₂. FCA replaced or refurbished more than 300 trailers in 2017, implementing sustainable and efficient features where possible, such as lightweighting, disc brakes, low rolling resistance tires, alloy wheels and trailer skirts.

FCA also employs natural gas-powered trucks for transport in other locations: i-FAST Automotive Logistics, an FCA company among the leaders in Europe for the delivery of finished vehicles, introduced 15 new liquefied natural gas (LNG) powered trucks to its fleet in 2017. These trucks achieved a reduction of nearly 120 tons of CO₂ emissions during the year. As a result, i-FAST AL was recently recognized by Assologistica as one of the most sustainable and innovative logistics companies in Italy.

Other FCA affiliations that foster eco-friendly logistics include our partnership with SmartWay, a collaboration between the U.S. Environmental Protection Agency and the freight industry, designed to help companies reduce the carbon footprint of their transport operations. In 2017, SEMARNAT, the Mexican Environment Ministry, recognized FCA Mexico for the sixth consecutive year; this time as the highest rated shipper in the Transporte Limpio (Clean Transportation) program.

Transport Capacity

Optimization of transport capacity is another way the Group reduces the environmental impact of logistics operations while simultaneously containing shipping costs.

For finished vehicles, a smart-loading method is used to increase the number of units on rail cars by combining vehicles of various dimensions to fully utilize rail capacity. This process of optimizing the loads reduces the number of rail cars necessary, increasing efficiency and reducing costs as well as carbon emissions. In 2017, optimizing the rail loading process at plants in North America reduced the total amount of rail car CO₂ emissions by over 1,550 tons.

Projects that increased material transportation capacity for specific parts shipped to European plants led to avoidance of more than 4,200 tons of CO₂. Reducing ship frequencies by improving load

density and optimizing equipment on international routes resulted in a reduction of over 1,130 tons of CO₂ emissions annualized. Improving cube utilization for parts distribution to U.S. dealers and moving to intermodal solutions resulted in the elimination of 311 truckloads and a reduction of over 500,000 km.

Packaging and Protective Materials

FCA works to reduce packaging and protective material consumption while meeting quality requirements and reducing the risk of damage. Each packaging solution must be uniquely adapted to both the individual part and the destination plant. To reduce waste, this also means identifying or creating a reusable solution when possible. Where reusable containers are not the optimal solution, the Group seeks to apply recovery processes.

Investments in the returnable container fleet and improvements in container fleet management allow greater flexibility in scheduling and decreased demand for expendable packaging. Initiatives implemented during 2017 include:

- a program to recycle approximately 100,000 wooden pallets saved over \$275,000 in 2017 while lowering the environmental impacts of producing and delivering those pallets
- FCA continued container audits in 2017, resulting in the recovery and proper allocation of more than 125,000 returnable containers from 417 supplier locations in North America. These reclaimed assets further reduced the need for expendable cardboard packaging.
- for international shipments, several density improvements, packaging optimization initiatives and the shift to different materials resulted in a reduction of nearly 1,100 tons of wood, over 90 tons of cardboard and nearly 110 tons of CO₂ emissions, annualized
- FCA optimizes the management of returnable containers in North America through a Regional Container Pooling Center for upstream freight. This process efficiently directs containers where needed, resulting in a reduction in transportation costs, travel time for containers, handling costs, and possible double handling. In 2017, the Regional Container Pooling Initiative avoided approximately 1,500 tons of CO₂ emissions.

Related content

- Emissions and Fuel Economy
- Alternative Fuels
- Production

Parts Distribution Centers

Among the leading practices adopted by FCA, World Class Logistics (WCL) is the program used to define logistics processes at plants and Parts Distribution Centers (PDCs). Through its extensive approach, WCL helps to meet safety, ergonomic and eco-compatibility requirements as well as transport flow optimization.

WCL helps to significantly reduce the environmental footprint of logistics activities at PDCs, reducing waste while enabling a productive and efficient high-volume flow of goods and materials.

The PDCs in None and Volvera (Italy) achieved the WCL Silver Level in 2017 and are ISO14001 certified. All FCA Parts Distribution Centers located in the U.S., Canada and Mexico are ISO14001 certified, with five of these sending zero process waste-to-landfill.

Two new PDCs in the U.S. began operation in 2017, adding more than 170 jobs to those communities and designed to provide over 55 million parts to dealerships. These locations expand the distribution network to 23 facilities in North America and more than 50 locations worldwide. This had a significant impact on transportation, as part deliveries to dealers were redistributed within the network, resulting in reducing distances traveled by nearly 2.5 million km and avoiding over 2,300 tons of CO₂.

The environmental performance of PDCs is monitored regularly. Results are communicated and shared among employees to increase their level of awareness and encourage direct involvement in initiatives aimed at improving sustainability performance.


Environmental Results for Parts Distribution Centers that have implemented WCL (2017 vs 2011)

None & Volvera (Italy) PDC


 -57% in potable water consumption


 -19% in electricity consumption, which comes from **100%** renewable sources

 -33% in CO₂ emissions


 99% of waste recycled in 2017

Center Line (U.S.) PDC

 -54% in potable water consumption

 -39% in electricity consumption

 -20% in CO₂ emissions

 100% of waste recycled and 8% used for energy recovery in 2017

Marysville (U.S.) PDC and Paint Shop

 -27% in potable water consumption

 -6% in electricity consumption

 -26% in CO₂ emissions⁽¹⁾

 85% of the PDC waste recycled in 2017

⁽¹⁾ CO₂ emissions normalized by labor hours as it directly relates to natural gas consumption in the Paint Shop operations. All other numbers represent actual usage.

6

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Facts & Figures

Employees

Workforce Distribution

Workforce by Geographic Area and Category

FCA worldwide (no.)

	2017					2016					2015				
	Total	Hourly	Salaried	Professional	Manager	Total	Hourly	Salaried	Professional	Manager	Total	Hourly	Salaried	Professional	Manager
Europe	86,326	53,735	13,718	17,799	1,074	87,743	55,106	14,259	17,310	1,068	88,903	56,588	14,465	16,753	1,097
North America	102,140	77,943	10,596	12,489	1,112	94,450	70,856	10,275	12,221	1,098	90,164	67,719	9,595	11,732	1,118
Latin America	38,844	30,852	4,721	3,133	138	40,331	31,081	5,541	3,556	153	44,199	34,574	5,966	3,513	146
Asia	8,424	2,668	3,656	2,061	39	8,331	2,798	3,524	1,972	37	8,185	2,562	3,704	1,880	39
Rest of world	181	4	22	154	1	164	4	31	129	-	172	4	25	142	1
Total	235,915	165,202	32,713	35,636	2,364	231,019	159,845	33,630	35,188	2,356	231,623	161,447	33,755	34,020	2,401

Workforce Gender Distribution by Geographic Area

FCA worldwide

	2017			2016			2015		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Europe	86,326	77.7	22.3	87,743	77.8	22.2	88,903	77.9	22.1
North America	102,140	75.9	24.1	94,450	76.1	23.9	90,164	76.2	23.8
Latin America	38,844	88.4	11.6	40,331	88.9	11.1	44,199	89.7	10.3
Asia	8,424	72.8	27.2	8,331	72.7	27.3	8,185	72.5	27.5
Rest of world	181	68.5	31.5	164	70.1	29.9	172	69.8	30.2
Total	235,915	78.5	21.5	231,019	78.8	21.2	231,623	79.3	20.7

Workforce Gender Distribution by Category

FCA worldwide

	2017			2016			2015		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Manager	2,364	85.1	14.9	2,356	85.9	14.1	2,401	86.5	13.5
Professional	35,636	80.2	19.8	35,188	80.5	19.5	34,020	80.8	19.2
Salaried	32,713	71.7	28.3	33,630	71.7	28.3	33,755	71.4	28.6
Hourly	165,202	79.4	20.6	159,845	79.9	20.1	161,447	80.5	19.5
Total	235,915	78.5	21.5	231,019	78.8	21.2	231,623	79.3	20.7

Workforce Gender Distribution by Operating Segment

FCA worldwide

	2017			2016			2015		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Mass-market vehicles	169,435	80.2	19.8	163,873	80.8	19.2	162,492	80.9	19.1
Luxury vehicles	1,611	79.6	20.4	1,585	80.0	20.0	1,506	79.9	20.1
Components	58,309	76.6	23.4	57,645	76.6	23.4	59,376	78.4	21.6
Others	6,560	52.2	47.8	7,916	54.5	45.5	8,249	54.0	46.0
Total	235,915	78.5	21.5	231,019	78.8	21.2	231,623	79.3	20.7

Others: includes companies operating in services and holding.

GRI: G4-9, G4-10, G4-LA12

Workforce Gender Distribution by Length of Service

FCA worldwide

	2017			2016			2015		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Up to 5 years	103,150	75.2	24.8	98,525	75.5	24.5	103,321	75.7	24.3
6 to 10 years	36,090	78.1	21.9	33,858	78.6	21.4	28,849	81.6	18.4
11 to 20 years	39,788	80.8	19.2	43,025	81.3	18.7	47,712	81.4	18.6
21 to 30 years	45,215	83.7	16.3	44,787	83.9	16.1	40,956	84.3	15.7
Over 30 years	11,672	81.6	18.4	10,824	79.7	20.3	10,785	78.3	21.7
Total	235,915	78.5	21.5	231,019	78.8	21.2	231,623	79.3	20.7

Workforce Gender Distribution by Age

FCA worldwide

	2017			2016			2015		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
Up to 30 years	53,785	77.4	22.6	50,387	77.2	22.8	51,413	77.9	22.1
31 to 40 years	59,877	77.4	22.6	59,421	77.8	22.2	60,707	78.5	21.5
41 to 50 years	63,721	78.3	21.7	65,295	79.2	20.8	66,770	79.9	20.1
Over 50 years	58,532	80.9	19.1	55,916	80.9	19.1	52,733	80.8	19.2
Total	235,915	78.5	21.5	231,019	78.8	21.2	231,623	79.3	20.7

Workforce Gender Distribution by Level of Education

FCA worldwide

	2017			2016			2015		
	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)	Total (no.)	Men (%)	Women (%)
University degree	54,339	74.7	25.3	60,960	75.0	25.0	57,364	75.3	24.7
High school	117,941	79.2	20.8	110,154	79.9	20.1	112,224	80.7	19.3
Elementary/middle school	53,510	82.3	17.7	52,668	82.1	17.9	47,426	79.7	20.3
Not tracked	10,125	71.4	28.6	7,237	71.4	28.6	14,609	82.0	18.0
Total	235,915	78.5	21.5	231,019	78.8	21.2	231,623	79.3	20.7

University degree: calculation subject to approximation resulting from the comparison of academic qualifications or equivalent among different countries.

Workforce by Contract and Employment Type

FCA worldwide (no.)

	2017					
	Total	Unlimited-term		Fixed-term		Part-time
		Full-time	Part-time	Full-time	Part-time	
Europe	86,326	82,844	1,231	2,236	15	
North America	102,140	89,290	66	4,935	7,849	
Latin America	38,844	38,270	1	573	-	
Asia	8,424	8,261	-	163	-	
Rest of world	181	180	-	1	-	
Total	235,915	218,845	1,298	7,908	7,864	

GRI: G4-9, G4-10, G4-LA12

Workforce Gender Distribution by Contract and Employment Type

FCA worldwide (%)

2017

	Unlimited-term				Fixed-term			
	Men		Women		Men		Women	
Total	79.1		20.9		71.4		28.6	
	Unlimited-term				Fixed-term			
	Part-time		Full-time		Part-time		Full-time	
	Men	Women	Men	Women	Men	Women	Men	Women
Europe	12.7	87.3	79.1	20.9	26.7	73.3	63.6	36.4
North America	12.1	87.9	76.5	23.5	56.9	43.1	97.8	2.2
Latin America	-	100.0	88.6	11.4	-	-	77.3	22.7
Asia	-	-	73.1	26.9	-	-	60.1	39.9
Rest of world	-	-	68.3	31.7	-	-	100.0	-

Workforce Distribution by Country

FCA worldwide (%)

	2017	2016	2015
USA	28.0	26.8	26.3
Italy	25.4	26.5	26.6
Brazil	15.2	15.7	16.9
Mexico	10.0	8.6	7.5
Canada	5.3	5.5	5.2
Poland	3.8	4.0	4.0
China	2.3	2.4	2.3
Argentina	1.3	1.4	1.8
Germany	1.2	1.2	1.2
Serbia	1.1	1.1	1.6
France	0.9	0.9	0.9
Spain	0.7	0.7	0.8
Other countries	4.8	4.7	4.6
Total (no.)	235,915	231,019	231,623

