



## **Supplier Management Principles**

The terms the “Group” and “FCA” refer to Fiat Chrysler Automobiles N.V., together with its subsidiaries

### **General framework**

Capable, motivated and responsible suppliers are essential to achieve the level of quality FCA expects in its own products, services and operations. To be competitive with its products and able to meet the constantly growing demand for processes innovation and flexibility, FCA partners with suppliers who are committed and willing to face the business challenges together with FCA itself.

As stated in the Group Code of Conduct, FCA “considers collaboration with the supply chain an integral part of our success and, therefore, strives to operate as an integrated team with suppliers”. In addition to the Code of Conduct and the international standards endorsed by the Group, the Sustainability Guidelines for Suppliers set FCA’ expectations for Group’s suppliers which are selected based on the quality and competitiveness of their products and services and on the respect of social, ethical and environmental principles..

FCA directly verifies the compliance to international ethical standards of its direct suppliers – with whom FCA has direct business and contractual relationships – who are required, on a cascade basis, to ensure the same compliance from their own suppliers.

Suppliers around the world provide more than 75% of the components used in FCA vehicles so it is essential that the principles of sustainable operations are embraced at each step of the supply chain: to ensure that the same standards are adopted and followed at global level, purchasing strategies are coordinated by FCA Purchasing, the organization responsible for supplier management worldwide.



## Top Priorities

FCA Purchasing's management strategies set priorities that reflect the Group commitment to be accountable for delivering high quality, competitive and innovative solutions for FCA's customers worldwide. FCA enables successful partnership with suppliers by adhering to and expecting the following priorities:

1. **Best in Class Quality** – FCA supports and engages in long-lasting relationships with suppliers who provide zero defects and exceed customer expectations for best-in-class quality and warranty.
2. **Innovation** – FCA drives synergies to optimize competitiveness of total development spending and corresponding innovation value for the final customer, through component standardization, architectural convergence, and volume aggregation. FCA strives to be the customer of choice for innovative supplier solutions.
3. **Capacity Management** – FCA undertakes initiatives with its supply chain to ensure on-time delivery and risk management, as well as realignment of installed capacity to match shift in demand.
4. **Total Life Cycle Cost Strategies** – FCA considers much more than piece price in determining the total cost of the commodities FCA purchases from its suppliers. Other elements, such as packaging, movement as well as environmental, social and governance (ESG) impacts and risks are considered throughout the sourcing process.
5. **Continuous Engagement** – FCA delivers one set of expectations to suppliers through its engagement in formal collaboration aimed at aligning strategies, investments and performance of both parties. FCA engages suppliers based on their ability to achieve program deliverables (quality, cost and timing).

Moreover, FCA Purchasing developed eight Foundational Principles that represent the path to establishing long-term and mutually beneficial relationships with FCA’s suppliers. The Foundational Principles provide a guide on the behaviors and actions to be taken by FCA and by its suppliers to maximize the value, efficiency and productivity of their partnership.

	<b>Integrity</b> Trust and be trustworthy		<b>Empathy &amp; Advocacy</b> Respect and support each other
	<b>Mutual Transparency</b> Share expectations and information		<b>Sense of Urgency</b> Act quickly and decisively
	<b>Proactive Collaboration</b> Work together effectively and efficiently		<b>Continuous Improvement</b> Share best practices
	<b>Personal Accountability</b> Take ownership and accept responsibility		<b>Long-Term Mindset</b> Make decisions that foster sustainable relationships

Strong relationships built on Foundational Principles are vital to the responsible sourcing of goods and services.

**Management Approach**

FCA evaluates the effectiveness of its management approach against achievement of the Top Priorities through external audits, periodic benchmarking activities and feedback from various stakeholders, including suppliers themselves.

**Environment, Social and Governance (ESGs) supplier management objectives**

FCA works with industry peers and counterparts to integrate key environmental, social, and governance considerations into global purchasing decisions, enabling responsible and sustained economic success for the Group.



FCA shares the importance of a jointly-successful collaboration toward an ESG path that relies upon key aspects such as:

- responsible procurement of raw materials to strive toward a conflict-free supply chain;
- social and environmental risk mapping as part of the due diligence process to ensure continuity and delivery of materials as well as limit exposure negatively affecting FCA's accountability;
- identification of risks and opportunities related to climate change including the identification of new areas where efficiencies can lead to both environmental impact reduction and cost savings;
- increasing suppliers' awareness of the importance of transparency toward stakeholders about impacts of their operations.

**Submitting a Concern**

The FCA Ethics Helpline is available also for suppliers for submitting concerns.

The Online Submission Form can be found on the Ethics Helpline website at this link:

<https://secure.ethicspoint.eu/domain/media/en/gui/102375/index.html>

For more details visit:

<https://www.fcagroup.com/en-US/sustainability/Pages/default.aspx>