

Fiat Group *Green Logistics Principles*

Foreword

Fiat Group considers the logistics process a core activity fully integrated with manufacturing, sales and purchasing and, thereby, having a significant influence on Group performance.

The environmental sustainability of logistics processes is also a key factor in added value for the Group and therefore should be recognised and fostered as a part of a world-class business approach. The commitment to introducing solutions that are environmentally friendly and economically viable and, consequently, aimed at safeguarding health, reducing traffic congestion, fighting climate change and conserving natural resources, will remain one of the Group's principal priorities.

The *Green Logistics Principles* aim to harmonize all Group initiatives in following sustainable logistics practices, providing clear indications to enable the Sectors to act consistently in working with partners in the supply chain, monitoring indicators and achieving targets.

Compliance with these guidelines is fundamental to delivering consistent performance and proactively developing new *Green Logistics* solutions that will ensure adequate respect for the environment.

World Class Logistics

World Class Logistics extends World Class Manufacturing methodologies to Supply Chain processes.

With World Class Logistics, the Group aims to establish a Supply Chain that is fully synchronised with the Production System and design inbound and outbound logistic flows, progressively eliminating all forms of waste through an approach of continuous improvement.

The Group makes a constant effort to employ alternative modes of transportation - such as sea and rail on long distance - and to engineer logistics flows for the delivery of parts and optimize utilization of transport capacity for delivery of finished vehicles to local distribution centers and compounds located near the final customer.

The progressive synchronization of logistics processes will enable environmental impacts to be minimized through the more efficient use of resources, limited emission of greenhouse gases, optimized use of raw materials for new packaging and minimal generation of waste resulting from use of expendable packaging solutions.

Core approaches

Fiat Group is committed to reducing the environmental impact of its logistics processes, with particular focus on CO₂ emissions, through four main areas of focus:

- increase in low-emission transport
- use of intermodal solutions
- optimization of transport capacity
- reduced use of packaging and protective materials

Increase in low-emission transport

For both inbound and outbound logistics transportation, Fiat Group aims to use vehicles that meet the strictest environmental standards and, thereby, guarantee low emission levels.

Use of intermodal solutions

The Group promotes alternative solutions to road transportation by continuously exploring other feasible modes of transport (sea, rail, etc.) in accordance with the geographic location of component and material suppliers and the distribution network for finished products.

Optimization of transport capacity

Fiat Group is committed to continuously developing solutions to achieve the best utilization of transport capacity. Several technical and organizational changes have been adopted for both transportation routes and the optimized use/configuration of transport volume.

Reduced use of packaging and protective materials

Reduction of packaging and protective materials is an essential lever in reducing the environmental impact of logistics processes. The engineering and standardization of containers, including the adoption of a lightweight design and reusable packaging materials, enables the use of raw material to be minimized, waste reduced and transport capacity optimized, thereby resulting in lower CO₂ emissions.

Supplier involvement

Suppliers are crucial to the implementation of a sustainable logistics system and, therefore, are directly involved in most projects and activities. The Group constantly scouts for opportunities to encourage suppliers to develop and implement these four core approaches for the reduction of environmental impacts.

Comprehensive synchronization of logistic processes is achievable through manufacturing, sales and purchasing processes that establish a network approach designed jointly with suppliers and targeted at reducing transportation distances.