Nationality of Managers

FCA worldwide

	2017	
	Managers (no.)	Total Managers (%)
American	945	40.0
Italian	914	38.7
Brazilian	116	4.9
Canadian	78	3.3
Mexican	66	2.8
French	59	2.5
German	44	1.9
Polish	19	0.8
Chinese	19	0.8
Other	104	4.4
Total	2,364	100.0

Managers of Local Nationality by Geographic Area

FCA worldwide (%)

	2017
Europe	92.1
North America	92.3
Latin America	92.0
Asia	66.7
Rest of world	100.0

Workforce by Principal Ethnic Origin

FCA in North America (%)

	2017
Caucasian	38.4
African American	19.9
Hispanic	7.8
American Indian	0.2
Other	33.7

Workforce by Minority Group

FCA in North America

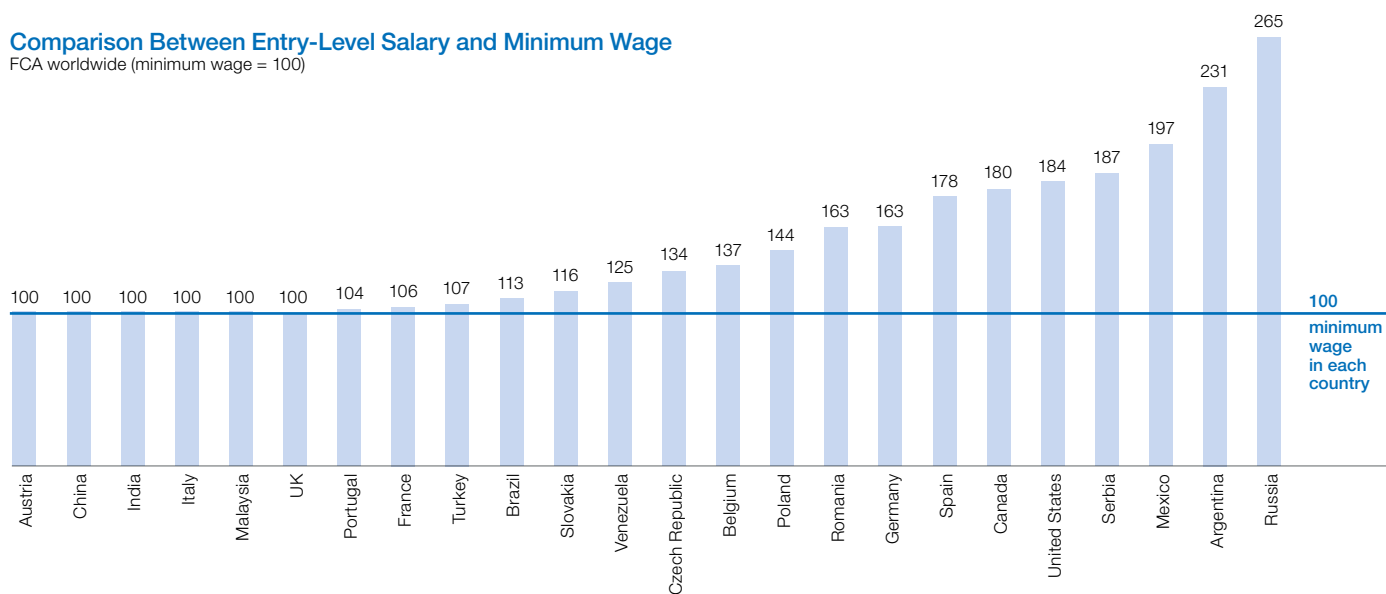
	2017
Employees belonging to a nationality minority group (no.)	4,323
of which men (%)	76.2
of which women (%)	23.8
over total workforce (%)	1.8

Minority group reported in the table consists of employees with nationality different from country of work.

GRI: G4-9, G4-10, G4-EC6, G4-LA12

Comparison Between Entry-Level Salary and Minimum Wage

FCA worldwide (minimum wage = 100)



In accordance with the GRI G4 Guidelines, entry-level salary is defined as the minimum compensation paid to a full-time employee hired at the lowest pay scale/employee grade on the basis of company policy or agreements between the company and trade unions. For each country, results are based on the company with the lowest ratio of entry-level salary to minimum wage, unless the number of employees of the company with the lowest ratio represented less than 10% of that country's total headcount. Figures reported are as of October 31, 2017.

The survey of 24 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 2017	1.9	4.9
Employees that took parental leave in 2016 and are still employed	77.3	84.4
Employees that took parental leave in 2015 and are still employed	56.2	78.2

GRI: G4-EC5, G4-LA3

Training Expenditures

FCA worldwide

	2017	2016	2015
Spending on training (€ million)	53.7	54.3	54.7
Personnel costs (%)	0.4	0.4	0.4

Training expenditures for 2015 and 2016 have been restated to reflect a revision of the scope of reporting used for 2017.

Training on Corporate Campaigns

FCA worldwide

	2017	2016	2015
Participants involved (no.)	153,599	138,605	109,680
of which managers	3.3%	4.4%	2.7%

Training on corporate governance, anti-corruption, human rights, non-discrimination and sustainability. Number of participants in 2015 and 2016 have been restated to reflect a revision of the scope of reporting used for 2017.

Training by Category

FCA worldwide

	2017	
	Workforce (%)	Average Training Hours (no.)
Hourly	49.6	6.6
Professional & Salaried	48.8	18.3
Manager	1.6	10.4

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

Training by Gender

FCA worldwide (no.)

	2017		
	Workforce	Hours	Average Training Hours
Men	108,377	1,864,472	10.1
Women	31,913	496,849	9.8
Total	140,290	2,361,321	10.0

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

Training on Health and Safety

FCA worldwide

	2017	2016	2015
Hours of training (no.)	1,236,434	1,311,128	1,024,672
Employees involved (no.)	173,721	160,586	133,782
of which hourly employees	90%	84%	82%

Environmental Training

FCA worldwide

	2017	2016	2015
Hours of training (no.)	336,822	279,428	437,812
Employees involved (no.)	96,156	88,124	78,438
of which hourly employees	86%	81%	86%

Employees

Turnover

Turnover by Geographic Area

FCA worldwide (no.)

2017

	Europe	North America	Latin America	Asia	Rest of World	Total
Employees at December 31, 2016	87,743	94,450	40,331	8,331	164	231,019
New Hires	4,321	23,398	7,773	2,168	50	37,710
Departures	(4,974)	(15,714)	(7,776)	(2,076)	(31)	(30,571)
Δ scope of operations and transfers	(764)	6	(1,484)	1	(2)	(2,243)
Employees at December 31, 2017	86,326	102,140	38,844	8,424	181	235,915

Turnover by Category

FCA worldwide (no.)

2017

	Hourly	Salaried	Professional	Manager	Total
Employees at December 31, 2016	159,845	33,630	35,188	2,356	231,019
New Hires	28,603	6,662	2,361	84	37,710
Departures	(21,120)	(5,872)	(3,374)	(205)	(30,571)
Δ scope of operations, transfers and category change	(2,132)	(1,744)	(1,498)	135	(2,243)
Employees at December 31, 2017	165,202	32,713	35,636	2,364	235,915

Hourly Turnover by Geographic Area

FCA worldwide (no.)

2017

	Europe	North America	Latin America	Asia	Rest of World
Employees at December 31, 2016	55,106	70,856	31,081	2,798	4
New Hires	1,822	19,058	6,945	778	-
Departures	(2,686)	(11,721)	(5,821)	(892)	-
Δ scope of operations, transfers and category change	(510)	(252)	(1,353)	(17)	-
Employees at December 31, 2017	53,735	77,943	30,852	2,668	4

Turnover by Age Group

FCA worldwide (no.)

2017

	Up to 30 Years	31 to 40 Years	41 to 50 Years	Over 50 Years	Total
Employees at December 31, 2016	50,387	59,421	65,295	55,916	231,019
New Hires	23,643	8,906	3,774	1,387	37,710
Departures	(13,844)	(7,661)	(3,948)	(5,118)	(30,571)
Δ scope of operations and transfers	(396)	(701)	(674)	(472)	(2,243)
Employees at December 31, 2017	53,785	59,877	63,721	58,532	235,915

Turnover by age does not cover employees that changed age group between 2016 and 2017.

Turnover by Gender

FCA worldwide (no.)

2017

	Men	Women	Total
Employees at December 31, 2016	182,126	48,893	231,019
New Hires	28,368	9,342	37,710
Departures	(23,282)	(7,289)	(30,571)
Δ scope of operations and transfers	(1,913)	(330)	(2,243)
Employees at December 31, 2017	185,284	50,631	235,915

GRI: G4-9, G4-10, G4-13, G4-LA1

Injuries by Geographic Area and Gender

FCA worldwide (no.)

	2017			2016			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Europe	222	182	40	229	183	46	235	193	42
North America	104	82	22	132	95	37	161	133	28
Latin America	78	68	10	77	74	3	100	90	10
Asia	3	3	-	8	8	-	12	12	-
Rest of world	-	-	-	-	-	-	-	-	-
Total	407	335	72	446	360	86	508	428	80

Frequency Rate by Geographic Area and Gender

FCA worldwide (injuries per 100,000 hours worked)

	2017			2016			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Europe	0.14	0.14	0.12	0.14	0.14	0.16	0.15	0.16	0.13
North America	0.05	0.06	0.05	0.07	0.07	0.08	0.09	0.09	0.06
Latin America	0.14	0.14	0.16	0.11	0.12	0.05	0.13	0.13	0.12
Asia	0.01	0.01	-	0.03	0.04	-	0.06	0.08	-
Rest of world	-	-	-	-	-	-	-	-	-
Total	0.09	0.09	0.08	0.10	0.10	0.10	0.12	0.12	0.09

Days of Absence by Geographic Area and Gender

FCA worldwide (no.)

	2017			2016			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Europe	5,542	4,163	1,379	8,423	6,832	1,591	7,757	6,157	1,600
North America	6,271	4,984	1,287	7,161	5,262	1,899	7,843	6,374	1,469
Latin America	1,498	1,358	140	1,341	1,165	176	2,859	2,637	222
Asia	54	54	-	115	115	-	193	193	-
Rest of world	-	-	-	-	-	-	-	-	-
Total	13,365	10,559	2,806	17,040	13,374	3,666	18,652	15,361	3,291

Severity Rate by Geographic Area and Gender

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

	2017			2016			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Europe	0.03	0.03	0.04	0.05	0.05	0.05	0.05	0.05	0.05
North America	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.04	0.03
Latin America	0.03	0.03	0.02	0.02	0.02	0.03	0.04	0.04	0.03
Asia	-	-	-	-	0.01	-	0.01	0.01	-
Rest of world	-	-	-	-	-	-	-	-	-
Total	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.04	0.04

Days of Absence: Refers to the number of calendar days of absence (including Saturdays, Sundays and holidays) due to injuries that occurred to employees resulting in absence from work for more than three days, excluding the day the injury occurred. Excluded from the calculation are days of absence due to injuries that occurred while traveling to and from work, including by private transportation.

Occupational Illness Cases by Geographic Area and Gender

FCA worldwide (no.)

	2017			2016			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Europe	140	100	40	165	119	46	117	87	30
North America	198	116	82	377	237	140	218	136	82
Latin America	15	15	-	90	90	-	47	47	-
Asia	-	-	-	-	-	-	-	-	-
Rest of world	-	-	-	-	-	-	-	-	-
Total	353	231	122	632	446	186	382	270	112

Occupational Illness Frequency Rate by Geographic Area and Gender

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

	2017			2016			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Europe	0.09	0.08	0.12	0.10	0.09	0.16	0.08	0.07	0.10
North America	0.10	0.08	0.19	0.20	0.17	0.30	0.12	0.09	0.19
Latin America	0.03	0.03	-	0.13	0.14	-	0.06	0.07	-
Asia	-	-	-	-	-	-	-	-	-
Rest of world	-	-	-	-	-	-	-	-	-
Total	0.08	0.07	0.14	0.14	0.13	0.21	0.09	0.08	0.13

Fatalities

FCA worldwide (no.)

	2017	2016	2015
Fatal accidents involving Group employees	2	0	3

Spending on Occupational Health and Safety

FCA worldwide

	2017	2016	2015
Spending on Occupational Health and Safety (€ million)	202	194	291
Personnel costs	1.5%	1.5%	2.2%

GRI: G4-LA6, G4-LA7

Main Issues Covered under the Agreements

FCA worldwide (%)

	2017	2016	2015
Operating issue	61.2	52.1	61.5
Wage issue	35.3	45.5	40.5
Restructuring	12.0	5.8	3.6
Occupational Health and Safety	20.9	12.4	11.1
Training	6.6	2.5	4.4
Equal opportunities	1.6	0.8	2.0
Other	19.4	26.9	13.5

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 2017 totaled €16,362 million (about 15% of revenues).

