

## **Fiat Group Stakeholder Engagement Guidelines**

### **Foreword**

As a multinational company, Fiat Group interacts with many stakeholders, entities legitimately interested and who influence/are influenced by its activities and strategic directions. As part of its responsibility toward stakeholders, the Group is committed to disclose and consult on the impacts and benefits of its activities and to communicate the development of its programs to the public.

Accordingly Fiat Group is committed to establish a stakeholder engagement process: maintain and promote a dialogue with stakeholders aiming to know and, whenever technically feasible and economically viable, integrate their expectations and needs into the management of specific activities.

We firmly believe that this engagement process, backed by a clear commitment, is a key element for maximizing the opportunities and managing the potential risks affecting our business which could arise from the interaction with the various categories of stakeholder.

### **Scope of the Guidelines**

The Fiat Group "Stakeholder Engagement Guidelines" represent basic principles for all operations and locations worldwide - both at the Corporate and site levels - directly involved in the management of relations with external stakeholders.

In order to fully integrate the engagement process in day-to-day management, Fiat Group provides a framework for supporting this management in the following phases:

- Identification of main relevant/material issues
- Identification and prioritization of level of stakeholder's engagement
- Selection of the proper engagement methods
- Monitoring of the engagement process
- Results measurement and communication to stakeholders

Each unit, person or manager involved in these activities may further develop and customize these indications in order to better respond to its specific activities and local needs.

### **General principles for managing a consultation process**

During the planning and development of main industrial activities or other relevant initiatives, Fiat Group strives to manage an effective participation of relevant stakeholders using the following steps:

1. Inform the stakeholders identified about the activities and the related impacts on their interests;
2. Provide the time and the opportunity to the stakeholders to express their expectation and needs;
3. Identify best solutions to monitor and manage potential risks that may affect the quality of engagement outcomes (e.g., non-collaborative stakeholders, lower attention levels, random response, boycott behaviors);
4. Evaluate the ideas proposed and, whenever possible, integrate the relevant suggestion received;
5. Communicate the response back to the stakeholders;
6. Measure and monitor effectiveness of actions resulting from suggestions received;
7. Handle a continuous feedback process with stakeholders.

The consultation process may be activated on stakeholders' inputs, but a preventive approach is also recommended.

### **Identification of relevant/material issues**

The first step of the engagement process is the early identification of the main issues that:

- Have a potential impact on the environment, socio-economic context, and well-being or the quality of life of stakeholders, in particular communities living in the surrounding areas of Group operations;
- May represent a significant risk to the Group's activities in terms of their technical and economic viability or in terms of the Group's reputation both locally and internationally.

The most common categories of issues that correspond to such characteristics are the following:

- Direct and indirect economic impact on business/local areas (e.g., employment of local workers, development of local supply chain)
- Environment (e.g., use of water and scarce resources, pollutant emissions, waste generation and management, biodiversity, emergency management)
- Occupational health & safety (e.g., prevention of accidents, reduction of health risks)
- Product responsibility (e.g., pollutant emissions, safety, recycling and end-of-life management)
- Human capital development (e.g., training for employees, skills reinforcement across the value chain, education initiatives for local communities)
- Sustainable mobility (e.g., development of mobility tools as integrated management traffic system, communication infrastructure between vehicles, vehicles and people, vehicles and infrastructure, on-board information system)
- Information data management (e.g., reputation management, data management)
- Human and labor rights (e.g., respect of international standards endorsed by the Group, interaction with trade unions and workers' associations)
- Governance and transparency in doing business (e.g., respect of anti-trust and anticorruption regulation)
- Social development (e.g., contributions to non-profit organizations, charity and giving, in-kind contribution to communities).

The relevance/materiality of a specific issue within the stakeholder engagement process depends on the type of the activities implemented and on the relevant categories of stakeholder identified.

### **Identification of stakeholders**

We firstly define stakeholders as those who:

- Are substantially involved in the Group's activities;
- Are potentially impacted, negatively or positively, by the Group's activities and decisions;
- Have an interest in the outcomes of the Group's activities.

