

Introduction

Fiat Chrysler Automobiles (FCA) is committed to managing its business responsibly through a strong, group-wide commitment to the highest standards of integrity, accountability and transparency. This commitment is also incorporated in the principles and rules governing tax processes and management.

TAX POLICY

FCA tax policy is guided by the primary consideration that management of all tax issues must comply with applicable laws and regulations and with the core principles that define the Group's relationships with its main stakeholders and govern how it conducts its business activities.

The tax policy addresses the following areas: strategy and planning, operational management and risk management.

FCA's tax strategy is delineated in various documents and procedures that regulate the following main aspects:

- 1) organization of roles and responsibilities for tax-related matters at the Group level and within each of the Business Operating segments and Service companies, which are clearly defined and regularly updated. Centralized coordination and management of tax strategy is performed by the Group's Head of Taxation and related roles and responsibilities are made through official organizational announcements.

All principal Group companies have a dedicated tax structure and staff and, where necessary, are also supported by FCA Services (the Group company that provides management and support services relating to FCA's financial – in particular, back office – tax and human resource management processes and activities).

The Group tax strategy includes:

- a procedure for evaluation and approval of all tax planning initiatives, consistent with the Group's tax strategy; and
 - a process for regularly reviewing and updating any such strategy to take into account any legislative and/or operational changes, in addition to regular reviews and status reports on implementation of the strategy.
- 2) a control system to ensure adherence to the tax rules, with specific reference to:
- compliance (prompt filing of income tax and VAT returns, prompt payment of taxes, etc.);
 - issuance of interpretative circulars to guarantee consistency in the application of tax laws in each jurisdiction where FCA entities are present;
 - tax accounting & reporting;
 - procedures for management of tax claims/litigation;
 - procedures that regulate relations with tax authorities and professional associations; and
 - procedures that ensure compliance with rules for Controlled Foreign Corporations (CFC).
- 3) Tax Risk Management:

FCA follows best practice and has adopted the COSO¹ framework as the basis for the Group's Tax Risk Management framework.

Accordingly, the Group has a system of tax risk controls as set out in the Tax Risk Manual, which establishes specific procedures for managing tax risks identified by the Group's tax department as material and intrinsic to the Group's business operations.

¹ Committee of Sponsoring Organizations of the Treadway Commission.