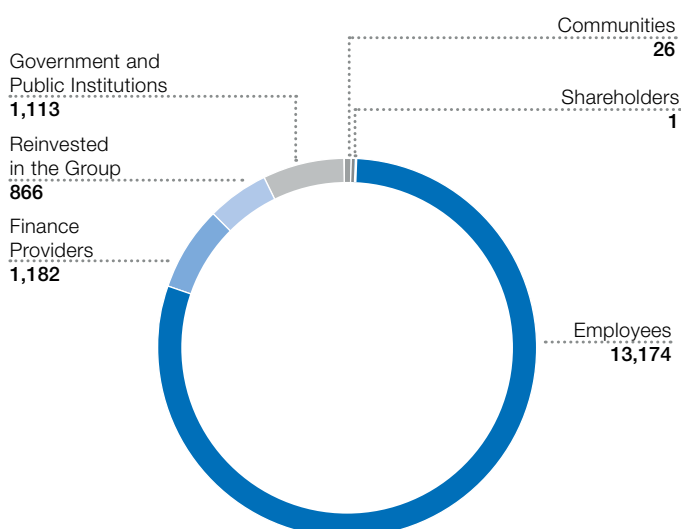
Direct Economic Value and Value Added Generated

FCA worldwide (€ million)

	2017
Consolidated 2017 revenues	110,934
Income of financial services companies	(148)
Government grants (current and deferred/capitalized), release of provisions, other income	968
Other income	428
Direct economic value generated	112,182
Cost of materials	(84,483)
Depreciation and amortization	(5,890)
Other expense	(5,447)
Value added	16,362

Breakdown of Value Added

FCA worldwide (€ million)



GRI: G4-EC1, G4-LA8

Product

Public Funding for Research and Development

FCA worldwide (€ million)

	2017	2016
Grants	44	86
Loans	24	233
of which subsidized loans	24	1
of which EIB loans	-	232

EIB: 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
Public-private partnerships	NANOfutures: Initiative for sustainable development by Nanotechnologies
	Green Vehicles Initiative
	Factories of the Future
Research and development organizations	ECSEL: Components and electronic systems
	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
AdaptIVe	AdaptIVe structured automated maneuvers in behavioral levels, allowing scalability. FCA developed and tested a demonstrator vehicle with different autonomous driving functions: adaptation to speed limits, lane keeping, frontal vehicle following with stop&go, overtaking, with the capability to adapt the level of support according to scenario complexity and driver's requests.
L3 Pilot	Autonomous Driving Project: In L3 Pilot thirteen car makers will perform field trials on vehicle automation in a wide range of driving situations, including parking, highway, and cities. L3 Pilot tests will evaluate the technical aspects and the overall impact on traffic and society. In L3 Pilot, FCA is managing all pilot 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.
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 (eg., 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, reshapable and repairable, bio-based fiber-reinforced epoxy composites.
RICIRCOLA	RICIRCOLA project focuses on a circular economy approach for recycling of polymeric and metallic production scraps.
REVALUE	REVALUE project aims to develop an innovative technology to recycle carbon fibers, applied to the automotive sector.

GRI: G4-EC4

Patents

FCA worldwide (no.)

Total patents granted at December 31, 2017	8,478
of which granted during 2017	730
Patents pending at December 31, 2017	3,375
of which new patent applications filed in 2017	437

Designs

FCA worldwide (no.)

Design rights registered at December 31, 2017	1,854
of which registered in 2017	131

Materials Used in Type-Approved Vehicles in Europe

	Average Weight of Materials Used (kg)	Average Composition of Vehicles by Material (%)
Steel	785.53	55.0
Cast iron	95.03	6.7
Light alloys	153.26	10.7
Other metals	36.57	2.6
Polymers	177.37	12.4
Elastomers	58.04	4.1
Glass	37.85	2.7
Fluids	60.78	4.3
Other	23.49	1.6
Total	1,427.9	100%

Average for 2017 existing range of type-approved vehicles in Europe, based on Directive 2005/64/EC.

GRI: G4-EN1

Customers

Customer Contact Center Performance

	EMEA	NAFTA	LATAM	APAC
Contacts managed (millions)	4.9	19.8	1.2	0.1
Customers participating in satisfaction surveys	13.8%	6.0%	7.4%	7.8%
Satisfaction index Information (scale 1-10)	8.0	8.2	8.1	8.9
Satisfaction index Complaints (scale 1-10)	6.6	6.8	7.1	7.1
% of calls answered within 20 seconds	79.3%	79.0%	82.5%	88.0%
Information: cases settled in a single call	83.0%	82.0%	96.1%	97.0%
Complaints: % cases settled within 5 business days	69.8%	78.0%	50.4%	91.0%
Hours of personnel training (no.)	21,200	23,883	13,545	3,282
Personnel (agents and supervisors)	418	909	121	44

APAC data refers to inbound contacts only.

EMEA markets monitored through Customer Satisfaction Index are Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Portugal, Russia, Spain, Switzerland and United Kingdom.

NAFTA markets monitored through Customer Satisfaction Index are U.S. and Canada.

LATAM markets monitored through Customer Satisfaction Index are Argentina and Brazil.

APAC markets monitored through Customer Satisfaction Index are India, Japan and South Korea.

Plant Certifications

FCA worldwide (no.)

	2017	2016	2015
ISO 14001 - Environment	143	142	137
ISO 50001 - Energy	101	88	87
OHSAS 18001 - Health and Safety	136	131	126

Environmental Expenditures

FCA worldwide

	2017	2016	2015
Environmental expenditures (€ million)	117	100	94
Waste disposal, emissions treatment and remediation costs	73%	75%	73%
Prevention and environmental management costs	27%	25%	27%

Energy

Direct and Indirect Energy Consumption

FCA worldwide (GJ)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Electricity	22,151,940	10,301,003	5,075,745	636,572	619,114	225,667	3,106,400	2,065,794	121,645
Natural gas	19,824,951	14,921,273	1,278,381	775,495	345,230	392,157	914,802	1,090,112	107,501
Other fuels	822,463	73,356	440	-	-	-	35,270	709,986	3,411
Other energy sources	5,408,119	3,689,781	646,376	-	145,390	503,070	110,568	312,930	4
Total energy consumption	48,207,473	28,985,413	7,000,941	1,412,067	1,109,735	1,120,894	4,167,040	4,178,822	232,561

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Electricity	22,056,497	10,353,703	5,238,830	567,598	624,227	216,126	3,014,040	1,934,406	107,567
Natural gas	18,958,867	13,914,755	1,335,569	841,265	387,459	402,572	850,692	1,127,303	99,252
Other fuels	609,538	38,524	892	-	-	115	33,340	533,778	2,889
Other energy sources	5,812,496	4,278,548	558,148	-	109,050	423,959	131,418	311,369	4
Total energy consumption	47,437,397	28,585,530	7,133,438	1,408,863	1,120,736	1,042,771	4,029,490	3,906,856	209,712

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Electricity	21,223,769	9,878,202	5,220,067	587,058	579,054	95,653	2,935,219	1,807,646	120,869
Natural gas	19,674,175	14,670,476	1,479,625	782,570	418,695	297,620	806,821	1,104,191	114,176
Other fuels	923,674	58,445	442	-	-	110	52,697	808,709	3,270
Other energy sources	5,596,591	4,536,877	531,743	-	102,878	62,393	104,724	257,973	3
Total energy consumption	47,418,209	29,144,000	7,231,878	1,369,629	1,100,627	455,776	3,899,461	3,978,520	238,318

GRI: G4-EN3, G4-EN31

Direct Energy Consumption by Source

FCA worldwide (GJ)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Natural gas	19,824,951	14,921,273	1,278,381	775,495	345,230	392,157	914,802	1,090,112	107,501
Coal	650,637	-	-	-	-	-	-	650,637	-
Diesel	68,614	3,409	-	-	-	-	4,599	59,349	1,257
LPG	103,114	69,947	440	-	-	-	30,574	-	2,154
Other (HS and LS fuel oil)	97	-	-	-	-	-	97	-	-
Renewable sources	3,143	88	3,055	-	-	-	-	-	-
Total direct energy consumption	20,650,557	14,994,717	1,281,876	775,495	345,230	392,157	950,072	1,800,098	110,912

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Natural gas	18,958,867	13,914,755	1,335,569	841,265	387,459	402,572	850,692	1,127,303	99,252
Coal	482,467	-	-	-	-	-	-	482,467	-
Diesel	62,661	5,069	-	-	-	115	4,668	51,311	1,498
LPG	64,313	33,455	892	-	-	-	28,575	-	1,391
Other (HS and LS fuel oil)	97	-	-	-	-	-	97	-	-
Renewable sources	3,841	-	3,841	-	-	-	-	-	-
Total direct energy consumption	19,572,245	13,953,279	1,340,301	841,265	387,459	402,687	884,032	1,661,081	102,141

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Natural gas	19,674,175	14,670,476	1,479,625	782,570	418,695	297,620	806,821	1,104,191	114,176
Coal	754,949	-	-	-	-	-	-	754,949	-
Diesel	62,671	2,716	-	-	-	110	4,526	53,761	1,558
LPG	105,958	55,729	442	-	-	-	48,074	-	1,712
Other (HS and LS fuel oil)	97	-	-	-	-	-	97	-	-
Renewable sources	4,527	-	4,527	-	-	-	-	-	-
Total direct energy consumption	20,602,376	14,728,921	1,484,594	782,570	418,695	297,730	859,518	1,912,901	117,446

GRI: G4-EN3

Indirect Energy Consumption by Source

FCA worldwide (GJ)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Electricity									
Non-renewable sources	15,827,908	8,057,032	3,571,580	636,572	413,726	247	2,216,234	824,286	108,231
Renewable sources	6,321,108	2,243,955	1,501,256	-	205,389	225,420	890,166	1,241,508	13,414
Total electricity	22,149,015	10,300,987	5,072,835	636,572	619,114	225,667	3,106,400	2,065,794	121,645
Thermal energy									
Non-renewable sources	4,111,785	2,811,944	402,127	-	62,390	479,569	84,923	270,832	-
Renewable sources	4,665	-	-	-	-	-	4,661	-	4
Total thermal energy	4,116,450	2,811,944	402,127	-	62,390	479,569	89,584	270,832	4
Other energy sources									
Non-renewable sources	1,249,353	877,764	244,103	-	83,001	23,501	20,983	-	-
Renewable sources	42,098	-	-	-	-	-	-	42,098	-
Total other energy sources	1,291,451	877,764	244,103	-	83,001	23,501	20,983	42,098	-
Total indirect energy consumption	27,556,916	13,990,696	5,719,065	636,572	764,505	728,737	3,216,968	2,378,724	121,649

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Electricity									
Non-renewable sources	16,324,184	8,278,815	3,788,979	567,598	449,005	15,753	2,222,212	908,011	93,811
Renewable sources	5,728,536	2,074,888	1,446,074	-	175,222	200,372	791,828	1,026,395	13,756
Total electricity	22,052,720	10,353,703	5,235,053	567,598	624,227	216,126	3,014,040	1,934,406	107,567
Thermal energy									
Non-renewable sources	4,553,715	3,387,176	351,127	-	44,320	401,912	105,883	263,298	-
Renewable sources	4,825	-	-	-	-	-	4,821	-	4
Total thermal energy	4,558,540	3,387,176	351,127	-	44,320	401,912	110,704	263,298	4
Other energy sources									
Non-renewable sources	1,236,249	891,372	206,956	-	64,730	22,047	20,715	30,429	-
Renewable sources	17,642	-	-	-	-	-	-	17,642	-
Total other energy sources	1,253,891	891,372	206,956	-	64,730	22,047	20,715	48,071	-
Total indirect energy consumption	27,865,152	14,632,251	5,793,137	567,598	733,277	640,084	3,145,458	2,245,775	107,571

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Electricity									
Non-renewable sources	16,473,114	8,273,649	4,008,955	587,058	431,789	6,282	2,151,834	906,368	107,179
Renewable sources	4,749,401	1,604,553	1,209,858	-	147,265	89,371	783,386	901,278	13,690
Total electricity	21,222,515	9,878,202	5,218,813	587,058	579,054	95,653	2,935,219	1,807,646	120,869
Thermal energy									
Non-renewable sources	4,364,801	3,637,849	325,056	-	34,639	62,393	90,385	214,479	-
Renewable sources	3,663	-	-	-	-	-	3,660	-	3
Total thermal energy	4,368,464	3,637,849	325,056	-	34,639	62,393	94,045	214,479	3
Other energy sources									
Non-renewable sources	1,206,973	899,028	203,414	-	68,239	-	10,679	25,614	-
Renewable sources	17,880	-	-	-	-	-	-	17,880	-
Total other energy sources	1,224,853	899,028	203,414	-	68,239	-	10,679	43,494	-
Total indirect energy consumption	26,815,833	14,415,079	5,747,283	587,058	681,932	158,046	3,039,943	2,065,619	120,872

GRI: G4-EN3

Direct and Indirect Energy Consumption per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2017	2016	2015	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-30%	5.60	5.95	5.92	7.36	GJ/vehicle produced
Mass-market vehicle engines and transmissions	n.a.	0.81	0.83	0.81	0.90	GJ/unit produced
Mass-market vehicle casting	-40%	7.46	7.61	6.65	10.92	GJ/unit produced
Mass-market vehicle others	-40%	0.18	0.19	0.19	0.34	GJ/hour of production
Maserati	-25%	20.80	23.15	20.34	28.53	GJ/vehicle produced
Magneti Marelli	-21%	0.12	0.12	0.13	0.16	GJ/hour of production
Teksid (cast iron)	-0%	9.70	9.90	9.85	9.68	GJ/ton produced
Teksid (aluminum)	-15%	35.02	38.23	35.69	51.52	GJ/ton produced
Comau	-30%	18.89	17.00	16.88	27.76	MJ/hour of production

FCA up to -40%

Mass-market vehicle others: refers to NAFTA region plants.