Accordingly general categories of stakeholders are the following:

- Employees
- Local communities
- Business partners
- Governments and regulatory authorities
- National and international institutions
- Financial stakeholders/shareholders
- Trade unions
- Employees' families and other employee organizations
- Contractors
- Customers
- Media
- Non-governmental organizations

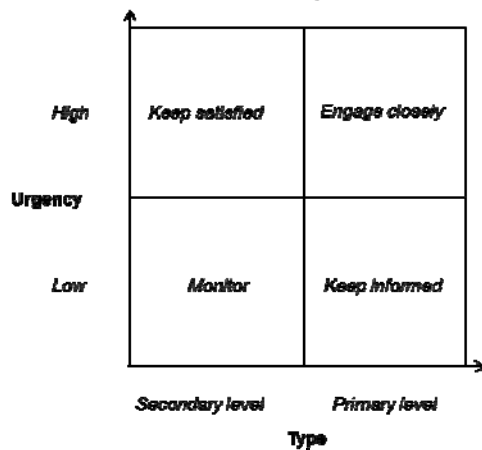
### Identification of main management tools

The next step is to analyze and determine priorities among issues for each category of stakeholder, by measuring:

- The type of issue expressed by the stakeholder. Primary level issues are those of the highest perceived value in terms of magnitude of the impact. Secondary level issues are those considered not essential as a first step, but potentially relevant once the primary issues are addressed or alternately perceived as relevant for a smaller group of stakeholders.
- The urgency of the issue to be addressed (high vs. low)

Depending on the nature and urgency of each identified issue, main corresponding actions can be determined and planned.

### Stakeholder issues mapping



As a consequence of the stakeholder issues mapping, different levels of engagement will be chosen:

- Stakeholders expressing issues with high urgency and of primary level should be fully engaged and require the greatest effort to respond to their needs;
- Stakeholders with low urgency and primary level issues should be adequately informed;
- Stakeholders reporting on highly urgent issues of secondary level should receive a response to their needs and expectations;
- Stakeholders with less urgent and secondary level issues should be monitored.

#### **Identification of potential communication channels**

According to the objective of the consultation, the issue and the stakeholder involved, different channels may be identified:

- Questionnaires and surveys: research through telephone, mailing and interactive websites about general issues
- Interviews: direct interaction with stakeholders, opinion leaders, and organizations' representatives about specific issues
- Focus groups: limited group of stakeholders about specific issues
- Multi-stakeholder workshops: dialogue between different stakeholder categories about issues of common interest
- Advisory committee: formal engagement of expertise about relevant issues.

The Group is committed to have in place a good overall community engagement process at its various locations and to keep stakeholders informed of relevant information: this is the way we believe that our stakeholders can be an active and satisfied part of the mutual longstanding relationship with the company. Also, the Group ensures steady information flow through a transparent, direct and systematic communication with the global investment community aimed at increasing the markets' appreciation of the company's business strengths, strategy, competitive situation and investment attractiveness, complying with the most stringent regulations in the relevant financial markets.

As a further element of the Group wide communication strategy, a dedicated e-mail address is available in the sustainability section of the corporate website, to provide all stakeholders around the world with the opportunity to share their insight on global sustainability challenges and corporate responsibility. The feedback process is managed jointly between local responsible and corporate levels.

#### **Final recommendations**

The implementation of the above principles, which, depending on the situation, could be at the Corporate or local level, could require customization and adaptation to properly address specific needs.

Managers directly involved are asked to share and make available the expertise gained in the field to allow the Group to capitalize on lessons learned and strengthen its capability of effective engagement.

Formal transfer of knowledge can then be managed through dedicated tools or initiatives (training sessions, internal networking, thematic workshops, others).

In order to maximize the effectiveness of the Fiat Group Stakeholder Engagement Guidelines, the principles stated in it will be periodically updated and their implementation will be continuously monitored.