

## **Fiat Group Environmental Guidelines**

### **Foreword**

As a Group, we are conscious of the effect that our activities and products have on society and the environment, and of our role in developing solutions to achieve sustainable mobility.

We also recognize the key role that large international companies play in guaranteeing sustainable development and preserving the rights of future generations.

Accordingly, Fiat Group's focus on value creation, process efficiency and product competitiveness must be compatible with the environment in which we operate and with the interests of our stakeholders.

Protection of the environment is a key element that adds value to Fiat Group and must be valued and fostered as part of a world-class business approach. We are committed to adopting and developing solutions that are safe, environmentally friendly and economically viable and that, therefore, aim to fight climate change and properly address the environment, conserve resources and safeguard health.

In planning a new product or new production process, we consider its environmental compatibility in the context of technical, commercial and economic decisions.

*Fiat Group Environmental Guidelines* support establishment of environmental targets as well as development of new products and execution of daily activities worldwide. This sustainable and integrated approach to environmental protection and stewardship is intended to address environmental impacts at their source.

Compliance with these guidelines is fundamental to delivering consistent performance and ensuring respect for the environment in which we live and operate.

### **Framework**

The fundamental framework for all our activities is represented by both existing laws and corporate standards related to the prevention of pollution and reduction of environmental impacts. Compliance with such requirements represents our threshold. When possible, the Group strives to exceed these requirements by adopting a sustainable approach that encompasses environmental protection, community development and economic viability. Examples of business operations and new projects include, but are not restricted to, directly managed operations (new product development; new production and other process enhancements; brownfield renovation and greenfield activities; mergers and acquisitions) and non-directly managed operations (cooperations and commercial agreements, joint venture partnerships, suppliers, dealers and other business partners).

We also aim to make a positive contribution to the development of future regulations and standards for the automotive industry and all other sectors related to the mobility of people and goods.

### **World Class Manufacturing and EMS certification as tools**

To ensure continuous improvement in our environmental performance, each Sector and site defines strategies and targets. The World Class Manufacturing approach allows us to prioritize the activities necessary to achieve these targets. Actual performance and results are monitored regularly so that effectiveness can be assessed and improvements established and implemented.

In addition, as an integral part of our industrial management system, we are committed to implementing and maintaining Environmental Management Systems (EMS) at all of our production plants worldwide. These systems are certified by third party organizations accredited at the national and international level.

### **Reducing our environmental footprint**

We are committed to preserving our natural heritage and biodiversity and to properly addressing the environment and climate change through an efficient use of energy and natural resources and through the development and implementation of technical innovations.

In particular, we aim to:

- reduce energy consumption through more efficient production processes and products;
- limit emissions of greenhouse gases and other pollutants, not only by cutting energy used, but also through the implementation of innovative technical solutions and promotion of safe and economical renewable energy sources;
- minimize consumption of raw materials by promoting the use of renewable and recycled materials in our production processes;
- minimize waste, in particular hazardous waste, by:
  - o implementing dedicated procedures designed to manage waste throughout
  - o processes,
  - o limiting the use of potentially hazardous substances and promoting their substitution wherever possible, and
  - o encouraging the use of reusable and environmentally-friendly packaging and containers in order to increase material savings and reduce waste;
- reduce consumption of fresh water, increase its reuse and recycling, and prevent to any possible extent emissions of hazardous substances to water from manufacturing, particularly in water-stressed areas where water is a limited resource and its availability is critical to the surrounding environment and population;
- preserve natural habitats and their biodiversity in areas surrounding our sites.

### **Prevention and management of emergencies**

We consider accident prevention a priority in protecting the environment and the health and safety of all. We are committed to establishing emergency contingency plans and maintaining appropriate oversight of processes and procedures to identify potential risk in advance and, to the extent possible, prevent their occurrence and minimize the potential impacts within and beyond the boundaries of our facilities.

### **Low impact logistic chain**

To limit our impact on the environment and contribute to the reduction of traffic congestion, we plan our logistics activities to maximize efficiency and promote more sustainable means of transport.

### **Preservation of natural heritage**

Whenever we plan a new production site, we first take into consideration the possible use of industrialized areas in order to preserve undeveloped land and defend biodiversity.

### **Shared responsibility and people involvement**

We believe that involving employees in the implementation of our guidelines is critical to our success, because responsibility for protecting the environment rests with everyone in the Group. Through internal communications and training, we encourage employees to take an active part in the process.

Managers and senior executives of each Group company are expected to a) translate these guidelines into operational procedures and practices, b) identify and communicate targets and deployment plans, c) spread an environmentally conscious culture, and d) set an example for all employees.

We aim to ensure that an adequate level of knowledge and skill in environmental matters is available through professionals – at all levels – who are responsible for supporting, monitoring and managing compliance with these guidelines.

We also welcome initiatives to enhance the quality of life and protect the environment for our employees and communities worldwide, to instill a culture of environmental stewardship, to raise environmental awareness inside and outside our company, and to engage in dialogue and activities with the public to protect the environment.

### **Responsibility through the value chain**

We expect our suppliers, dealers, contractors and business partners to comply with all environmental-related rules and regulations and to adopt measures and standards which comply with these guidelines, contributing to an overall improvement in environmental policies throughout the value chain. When evaluating business relationships with potential partners, we conduct due diligence which seeks to take environmental issues into account.

### **An integrated approach**

We promote the use of LCA (Life Cycle Assessment) tools in order to evaluate the potential impact of our processes and products throughout their lifecycle, from research and design to manufacturing and disposal - including final dismantling where applicable - reuse or recycling.

### **Sustainable mobility**

We are committed to developing products with industry-leading performance in terms of fuel efficiency, noise and pollutant emissions, and recoverability rate.

When developing our products, we take the following key factors into consideration:

- greenhouse gas emissions and fuel consumption
- pollutant emissions
- noise emissions
- promotion of alternative and renewable energy sources taking into account local circumstances
- recyclability rate of our products
- improving traffic management

We strive every day to transform these major issues into a well-balanced portfolio of advanced, reliable and accessible technological solutions for our engines, transmissions, vehicles and our products in general. We are aware that there is no single solution for sustainable mobility but rather that a combination of elements is necessary to achieve positive results which may depend on the geography, economy and availability of certain fuels in local markets.

Our commitment ranges from the development of small engines (twin-cylinder) to hybrid or electric solutions for urban mobility; from the use of natural gas to second generation bio-fuels to respond to the specific energy needs and availability of different countries; from the development of dual-clutch transmissions to aerodynamic improvements for increased energy efficiency. All of these commitments are detailed in product development roadmaps for each Sector.

We promote the use of low-impact technologies and encourage responsible and eco-friendly use of our products by providing our customers and dealers with information and training regarding the use and maintenance of our vehicles.

We are committed to increasing the rate of recovery of our products through innovative technical solutions for our products and/or our processes. Where required by law, we manage our 'end-of-life' vehicles through a network of professional dismantlers.

Fiat Group's Sustainability Report provides stakeholders with an annual update on the key data, targets and other information related to environmental performance.

The guidelines are amended periodically to remain current with best practices.