CO₂ Emissions

Direct and Indirect CO₂ Emissions

FCA worldwide (tons)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Direct emissions	1,101,289	769,896	66,083	38,746	17,554	22,048	53,598	127,103	6,261
Indirect emissions	2,713,748	1,398,577	661,740	93,583	55,777	43,844	295,943	152,139	12,145
Total CO₂ emissions	3,815,037	2,168,473	727,823	132,329	73,331	65,892	349,541	279,242	18,406

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Direct emissions	1,039,063	717,465	68,985	41,969	19,639	22,674	49,880	112,685	5,766
Indirect emissions	2,860,942	1,506,692	716,596	81,959	58,355	31,037	298,309	157,183	10,810
Total CO₂ emissions	3,900,005	2,224,157	785,581	123,928	77,994	53,711	348,190	269,869	16,576

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Direct emissions	1,103,605	757,748	76,412	38,982	21,066	16,792	48,639	137,347	6,619
Indirect emissions	2,912,340	1,563,657	740,707	83,222	59,025	7,697	289,657	155,543	12,831
Total CO₂ emissions	4,015,945	2,321,405	817,119	122,204	80,091	24,489	338,296	292,890	19,451

GRI: G4-EN5, G4-EN15, G4-EN16

Direct and Indirect CO₂ Emissions per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2017	2016	2015	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-32%	0.413	0.463	0.472	0.616	tons of CO ₂ /vehicle produced
Mass-market vehicle engines and transmissions	n.a.	0.085	0.091	0.091	0.116	tons of CO ₂ /unit produced
Mass-market vehicle casting	-35%	0.699	0.670	0.593	0.992	tons of CO ₂ /ton produced
Mass-market vehicle others	-35%	0.015	0.016	0.015	0.030	tons of CO ₂ /hour of production
Maserati	-30%	1.223	1.193	1.081	1.844	tons of CO ₂ /vehicle produced
Magneti Marelli	-24%	0.010	0.011	0.011	0.014	tons of CO ₂ /hour of production
Teksid (cast iron)	-0%	0.723	0.750	0.767	0.690	tons of CO ₂ /ton produced
Teksid (aluminum)	-15%	1.549	2.062	1.911	3.350	tons of CO ₂ /ton produced
Comau	-40%	1.495	1.343	1.378	2.670	kg of CO ₂ /hour of production

FCA up to **-40%**

Mass-market vehicle others: refers to NAFTA region plants.

Electricity from Renewable Sources

FCA worldwide (%)

	2017	2016	2015	2010
Mass-market vehicle assembly and stamping	21.8	20.0	16.2	17.9
Mass-market vehicle engines and transmissions	29.6	27.6	23.2	9.3
Mass-market vehicle casting	-	-	-	-
Mass-market vehicle others	33.2	28.1	25.4	-
Maserati	99.9	92.7	93.4	-
Magneti Marelli	28.7	26.3	26.7	23.8
Teksid	62.1	54.0	45.2	53.9
Comau	11.0	12.8	11.3	0.9
Average FCA	28.7	26.1	22.1	20.6

GRI: G4-EN18, G4-EN19

Presence of Ozone Depleting Substances (ODS) in Equipment

FCA worldwide (kg)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
CFCs	1,096	1,004	10	-	82	-	-	-	-
HCFCs	45,806	36,606	5,481	672	2,073	-	952	-	22
Halons	-	-	-	-	-	-	-	-	-
Methyl bromide	-	-	-	-	-	-	-	-	-
Other CFCs fully halogenated	1,666	1,638	-	-	28	-	-	-	-
Total	48,568	39,248	5,491	672	2,183	0	952	0	22

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
CFCs	1,085	1,047	10	23	5	-	-	-	-
HCFCs	72,287	60,794	7,478	824	1,944	-	1,011	-	236
Halons	161	118	-	43	-	-	-	-	-
Methyl bromide	-	-	-	-	-	-	-	-	-
Other CFCs fully halogenated	1	1	-	-	-	-	-	-	-
Total	73,534	61,960	7,488	890	1,949	-	1,011	-	236

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
CFCs	1,991	1,054	918	-	19	-	-	-	-
HCFCs	71,695	61,085	6,496	454	2,289	-	1,111	-	260
Halons	118	118	-	-	-	-	-	-	-
Methyl bromide	-	-	-	-	-	-	-	-	-
Other CFCs fully halogenated	939	1	-	-	938	-	-	-	-
Total	74,743	62,258	7,414	454	3,246	-	1,111	-	260

Assembly and Stamping: data restated for 2015 due to a miscalculation.

Emissions of Nitrogen Oxides (NOx)

FCA worldwide (tons)

	2017	2016	2015
Mass-market vehicle assembly and stamping	890	838	855
Mass-market vehicle engines and transmissions	78	80	90
Mass-market vehicle casting	33	36	34
Mass-market vehicle others	18	21	20
Maserati	47	46	35
Magneti Marelli	111	107	100
Teksid	161	179	185
Comau	12	12	14
Total	1,350	1,319	1,334

Estimated emissions based on direct fuel consumption.

Emissions of Sulfur Oxides (SOx)

FCA worldwide (tons)

	2017	2016	2015
Mass-market vehicle assembly and stamping	3	3	3
Mass-market vehicle engines and transmissions	-	-	-
Mass-market vehicle casting	-	-	-
Mass-market vehicle others	-	-	-
Maserati	-	-	-
Magneti Marelli	1	1	1
Teksid	101	79	118
Comau	-	-	-
Total	105	83	122

Estimated emissions based on direct fuel consumption.

Emissions of Dust

FCA worldwide (tons)

	2017	2016	2015
Mass-market vehicle assembly and stamping	38	35	38
Mass-market vehicle engines and transmissions	3	3	4
Mass-market vehicle casting	2	3	3
Mass-market vehicle others	1	1	1
Maserati	-	-	-
Magneti Marelli	-	-	-
Teksid	15	11	18
Comau	-	-	-
Total	59	53	63

Estimated emissions based on direct fuel consumption.

Emissions of Volatile Organic Compounds (VOC)

FCA worldwide (tons)

	2017	2016	2015
Mass-market vehicle assembly and stamping	14,743	14,219	13,731
Mass-market vehicle engines and transmissions	-	-	-
Mass-market vehicle casting	-	-	-
Mass-market vehicle others	-	-	-
Maserati	90	102	132
Magneti Marelli	91	257	480
Teksid	8	10	10
Comau	2	2	2
Total VOC emissions	14,935	14,590	14,355

Emissions of Volatile Organic Compounds (VOC) per unit of production

FCA worldwide (g/m²)

	Target 2020 vs 2010	2017	2016	2015	2010 (base year)
Mass-market vehicle assembly and stamping	-25%	26.2	25.8	24.7	32.4
Mass-market vehicle engines and transmissions	n.a.	-	-	-	-
Mass-market vehicle casting	n.a.	-	-	-	-
Mass-market vehicle others	n.a.	-	-	-	-
Maserati	-19%	27.9	28.2	32.4	55.3
Magneti Marelli	-10%	5.3	15.6	29.0	48.1
Teksid	-68%	39.9	58.7	48.4	198.5
Comau	-0%	12.7	12.9	12.6	14.1
FCA average VOC emissions	up to -68%	25.6	25.5	24.9	33.2

GRI: G4-EN21

Water Withdrawal and Discharge

FCA worldwide (thousands of m³)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Withdrawal									
Groundwater	6,464	2,980	460	207	26	173	623	1,965	31
Municipal water supply	17,074	11,878	2,809	117	316	146	1,576	193	38
Surface water	577	227	7	-	-	-	185	157	-
Other	1	-	-	-	-	-	1	-	-
Total water withdrawal	24,115	15,085	3,276	324	342	319	2,385	2,315	69
Discharge									
Surface water	4,309	1,960	697	0	0	0	110	1,542	1
Public sewer systems	10,489	7,143	1,340	6	224	298	1,207	232	39
Other destinations	990	102	547	6	28	0	296	0	11
Total water discharge	15,788	9,205	2,584	11	252	298	1,614	1,774	51

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Withdrawal									
Groundwater	6,028	2,822	405	227	-	166	540	1,832	36
Municipal water supply	17,700	12,360	3,069	142	365	28	1,536	159	40
Surface water	693	292	1	-	-	-	217	180	3
Other	10	9	-	-	-	-	1	-	-
Total water withdrawal	24,431	15,483	3,476	370	365	194	2,294	2,170	79
Discharge									
Surface water	4,778	1,883	695	-	-	-	116	2,083	1
Public sewer systems	12,341	9,253	1,260	49	244	118	1,166	210	40
Other destinations	517	48	397	-	-	-	62	-	10
Total water discharge	17,636	11,184	2,352	49	244	118	1,344	2,293	51

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Withdrawal									
Groundwater	6,605	2,983	806	198	-	185	535	1,854	44
Municipal water supply	17,055	11,875	2,771	127	388	37	1,553	257	46
Surface water	684	339	-	-	8	-	216	117	4
Other	-	-	-	-	-	-	-	-	-
Total water withdrawal	24,344	15,197	3,577	325	396	222	2,304	2,229	94
Discharge									
Surface water	5,353	1,798	1,563	-	15	-	177	1,795	5
Public sewer systems	12,148	8,797	1,478	134	160	136	1,334	61	49
Other destinations	1,838	1,283	362	12	93	-	74	-	13
Total water discharge	19,340	11,878	3,404	146	268	136	1,585	1,855	67

GRI: G4-EN8, G4-EN22

Water Withdrawal per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2017	2016	2015	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-40%	3.12	3.19	3.09	4.99	m ³ /vehicle produced
Mass-market vehicle engines and transmissions	-52%	0.38	0.40	0.40	0.67	m ³ /unit produced
Mass-market vehicle casting	-15%	1.71	2.00	1.58	2.07	m ³ /ton produced
Mass-market vehicle others	-50%	0.05	0.05	0.05	0.10	m ³ /hour of production
Maserati	-15%	5.92	7.18	6.76	14.68	m ³ /vehicle produced
Magneti Marelli	-50%	0.07	0.07	0.07	0.12	m ³ /hour of production
Teksid (cast iron)	-11%	1.99	2.32	2.29	3.15	m ³ /ton produced
Teksid (aluminum)	-77%	55.15	48.91	53.67	154.27	m ³ /ton produced
Comau	-50%	5.68	6.59	6.68	14.00	l/hour of production

FCA up to - 77%

Mass-market vehicle others: refers to NAFTA region plants.

Water Recycling Index

FCA worldwide (thousands of m³)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Total water requirement	2,099,327	1,505,468	382,954	117,455	35,435	24,345	28,855	4,746	69
of which covered by recycling	2,075,212	1,490,383	379,678	117,131	35,092	24,026	26,471	2,431	0
of which water withdrawal	24,115	15,085	3,276	324	342	319	2,385	2,315	69
Recycling Index (%)	98.9	99.0	99.1	99.7	99.0	98.7	91.7	51.2	0.0

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Total water requirement	2,251,196	1,549,080	526,620	113,903	16,303	12,812	27,603	4,795	79
of which covered by recycling	2,226,765	1,533,597	523,144	113,534	15,938	12,618	25,310	2,625	-
of which water withdrawal	24,431	15,483	3,476	370	365	194	2,294	2,170	79
Recycling Index (%)	98.9	99.0	99.3	99.7	97.8	98.5	91.7	54.7	0.0

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Total water requirement	2,361,012	1,602,384	597,044	94,604	21,186	12,822	30,276	2,602	94
of which covered by recycling	2,336,667	1,587,187	593,467	94,279	20,790	12,600	27,972	373	-
of which water withdrawal	24,344	15,197	3,577	325	396	222	2,304	2,229	94
Recycling Index (%)	99.0	99.1	99.4	99.7	98.1	98.3	92.4	14.3	0.0

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 ³ /Year)	Use	Protected	High Biodiversity	Water	Water
			Water Body	Value Water Body		
Teksid Carmagnola (Italy) Component Plant	Gora del Naviglio river - 3.5 million	Process water effluent	no	no	no	43%

Water withdrawals and water discharges: representing more than 5% of average annual volume of the water body concerned.

GRI: G4-EN9, G4-EN10, G4-EN26

Biochemical Oxygen Demand (BOD)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	27.2	15.3	19.7
Mass-market vehicle engines and transmissions	10.0	10.8	25.2
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	2.0	2.0	7.8
Magneti Marelli	9.9	14.6	18.4
Teksid	61.7	51.7	16.7
Comau	n.a.	n.a.	n.a.

Biochemical Oxygen Demand (BOD)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	45.5	45.2	52.7
Mass-market vehicle engines and transmissions	18.8	20.7	32.4
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	5.0	5.0	19.4
Magneti Marelli	37.3	33.3	47.6
Teksid	8.8	7.6	23.4
Comau	n.a.	n.a.	n.a.

Chemical Oxygen Demand (COD)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	21.8	25.5	23.3
Mass-market vehicle engines and transmissions	31.3	20.2	38.0
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	8.7	3.0	11.0
Magneti Marelli	33.1	18.2	23.7
Teksid	82.8	29.4	77.8
Comau	n.a.	n.a.	n.a.

Chemical Oxygen Demand (COD)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	119.1	138.0	129.9
Mass-market vehicle engines and transmissions	130.8	93.4	115.4
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	43.7	15.0	55.1
Magneti Marelli	175.6	100.5	142.4
Teksid	30.2	18.9	43.0
Comau	n.a.	n.a.	n.a.

Total Suspended Solids (TSS)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	23.7	6.8	13.4
Mass-market vehicle engines and transmissions	31.1	11.7	32.5
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	2.3	2.1	3.3
Magneti Marelli	10.0	5.8	4.2
Teksid	96.0	88.9	56.3
Comau	n.a.	n.a.	n.a.

Total Suspended Solids (TSS)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	43.4	22.0	38.1
Mass-market vehicle engines and transmissions	53.3	22.0	42.6
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	4.6	4.1	6.7
Magneti Marelli	43.7	25.5	19.3
Teksid	13.9	5.6	21.2
Comau	n.a.	n.a.	n.a.

Figures take into account worst level registered for all plants in each company.

GRI: G4-EN22

Cadmium (Cd)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	19.4	10.9	5.5
Mass-market vehicle engines and transmissions	5.7	7.5	1.1
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	15.0	15.0	-
Magneti Marelli	0.4	2.8	2.1
Teksid	15.0	15.0	15.0
Comau	n.a.	n.a.	n.a.

Cadmium (Cd)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	-	-	-
Mass-market vehicle engines and transmissions	-	-	-
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	-	-	-
Magneti Marelli	-	-	-
Teksid	-	-	-
Comau	n.a.	n.a.	n.a.

Copper (Cu)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	11.2	7.7	4.2
Mass-market vehicle engines and transmissions	11.7	9.4	8.0
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	8.8	8.8	7.3
Magneti Marelli	0.5	2.7	1.4
Teksid	20.0	20.0	39.0
Comau	n.a.	n.a.	n.a.

Copper (Cu)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	0.1	-	0.3
Mass-market vehicle engines and transmissions	0.1	-	-
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	-	-	-
Magneti Marelli	-	0.1	0.1
Teksid	-	-	-
Comau	n.a.	n.a.	n.a.

Lead (Pb)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	27.8	13.1	20.0
Mass-market vehicle engines and transmissions	25.9	14.7	18.5
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	16.7	16.7	16.1
Magneti Marelli	1.4	2.1	-
Teksid	60.0	25.0	25.0
Comau	n.a.	n.a.	n.a.

Lead (Pb)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	0.1	-	0.2
Mass-market vehicle engines and transmissions	0.1	-	0.1
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	0.1	0.1	0.1
Magneti Marelli	-	0.1	-
Teksid	0.1	-	-
Comau	n.a.	n.a.	n.a.

Figures take into account worst level registered for all plants in each company.

GRI: G4-EN22

Nickel (Ni)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	9.8	31.1	13.1
Mass-market vehicle engines and transmissions	2.2	2.5	3.4
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	2.5	4.3	2.4
Magneti Marelli	1.0	2.9	-
Teksid	5.0	5.0	5.0
Comau	n.a.	n.a.	n.a.

Nickel (Ni)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	0.3	0.9	0.4
Mass-market vehicle engines and transmissions	0.1	0.1	0.1
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	0.1	0.2	0.1
Magneti Marelli	-	0.1	0.1
Teksid	0.1	0.1	0.1
Comau	n.a.	n.a.	n.a.

Zinc (Zn)

FCA worldwide (maximum level under applicable regulation = 100) % of the limit

	2017	2016	2015
Mass-market vehicle assembly and stamping	18.1	33.8	27.7
Mass-market vehicle engines and transmissions	19.4	11.4	20.9
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	5.0	14.0	27.1
Magneti Marelli	4.8	8.9	-
Teksid	16.0	15.4	32.8
Comau	n.a.	n.a.	n.a.

Zinc (Zn)

FCA worldwide (milligram/liter)

	2017	2016	2015
Mass-market vehicle assembly and stamping	0.4	0.5	0.4
Mass-market vehicle engines and transmissions	0.2	0.1	0.2
Mass-market vehicle casting	n.a.	n.a.	n.a.
Mass-market vehicle others	n.a.	n.a.	n.a.
Maserati	0.1	0.1	0.3
Magneti Marelli	0.1	0.2	0.4
Teksid	0.1	0.1	0.3
Comau	n.a.	n.a.	n.a.

Figures take into account worst level registered for all plants in each company.

GRI: G4-EN22

Waste Generation and Management

FCA worldwide (tons)

2017	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Waste recovered									
Waste recovery	715,784	409,708	85,741	74	6,582	4,009	64,595	143,052	2,023
Waste-to-energy conversion	21,328	12,625	4,116	344	607	0	2,620	803	213
Total waste recovered	737,112	422,334	89,857	418	7,189	4,009	67,215	143,855	2,236
Waste disposed									
Waste to landfill	230,417	12,755	849	3	624	0	2,339	213,846	0
Waste to treatment	14,521	3,332	7,062	125	71	709	2,598	611	14
Total waste disposed	244,938	16,088	7,911	128	695	709	4,937	214,457	14
Waste generated									
Non-hazardous waste	950,144	423,447	90,489	546	7,481	4,151	64,955	357,032	2,042
Hazardous waste	31,906	14,974	7,278	0	402	567	7,196	1,280	208
Total waste generated	982,050	438,421	97,768	546	7,884	4,718	72,151	358,312	2,250
waste recovered	75.1%	96.3%	91.9%	76.6%	91.2%	85.0%	93.2%	40.1%	99.4%
waste sent to landfill	23.5%	2.9%	0.9%	0.5%	7.9%	0.0%	3.2%	59.7%	0.0%

2016	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Waste recovered									
Waste recovery	1,148,511	777,460	129,762	27,188	15,904	2,150	64,523	129,547	1,977
Waste-to-energy conversion	25,814	16,710	4,245	337	462	-	2,867	1,020	172
Total waste recovered	1,174,325	794,170	134,007	27,526	16,366	2,150	67,391	130,567	2,149
Waste disposed									
Waste to landfill	179,704	12,595	1,180	-	660	-	2,497	162,773	-
Waste to treatment	30,995	15,371	11,444	191	217	107	3,296	322	46
Total waste disposed	210,699	27,966	12,624	191	877	107	5,792	163,095	46
Waste generated									
Non-hazardous waste	1,353,025	807,133	139,072	27,717	16,849	2,109	65,596	292,590	1,960
Hazardous waste	31,999	15,003	7,559	-	394	148	7,587	1,072	235
Total waste generated	1,385,024	822,135	146,631	27,717	17,243	2,257	73,183	293,662	2,195
waste recovered	84.8%	96.6%	91.4%	99.3%	94.9%	95.2%	92.1%	44.5%	97.9%
waste sent to landfill	13.0%	1.5%	0.8%	0.0%	3.8%	0.0%	3.4%	55.4%	0.0%

2015	FCA	Mass-Market Vehicles				Luxury Vehicles	Components		
		Assembly and Stamping	Engines and Transmissions	Casting	Others	Maserati	Magneti Marelli	Teksid	Comau
Waste recovered									
Waste recovery	1,192,357	803,287	137,998	43,951	18,756	2,496	60,285	122,629	2,954
Waste-to-energy conversion	19,170	11,230	3,393	438	362	-	2,535	1,062	150
Total waste recovered	1,211,526	814,517	141,391	44,389	19,118	2,496	62,820	123,692	3,104
Waste disposed									
Waste to landfill	220,169	11,733	2,278	38	787	-	1,483	203,840	11
Waste to treatment	33,825	15,694	12,092	1,576	276	164	3,541	390	92
Total waste disposed	253,994	27,427	14,369	1,614	1,063	164	5,024	204,229	103
Waste generated									
Non-hazardous waste	1,435,040	829,942	147,188	45,993	19,687	2,428	60,075	326,791	2,936
Hazardous waste	30,481	12,002	8,572	10	494	232	7,770	1,130	271
Total waste generated	1,465,520	841,944	155,760	46,003	20,181	2,660	67,844	327,921	3,207
waste recovered	82.7%	96.7%	90.8%	96.5%	94.7%	93.8%	92.6%	37.7%	96.8%
waste sent to landfill	15.0%	1.4%	1.5%	0.1%	3.9%	0.0%	2.2%	62.2%	0.3%

GRI: G4-EN23

Waste Generated per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2017	2016	2015	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-14%	90.8	169.4	171.3	217.2	kg/vehicle produced
Mass-market vehicle engines and transmissions	-21%	11.4	17.0	17.3	21.3	kg/unit produced
Mass-market vehicle casting	n.a.	2.9	149.8	223.4	179.0	kg/ton produced
Mass-market vehicle others	n.a.	0.5	3.2	3.7	2.4	kg/hour of production
Maserati	-25%	87.5	83.5	80.9	147.2	kg/vehicle produced
Magneti Marelli	-30%	2.0	2.2	2.1	3.1	kg/hour of production
Teksid (cast iron)	-8%	1,059	1,008	1,062	1,250	kg/ton produced
Teksid (aluminum)	-12%	609	501	348	450	kg/ton produced
Comau	-34%	184	182	228	400	g/hour of production

FCA up to -34%

Mass-market vehicle others: refers to NAFTA region plants.

Hazardous Waste Generated per Unit of Production

FCA worldwide

	Target 2020 vs 2010	2017	2016	2015	2010 (base year)	Unit of Measurement
Mass-market vehicle assembly and stamping	-54%	3.1	3.1	2.4	8.2	kg/vehicle produced
Mass-market vehicle engines and transmissions	-75%	0.8	0.9	1.0	2.3	kg/unit produced
Mass-market vehicle casting	-0%	-	-	-	-	kg/ton produced
Mass-market vehicle others	-0%	-	-	-	-	kg/hour of production
Maserati	-25%	10.5	5.5	7.1	14.2	kg/vehicle produced
Magneti Marelli	-30%	0.2	0.2	0.2	0.4	kg/hour of production
Teksid (cast iron)	-17%	3.1	2.8	3.0	5.8	kg/ton produced
Teksid (aluminum)	-17%	9.8	9.6	8.4	32.7	kg/ton produced
Comau	-57%	17.1	19.5	19.3	100.0	g/hour of production

FCA up to -75%

Mass-market vehicle others: refers to NAFTA region plants.

In alignment with the terms of the Basel Convention, 45 tons of hazardous waste (paint shop-related) were exported from Canada to the United States for recycling, representing less than 0.01% of all waste generated by FCA.

GRI: G4-EN25

Recovery of Waste

FCA worldwide (% waste recovered out of waste generated)

	2020 Target	2017	2016	2015	2010
Mass-market vehicle assembly and stamping	98%	96.3%	96.6%	96.7%	94.0%
Mass-market vehicle engines and transmissions	96%	91.9%	91.4%	90.8%	83.0%
Mass-market vehicle casting	95%	76.6%	99.3%	96.5%	98.9%
Mass-market vehicle others	95%	91.2%	94.9%	94.7%	93.2%
Maserati	91%	85.0%	95.2%	93.8%	84.6%
Magneti Marelli	90%	93.2%	92.1%	92.6%	82.6%
Teksid	45%	40.1%	44.5%	37.7%	19.7%
Comau	95%	99.4%	97.9%	96.8%	66.0%
FCA	up to 98%				

Waste to Landfill

FCA worldwide (% waste sent to landfill out of waste generated)

	2020 Target	2017	2016	2015	2010
Mass-market vehicle assembly and stamping	1%	2.9%	1.5%	1.4%	4.4%
Mass-market vehicle engines and transmissions	1%	0.9%	0.8%	1.5%	3.5%
Mass-market vehicle casting	2%	0.5%	0.0%	0.1%	1.1%
Mass-market vehicle others	2%	7.9%	3.8%	3.9%	6.2%
Maserati	0%	0.0%	0.0%	0.0%	0.0%
Magneti Marelli	3%	3.2%	3.4%	2.2%	10.4%
Teksid	70%	59.7%	55.4%	62.2%	80.1%
Comau	0%	0.0%	0.0%	0.3%	14.7%
FCA	up to 0%				

Plants Near, Bordering or Within Protected or High Biodiversity Areas

Plant Location and Activity	Surface (km ²)	IUCN Red List Species/National Conservation List Species Present	Investment (€)	Action Taken	Independent Monitoring	Protected Area Relative to Plant
Verrone (Italy) Transmissions Plant	1.8	44 species listed: 2 endangered 2 vulnerable 2 near threatened 38 least concern	76,200	Technical assistance for biodiversity: analysis and assessment of carbon stocks and carbon sink of forest areas. Technical experiments of bioacoustics: characterization of the acoustic landscape within the park through the installation of recording units to detect the peaks and the nature of acoustic energy. State of conservation improving: management activities and support interventions to highlight the areas of greatest natural value, and identify those areas where biodiversity is threatened by external interference. Biophilia: continuation of environmental awareness campaigns to encourage appreciation among children of natural environments.	Yes	Within plant complex
Magneti Marelli Venaria (Italy) Component Plant	0.2	1 species listed: 1 near threatened	4,100	In 2017, in collaboration with La Mandria Park, 25 new native species trees were planted.	No	Within plant complex (La Mandria)
Teksid Funfrap (Portugal) Component Plant	0.1	n.a.	-	Monitored the environmental situation and shared results with local authorities.	No	Adjacent to plant (within 5 km)
Kragujevac (Serbia) Assembly and Stamping Plant	1.2	73 species listed: 2 near threatened 71 least concern	600	Bio Lake: Area = 1,230 m ² Maximum depth = 1.95 m Volume = 1,500 m ³ Aquatic florae are used to oxygenate the water and eliminate microorganisms. Chlorine and chemical disinfectants are not used to treat the water. Koi were introduced to help balance the ecosystem and reduce algae. Approximately 30 indigenous trees have been planted.	Yes	Adjacent to plant (within 5 km)
Campo Largo (Brazil) Engine 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	9,900	Ecological trail and Forest House constructed.	Yes	Adjacent to plant (within 5 km)
Goiana (Brazil) Assembly and Stamping Plant	3.04	Fauna: 108 species listed: 10 endangered 22 vulnerable 2 near threatened 33 least concern 14 not threatened 1 introduced 26 unrated Flora: 25 species listed: 25 threatened	170,000	Historical research on Atlantic forest fauna and flora (Zona da Mata Norte). Established a nursery of native seedlings, with production of 88,000 seedlings yearly. Planted around 70,000 native seedlings in 2017, to create an ecological corridor. Conducted weekly visits to plant, nursery and biodiversity park by local schools as part of our Education Program. This program consists of training teachers about the environment, so that they integrate these teachings throughout the school year. We have also received more than 600 students from the public school system.	Yes	No protected areas in the plant, but there are five remaining fragments of the Atlantic Forest near the plant area (within 5 km)
Jaboatão dos Guararapes (Brazil) Vehicle Components Plant	0.10	41 species listed 41 unrated	-	Eco-tours provided within the site to employees and children.	No	Within plant complex
Cordoba (Argentina) Assembly and Stamping Plant	4.00	16 species listed: 2 near threatened 14 unrated	37,500	Incorporation of native tree species at the main complex entrance.	Yes	Within plant complex

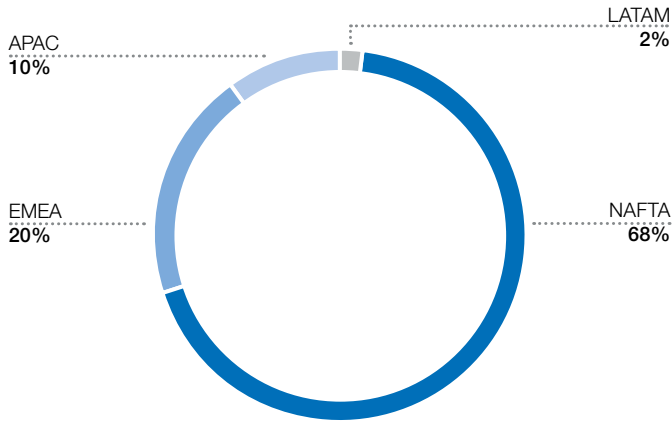
A protected area (site of regional, national and EU importance, special protection zone, oasis, etc.) is a geographically defined area that is designated, regulated or managed to achieve specific conservation objectives. An area of high biodiversity value is an area that is not subject to legal protection,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

GRI: G4-EN11, G4-EN12, G4-EN13, G4-EN14

Supplier Management

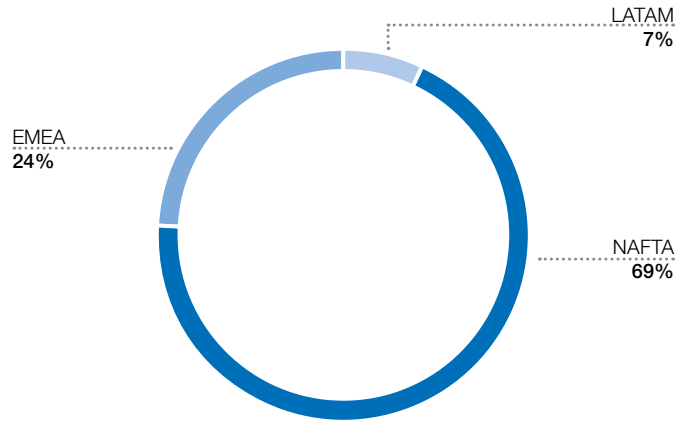
Direct Material Purchases by Origin

FCA Purchasing worldwide



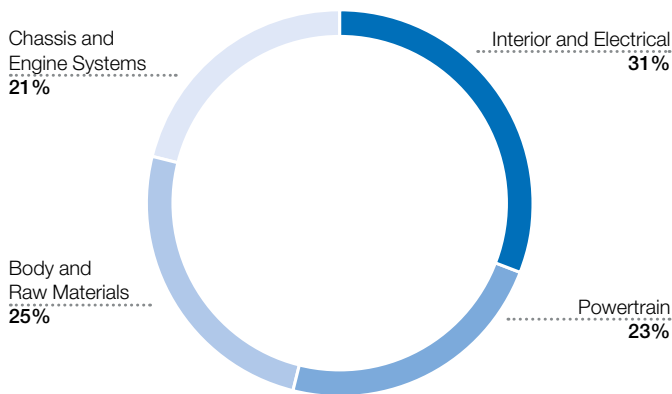
Direct Material Purchases by Destination

FCA Purchasing worldwide



Direct Material Purchases by Type

FCA Purchasing worldwide



Annual Purchases from Local Suppliers by Region

FCA Purchasing worldwide

	2017
EMEA	96%
LATAM	84%
NAFTA	63%

GRI: G4-12, G4-EC9

Supplier Sustainability Self-Assessment Results

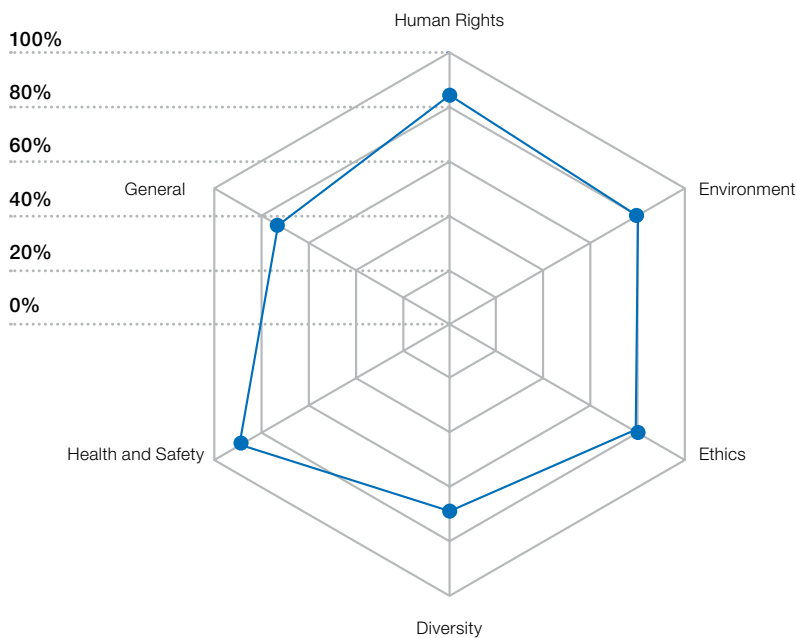
FCA Purchasing worldwide

	2017	2016	2015
Suppliers sent self-assessment questionnaires (no.)	2,116	1,629	1,497
Suppliers responding to questionnaire (%)	39	49	22
Average score	79/100	76/100	74/100
Purchases by value covered by questionnaires (%)	72	69	34

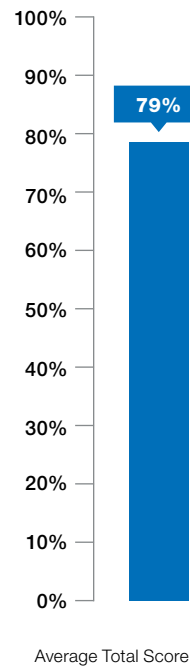
Number of questionnaires refers to suppliers' Top Parent or headquarters code.
Value of purchases (from direct and indirect suppliers) managed by FCA Purchasing.

Dashboard

Average Score by Value



Average Total



GRI: G4-EN32, G4-HR10, G4-LA14, G4-S09

Audit Results

FCA Purchasing worldwide

	2017	2016	2015
Sustainability audits (no.)	48	53	60
Performed by FCA personnel (Supplier Quality Engineers) (no.)	14	18	27
Performed by a third party (no.)	34	35	33
Purchases by value covered by audits	3%	10%	5%

Value of purchases (from direct and indirect suppliers) managed by FCA Purchasing.

Corrective Action Plans

FCA Purchasing worldwide

Aspects	Numbers of Suppliers with Agreed-Upon Action Plans	Audited Suppliers with Significant Actual and Potential Negative Impacts, with Agreed-Upon Action Plans	Number of Action Plans	Main Action Plan Topics
Environment	7	15%	11	Environmental management: <ul style="list-style-type: none"> - Lack of formal document - Lack of participation - Low percentage of employees informed/trained Environmental Emergency Planning System: <ul style="list-style-type: none"> - Lack of formal document Environmental performance: <ul style="list-style-type: none"> - Lack of targets for GHG emissions; energy consumption and efficiency; air emissions
Labor practices	21	44%	55	Low percentage of employees informed/trained for anti-corruption practices <ul style="list-style-type: none"> Diversity: <ul style="list-style-type: none"> - Code or policy/ governance/ code or policy for suppliers - Metrics for suppliers - Training/supplier training - Targets Hazardous substances management Occupational Health and Safety Safety emergency planning system Safety audits Supplier compliance & ethics training Sustainability monitoring in the supply chain
Human rights	12	25%	22	Code of conduct: <ul style="list-style-type: none"> - No code of conduct - Lack of formal document - Lack of communication - Lack of a formal grievance mechanism - Low percentage of employees informed/trained Lack of references in the code of conduct to: <ul style="list-style-type: none"> - Basic human rights - Compensation and working hours including overtime Guarantee of basic human rights <ul style="list-style-type: none"> Supplier contractual requirement: <ul style="list-style-type: none"> - Lack of formal document
Impact on society	7	15%	8	Anti-corruption practice: <ul style="list-style-type: none"> - Lack of communication Community development: <ul style="list-style-type: none"> - Lack of formal document Grievance mechanism: <ul style="list-style-type: none"> - Lack of formal document Supplier code of conduct: <ul style="list-style-type: none"> - Lack of communication - No reference to compensation and working hours including overtime

Corrective action plans: in 2017, 96 joint action plans have been initiated for 22 suppliers. The percentage is calculated based on the 48 suppliers audited.

GRI: G4-EN33, G4-HR4, G4-HR5, G4-HR6, G4-HR11, G4-LA15, G4-SO10

Logistics

CO₂ Emissions in Logistics Processes

FCA worldwide (thousands of tons of CO₂)

	2017	2016	2015
Upstream	819.3	737.8	677.0
Downstream	643.8	716.1	766.3
Total	1,463.1	1,453.9	1,443.3
Mopar	58.1	59.8	2.1
Magneti Marelli	29.4	23.1	28.0

In 2017, the scope of the monitoring was further expanded to include additional flows to and from South and North American countries, and vehicle exports to China and Japan. Due to refinement in the methodology, 2017 and 2016 data is not directly comparable with previous year.

Data on Mopar 2015 operations in North America were allocated to Upstream.

Upstream refers to material and parts distribution to plants.

Downstream refers to finished vehicle distribution to markets.

Definitions, Methodology and Scope

The FCA NV Sustainability Report, now in its 13th edition, is a voluntary document issued by the Group according to GRI-G4 guidelines⁽¹⁾ to provide stakeholders a comprehensive picture of FCA activities, results and commitments in the economic, environmental and social spheres. This appendix provides a methodology guide.

Unless otherwise specified or required by the context in which they are used:

- the terms “FCA,” “Group” and “Company” refer to all companies consolidated within Fiat Chrysler Automobiles N.V. for accounting purposes (see subsidiaries consolidated in the FCA NV Annual Report)
- the term “company” is used with reference to a selection among the following entities: FCA Italy (formerly known as Fiat Group Automobiles or FGA), FCA US (formerly known as Chrysler Group or CG), Maserati, Comau, Magneti Marelli, Teksid, FCA Services and other companies
- the term “FCA US” refers to all companies consolidated within FCA US LLC (formerly known as “Chrysler Group”) for accounting purposes (see subsidiaries consolidated in the FCA NV Annual Report)
- the term “FCA Italy” (formerly known as “Fiat Group Automobiles”) refers to all companies consolidated within FCA Italy S.p.A. for accounting purposes (see subsidiaries consolidated in the FCA NV Annual Report)
- the term “operating segment” refers 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), NAFTA (U.S., Canada and Mexico), LATAM (South and Central America) and APAC (Asia and Pacific countries); the Maserati global luxury brand operating segment and a global Components operating segment (Magneti Marelli, Teksid, Comau)
- the term “customer” as used in this Report refers to the end user of our products or services.

Unless otherwise indicated or required by the context, the

information and data contained in this Sustainability Report relate to financial year 2017 (January 1, 2017 to December 31, 2017) and to all FCA companies worldwide falling within the scope of consolidation at December 31, 2017.

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. With respect to years 2010 to 2016, data refers to all companies consolidated within FCA NV for accounting purposes at December, 31 2017.

We monitor our operations through the use of several non-generally accepted accounting principles (non-GAAP) financial measures: Net debt, Net industrial 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 2017 FCA Annual Report on the Company's website at 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, entities that are not consolidated in the financial statements 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 138 of the 159 plants⁽²⁾ included in the FCA NV Annual Report (covering approximately 98% of plant workers),⁽³⁾ to office facilities (in total covering approximately 100% of Group employees), and to six plants of companies that are not fully consolidated, including one joint venture in Turkey and five in the APAC region (four in China and one in India)
- data on manufacturing environmental and energy performance refers to 138 of the 159 plants⁽⁴⁾ included in the FCA NV Annual Report (covering nearly 100% of the Group's industrial revenues),⁽⁵⁾ and to six plants of companies that are not fully consolidated, including one joint venture in Turkey and five in the APAC region (four in China and one in India).

Data reported as a measure of FCA's impact on the environment

⁽¹⁾ The Global Reporting Initiative (GRI) is a multi-stakeholder process for the development and disclosure of Sustainability Reporting Guidelines. The GRI-G4 guidelines were issued in May 2013. These guidelines offer an international reference for the disclosure of governance approach and of the environmental, social and economic performance and impacts of organizations.

⁽²⁾ Data was not considered material, and was thus not reported, for 21 plants in start-up or closing phase.

⁽³⁾ Plant workers are defined as all employees located at a particular site, including workers assigned to manufacturing, other associated units (quality control, logistics, etc.) and to research and development.

⁽⁴⁾ Data was not considered material, and was thus not reported, for 21 plants in start-up or closing phase.

⁽⁵⁾ Revenues attributable to activity of plants directly controlled by the Group.

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, components, 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.

The year 2010 is used as the baseline to measure progress to FCA’s environmental targets because this was the first year FCA US (formerly known as Chrysler Group) 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:

- **materiality:** inclusion of all information deemed to be of interest to internal and external stakeholders due to its economic, environmental or social impact
- **completeness:** inclusion of all material topics and indicators
- **balance:** coverage of both positive and negative aspects of the Group’s performance
- **comparability:** ability to compare between time periods and with similar organizations
- **accuracy:** provision of adequate levels of detail
- **reliability:** reporting process subject to audit by an independent organization
- **timeliness:** Sustainability Report presented together with the FCA NV Annual Report at the Annual General Meeting of FCA NV
- **clarity:** the language used addresses all stakeholders.

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. From time to time, however, figures may be updated.

The document is:

- prepared by the FCA Sustainability Team that coordinates and engages Group operating segments and regions 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 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 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The statement of assurance describing the activities carried out and the expression of opinion is provided at page 141-142.
- presented together with the Annual Report at the Annual General Meeting of FCA NV to provide a complete, current overview of the Group’s financial, environmental and social performance
- available for download at no cost from the Sustainability section of the Group’s public website (www.fcagroup.com).

The 2016 Sustainability Report was made available at FCA NV’s Annual General Meeting on April 14, 2017.

GRI: G4-18, G4-29, G4-48

About this Report

Reporting period

Financial year 2017 (January 1, 2017 to December 31, 2017)

Reporting cycle

Annual

Date of publication

April, 2018

Document formats

PDF version

Report scope and boundary

- The information and data relate to FCA companies worldwide falling within the scope of consolidation at December 31, 2017.
- Financial figures reflect those reported in the 2017 FCA NV Annual Report.

Report content

The selection of topics for this Report is based on the results of our Corporate priorities, the dialogue with stakeholders, the Global Reporting Initiative G4 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. Additional environmental, social and governance indicators are reported in the Facts & Figures section.

Global Reporting Initiative (GRI)

The Report is GRI-G4 in accordance – Comprehensive option. See page 143-150 for full set of indicators.

Assurance

- The 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 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), 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 141.

Contact

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Your opinion is important to us. Please contact the Sustainability Team with any questions or suggestions.

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GRI: G4-3, G4-5, G4-28, G4-30, G4-31

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 expectations and projections about future events and, by their nature, are 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 such statements as a result of a variety of factors, including: the Group’s ability 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 cyclical; changes in local economic and political conditions, including with regard to trade policy, 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; various types of claims, lawsuits, governmental investigations and other contingent obligations against the Group, including product liability and warranty claims

and environmental claims, governmental investigations and lawsuits; material operating expenditures in relation to compliance with environmental, health and safety regulations; the high level of competition in the automotive industry, which may increase due to consolidation; exposure to shortfalls in the Group’s defined benefit pension plans; the Group’s ability to provide or arrange for access to adequate financing for the Group’s dealers and retail customers and associated risks related to financial services companies; the Group’s ability to access funding to execute the Group’s business plan and improve the Group’s 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; disruptions arising from political, social and economic instability; risks associated with our relationships with employees, dealers and suppliers; increases in costs, disruptions of supply or shortages of raw materials; developments in labor and industrial relations 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.

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 Auditors' Report.

Deloitte.

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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, 2017.

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 the "G4 Sustainability Reporting Guidelines" established in 2013 by GRI - *Global Reporting Initiative*, 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 with 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 issue this report based on the procedures performed. 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.

The procedures performed on the Sustainability Report 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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GRI: G4-33

These procedures consisted in verifying its compliance with the principles for defining report content and quality set out in the "G4 Sustainability Reporting Guidelines", and are summarised as follows:

- 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, 2017, on which another auditor issued the independent auditor's report, dated February 20, 2018;
- analysing, through interviews, the governance system and the management process of the matters related to sustainability management and its relationship with the strategy and operations of the Group;
- 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;
- 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 and components segment 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;
 - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that they correctly manage data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the guidelines identified in the paragraph "Sustainability organization's responsibility on the preparation of the Sustainability Report" of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the legal representative of FCA Sepin S.c.p.A., on the compliance of the Sustainability Report with the guidelines identified in the paragraph "Sustainability organization's responsibility on the preparation of the Sustainability Report" of this report, as well as the reliability and completeness of the data and information disclosed.

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.

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, 2017 is not prepared, in all material aspects, in accordance with the "G4 Sustainability Reporting Guidelines" established in 2013 by GRI – *Global Reporting Initiative*, 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 5, 2018

GRI G4 Content Index
























This Report is prepared according to GRI G4 - Comprehensive option.

The following table lists content within the document that relates to specific GRI G4 indicators. Each indicator references the appropriate pages in the 2017 Sustainability Report or the 2017 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, 2017 SR = Sustainability Report at December 31, 2017  Fully disclosed  Not disclosed

General standard disclosures

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Strategy and analysis				
G4-1	Statement from the Chairman and the CEO	SR	3-5	
G4-2	Key impacts, risks, and opportunities	AR SR	99-101 7-10, 16, 35, 38, 40-42, 55	
Organizational profile				
G4-3	Name of the organization	SR	137, 139	
G4-4	Primary brands, products, and/or services	AR SR	35-43 7	
G4-5	Location of the organization's headquarters	SR	139	
G4-6	Countries where the organization operates	AR SR	35, 251-267 7, 137	
G4-7	Nature of ownership and legal form	AR	78, 141	
G4-8	Markets served	AR SR	35 7	
G4-9	Scale of the reporting organization	SR	7-10, 45, 106-108, 111	
G4-10	Workforce characteristic	SR	45, 106-108, 111	
G4-11	Employees covered by collective bargaining agreements	SR	52-53	
G4-12	Organization's supply chain	SR	93-94, 133	
G4-13	Changes in organization's size, structure, ownership or its supply chain	SR	45, 94, 111	
G4-14	Precautionary approach to risk management	SR	38, 40-42, 61	
G4-15	Externally developed charters, principles or initiatives to which the organization subscribes	AR SR	93 33-34, 36	
G4-16	Membership in associations or organizations	SR	15	
Identified material aspects and boundaries				
G4-17	Entities included in the organization reports	AR SR	142-164, 233-267 137	
G4-18	Reporting principles for defining report content	SR	12-13, 137-138	
G4-19	Material aspects identified in defining report content	SR	12-13	
G4-20	Material aspects within the organization	SR	12-13	
G4-21	Material aspects outside the organization	SR	12-13	
G4-22	Restatements of information provided in earlier reports	SR	137	
G4-23	Significant changes from previous reporting periods in scope and aspect boundaries	SR	137	

GRI: G4-32

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Stakeholder engagement				
G4-24	Stakeholder groups engaged by the organization	SR	14-15	
G4-25	Identification and selection of stakeholders to engage	SR	14-15	
G4-26	Organization's approach to stakeholder engagement	SR	14-15	
G4-27	Key topics collected through stakeholder engagement	SR	12-16	
Report profile				
G4-28	Reporting period	SR	137, 139	
G4-29	Date of the last report	SR	138	
G4-30	Reporting cycle	SR	139	
G4-31	Contact point for questions regarding the report	SR	139	
G4-32	GRI Content Index	SR	143-150	
G4-33	External assurance	SR	141-142	
Governance				
G4-34	Governance structure	AR SR	79-98 31-32	
G4-35	Delegating authority for economic, environmental and social topics	SR	32	
G4-36	Positions with responsibility for economic, environmental and social topics	AR SR	86, 105 32	
G4-37	Consultation between stakeholders and the highest governance bodies on economic, environmental and social topics	AR SR	86, 89-91, 105 32	
G4-38	Composition of highest governance bodies and its committees	AR SR	79-86 31-32	
G4-39	Executive powers of the Chairman	AR SR	79 31	
G4-40	Qualification and expertise of highest governance bodies	AR SR	80-84 31-32	
G4-41	Processes to avoid conflicts of interest	AR	87	
G4-42	Highest governance bodies and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	AR SR	86, 105 32	
G4-43	Measures taken to develop and enhance the highest governance bodies' collective knowledge of economic, environmental and social topics	AR SR	86, 105 32	
G4-44	Evaluation of the Board of Directors' performance	AR SR	98 32	
G4-45	Highest governance bodies' role in the identification and management of economic, environmental and social impacts, risks, and opportunities	AR SR	99-101 32, 38	
G4-46	Highest governance bodies' role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	AR SR	99-102 38	
G4-47	Frequency of the highest governance bodies' review of economic, environmental and social impacts, risks, and opportunities	AR SR	99-101 38	
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	AR SR	86, 105 32, 138	
G4-49	Communicating critical concerns to the highest governance bodies	AR SR	85, 94, 99-101 32, 38	
G4-50	Critical concerns that were communicated to the highest governance bodies and the mechanism(s) used to address and resolve them	AR SR	85, 94, 99-101 38	
G4-51	Remuneration policies for highest governance bodies and senior executives	AR	122-134	
G4-52	Determining remuneration	AR	122-134	
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	AR	89-91, 122-134	
G4-54	Ratio of the annual compensations within the organization			 The full set of data is not reportable. In some countries of presence this information is subject to confidential treatment
G4-55	Ratio of percentage increase in annual compensation within the organization			 The full set of data is not reportable. In some countries of presence this information is subject to confidential treatment

GRI: G4-32

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Ethics and integrity				
G4-56	Organization's values, principles, standards and norms of behavior	SR	33	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	SR	33-34, 36	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	SR	33-34, 36	

Specific standard disclosures

Economic






DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: economic performance				
G4-DMA	Generic Disclosures on Management Approach	SR	38-42, 55	
G4-EC1	Direct economic value generated and distributed	SR	55-58, 113	
G4-EC2	Financial implications, risks and opportunities for the organization's activities due to climate change	AR SR	99-101 38-42	
G4-EC3	Coverage of the organization's defined benefit plan obligations	SR	48-49	
G4-EC4	Financial assistance received from government	SR	114	
Material aspect: market presence				
G4-DMA	Generic Disclosures on Management Approach	SR	45	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage	SR	109	
G4-EC6	Proportion of senior management hired from the local community	SR	108	
Material aspect: indirect economic impacts				
G4-DMA	Generic Disclosures on Management Approach	SR	55-58, 83, 94, 98-100	
G4-EC7	Development and impact of infrastructure investments and services supported	SR	8-10, 55-58	
G4-EC8	Significant indirect economic impacts	SR	8-10, 55-58, 83, 94, 98-100	
Material aspect: procurement practices				
G4-DMA	Generic Disclosures on Management Approach	SR	94	
G4-EC9	Proportion of spending on local suppliers	SR	94, 133	

Environmental

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: materials				
G4-DMA	Generic Disclosures on Management Approach	SR	74-77	
G4-EN1	Materials used	SR	115	
G4-EN2	Recycled input materials	SR	76	
Material aspect: energy				
G4-DMA	Generic Disclosures on Management Approach	SR	88-89	
G4-EN3	Energy consumption within the organization	SR	9, 89, 117-119	
G4-EN4	Energy consumption outside of the organization	SR	77	
G4-EN5	Energy intensity	SR	89, 120	
G4-EN6	Reduction of energy consumption	SR	89	
G4-EN7	Reductions in energy requirements of products and services	SR	61, 66-72	




















GRI: G4-32

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: water				
G4-DMA	Generic Disclosures on Management Approach	SR	88, 90	
G4-EN8	Water withdrawal	SR	9, 90, 124	
G4-EN9	Water sources significantly affected by withdrawal	SR	125	
G4-EN10	Water recycled and reused	SR	9, 90, 125	
Material aspect: biodiversity				
G4-DMA	Generic Disclosures on Management Approach	SR	88	
G4-EN11	Operational sites in, or adjacent to, protected areas and areas of high biodiversity value	SR	132	
G4-EN12	Description of significant impacts on biodiversity	SR	132	
G4-EN13	Habitats protected or restored	SR	132	
G4-EN14	List of species with habitats in areas affected by operations, by level of extinction risk	SR	132	
Material aspect: emissions				
G4-DMA	Generic Disclosures on Management Approach	SR	88-90, 102	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	SR	9, 89, 120	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	SR	9, 89, 120	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	SR	77, 136	
G4-EN18	Greenhouse gas (GHG) emissions intensity	SR	89, 121	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	SR	9, 89, 102-104, 121	
G4-EN20	Emissions of ozone-depleting substances (ODS)	SR	122	
G4-EN21	NO _x , SO _x , and other significant air emissions	SR	90, 123	
Material aspect: effluents and waste				
G4-DMA	Generic Disclosures on Management Approach	SR	88, 90-91	
G4-EN22	Water discharge	SR	90, 124, 126-128	
G4-EN23	Waste disposal	SR	91, 129	
G4-EN24	Significant spills	SR	90	
G4-EN25	Hazardous waste	SR	130	
G4-EN26	Biodiversity and habitats affected by the organization's discharges	SR	125	
Material aspect: products and services				
G4-DMA	Generic Disclosures on Management Approach	SR	61-62, 66-72, 76-77, 85	
G4-EN27	Mitigation of environmental impacts of products and services	SR	61-62, 66-72, 76-77, 85	
G4-EN28	Products sold and their packaging materials that are reclaimed	SR	77	
Material aspect: compliance				
G4-DMA	Generic Disclosures on Management Approach	SR	36	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	SR	36	
Material aspect: transport				
G4-DMA	Generic Disclosures on Management Approach	SR	102	
G4-EN30	Environmental impacts of transport	SR	136	
Material aspect: overall				
G4-DMA	Generic Disclosures on Management Approach	SR	88	
G4-EN31	Environmental protection expenditures and investments	SR	110, 117	




























DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: supplier environmental assessment				
G4-DMA	Generic Disclosures on Management Approach	SR	95-97	
G4-EN32	Suppliers screened using environmental criteria	SR	96, 134	
G4-EN33	Actual and potential negative environmental impacts in the supply chain and actions taken	SR	96-97, 135	
Material aspect: environmental grievance mechanisms				
G4-DMA	Generic Disclosures on Management Approach	SR	33-34	
G4-EN34	Grievances about environmental impacts filed, addressed, and resolved	SR	34	

Social

Labor practices and decent work



















DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: employment				
G4-DMA	Generic Disclosures on Management Approach	SR	45, 48-49	
G4-LA1	Number and rates of new employee hires and employee turnover	SR	45, 49, 111	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR	48-49	
G4-LA3	Return to work and retention rates after parental leave	SR	49, 109	
Material aspect: labor/management relations				
G4-DMA	Generic Disclosures on Management Approach	SR	53	
G4-LA4	Minimum notice periods regarding operational changes	SR	53	
Material aspect: occupational health and safety				
G4-DMA	Generic Disclosures on Management Approach	SR	50-51	
G4-LA5	Workforce represented in health and safety committees	SR	50	
G4-LA6	Injuries, occupational diseases, lost days, absenteeism and total number of work-related fatalities	SR	50-51, 112	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	SR	51, 112	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	SR	113	
Material aspect: training and education				
G4-DMA	Generic Disclosures on Management Approach	SR	46-47	
G4-LA9	Training per employee	SR	47, 110	
G4-LA10	Programs for skills management and lifelong learning of employees	SR	45, 47, 110	
G4-LA11	Employees receiving regular performance and career development reviews	SR	47	
Material aspect: diversity and equal opportunity				
G4-DMA	Generic Disclosures on Management Approach	SR	31, 45-46, 49	
G4-LA12	Composition of governance bodies and breakdown of employees per indicators of diversity	SR	31, 45-46, 106-108	
Material aspect: equal remuneration for women and men				
G4-DMA	Generic Disclosures on Management Approach	SR	48	
G4-LA13	Ratio of basic salary and remuneration of women to men			

The full set of data is not reportable; in some countries of presence this information is subject to confidential treatment

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: supplier assessment for labor practices				
G4-DMA	Generic Disclosures on Management Approach	SR	95-99	
G4-LA14	Suppliers screened using labor practices criteria	SR	97, 134	
G4-LA15	Actual and potential negative impacts for labor practices in the supply chain and actions taken	SR	97-98, 135	
Material aspect: labor practices grievance mechanisms				
G4-DMA	Generic Disclosures on Management Approach	SR	33-34	
G4-LA16	Grievances about labor practices filed, addressed, and resolved	SR	34	
Human rights				
Material aspect: investment				
G4-DMA	Generic Disclosures on Management Approach	SR	34-35, 95	
G4-HR1	Investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR	34, 95	
G4-HR2	Employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations	SR	33, 110	
Material aspect: non-discrimination				
G4-DMA	Generic Disclosures on Management Approach	SR	33-34	
G4-HR3	Incidents of discrimination and corrective actions taken	SR	34	
Material aspect: freedom of association and collective bargaining				
G4-DMA	Generic Disclosures on Management Approach	SR	52-53, 95	
G4-HR4	Risks to the right to exercise freedom of association and collective bargaining	SR	52-53, 97, 135	
Material aspect: child labor				
G4-DMA	Generic Disclosures on Management Approach	SR	95-98	
G4-HR5	Operations identified as having significant risk for incidents of child labor	SR	97-98, 135	
Material aspect: forced or compulsory labor				
G4-DMA	Generic Disclosures on Management Approach	SR	95-98	
G4-HR6	Operations identified as having significant risk for incidents of forced or compulsory labor	SR	97-98, 135	
Material aspect: security practices				
G4-DMA	Generic Disclosures on Management Approach	SR	33	
G4-HR7	Security personnel trained on human rights policies	SR	33	
Material aspect: indigenous rights				
G4-DMA	Generic Disclosures on Management Approach	SR	36	
G4-HR8	Violations of the rights of indigenous peoples	SR	36	
Material aspect: assessment				
G4-DMA	Generic Disclosures on Management Approach	SR	34-35	
G4-HR9	Operations subject to human rights reviews or impact assessments	SR	35	
Material aspect: supplier human rights assessment				
G4-DMA	Generic Disclosures on Management Approach	SR	95-98	
G4-HR10	Suppliers screened using human rights criteria	SR	97, 134	
G4-HR11	Actual and potential negative human rights impacts in the supply chain and actions taken	SR	97-98, 135	
Material aspect: human rights grievance mechanisms				
G4-DMA	Generic Disclosures on Management Approach	SR	33-34	
G4-HR12	Grievances about human rights impacts filed, addressed, and resolved	SR	34	















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Society

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: local communities				
G4-DMA	Generic Disclosures on Management Approach	SR	55-58, 88	
G4-SO1	Operations with implemented local community engagement, impact assessments, and development programs	SR	55-58	
G4-SO2	Operations with significant actual and potential negative impacts on local communities	SR	8-10, 88	
Material aspect: anti-corruption				
G4-DMA	Generic Disclosures on Management Approach	SR	33-34, 36	
G4-SO3	Operations assessed for risks related to corruption	SR	34	
G4-SO4	Communication and training on anti-corruption policies and procedures	SR	33, 110	
G4-SO5	Confirmed incidents of corruption and actions taken	SR	34, 36	
Material aspect: public policy				
G4-DMA	Generic Disclosures on Management Approach	SR	36	
G4-SO6	Value of political contributions	SR	36	
Material aspect: anti-competitive behavior				
G4-DMA	Generic Disclosures on Management Approach	SR	36	
G4-SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	SR	36	
Material aspect: compliance				
G4-DMA	Generic Disclosures on Management Approach	SR	36	
G4-SO8	Fines and sanctions for non-compliance with laws and regulations	SR	36	
Material aspect: supplier assessment for impacts on society				
G4-DMA	Generic Disclosures on Management Approach	SR	95-96	
G4-SO9	Suppliers screened using criteria for impacts on society	SR	134	
G4-SO10	Actual and potential negative impacts on society in the supply chain and actions taken	SR	135	
Material aspect: grievance mechanisms for impacts on society				
G4-DMA	Generic Disclosures on Management Approach	SR	33-34	
G4-SO11	Grievances about impacts on society filed, addressed, and resolved	SR	34	

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Product responsibility

DMA and Indicators		Publications	Page	Coverage or Omission and Reason
Material aspect: customer health and safety				
G4-DMA	Generic Disclosures on Management Approach	SR	79-81	
G4-PR1	Product and service categories for which health and safety impacts are assessed for improvement	SR	79-80	
G4-PR2	Incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle	SR	36, 80-81	
Material aspect: product and service labeling				
G4-DMA	Generic Disclosures on Management Approach	SR	84-85	
G4-PR3	Product and service information	SR	76, 84-85, 96	
G4-PR4	Incidents of non-compliance with regulations concerning product and service information and labeling	SR	36	
G4-PR5	Results of surveys measuring customer satisfaction	SR	82, 116	
Material aspect: marketing communications				
G4-DMA	Generic Disclosures on Management Approach	SR	84	
G4-PR6	Sale of banned or disputed products	SR	84	
G4-PR7	Incidents of non-compliance with regulations concerning marketing communications	SR	33, 36	
Material aspect: customer privacy				
G4-DMA	Generic Disclosures on Management Approach	SR	36	
G4-PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	SR	36	
Material aspect: compliance				
G4-DMA	Generic Disclosures on Management Approach	SR	36	
G4-PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	SR	36	

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