

2011 SUSTAINABILITY REPORT

Economic, Environmental and Social Responsibility

FIAT
INDUSTRIAL



THE TRUE VALUE OF A
MULTINATIONAL SUCH
AS FIAT INDUSTRIAL IS ALSO
DETERMINED BY HOW IT
CONDUCTS ITS ACTIVITIES,
BY ITS CONTRIBUTION TO
IMPROVING THE PRESENT
AND BUILDING THE FUTURE,
BY ITS COMMITMENT
TO SOCIETY AS A WHOLE.

Sergio Marchionne
Chairman

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LETTER TO STAKEHOLDERS

The pages of this year's Report represent the first formal communication of Fiat Industrial's sustainability commitments and describe what we achieved in 2011, our first year as an independent group.

Fiat Industrial has grown rapidly into its new found independence, drawing on already strong values and experience that make it a leading player in the global capital goods sector. With this position of leadership, we feel an even greater sense of responsibility to our people and society and a strong awareness that ambitions for growth should be consistent with practices that ensure sustainable development.

We firmly believe that an organization's responsibility goes beyond the products it makes and the profits it generates.

The true value of a multinational such as Fiat Industrial is also determined by how it conducts its activities, by its contribution to improving the present and building the future, by its commitment to society as a whole.

Our approach to sustainability goes beyond merely managing the potential risks associated with inadequate environmental management practices or mitigating the impacts of market conditions on our people. It is something much more deeply rooted in the organization, a commitment to proactively bring about change for the benefit of all, to pursue initiatives and solutions that will benefit communities around us and toward which we feel a responsibility.

For these reasons, we see sustainability as intrinsic to how we operate, a set of standards that guides us in our everyday choices.

Despite being a newcomer to the financial markets, the history and experience of the companies that make up the Group mean that it has a strong tradition in responsible management.

Our actions are based on certain fundamental principles such as safeguarding the environment and natural resources, respect and safety for our employees, collaborating with local communities and extending the principles of sustainability beyond the factory gates to all our partners and collaborators. Application of those principles ensures that achievement of our financial targets is always accompanied by a determination to achieve them responsibly.

Sustainability is also a core element in Fiat Industrial Group's system of governance, in which top management plays a direct and active role. The Nominating, Compensation and Sustainability Committee is responsible for oversight of sustainability-related strategic decisions, while the Fiat Industrial Executive Council – the Group's highest decision-making body after the Board of Directors – is responsible for definition of sustainability guidelines, as well as environmental, social and economic targets. We have also established a unit dedicated to facilitating a culture of economic, environmental and social responsibility within the Group and promoting development of sustainable practices.

Despite the difficult economic environment, the organization and actions implemented during 2011 meant that all commitments made in the Sustainability Plan were maintained, and new and even more ambitious environmental and social targets have been set for 2012.

In its first year as a listed company, Fiat Industrial entered the prestigious Dow Jones World and Europe Sustainability Indexes – which only admit companies judged best-in-class in terms of their economic, environmental and social performance – ranking as Industry Leader with a score of 81/100 compared to an average of 49/100 for all companies in the Industrial Engineering sector. In the Carbon Disclosure Project's Italy 100 Report, Fiat Industrial was included in the Carbon Disclosure Leadership Index (CDLI) at the top of the "Industrials" sector, with a score of 84/100 for the level of disclosure on issues linked to climate change and also scoring strongly for initiatives targeted at climate change mitigation.

Significant results were achieved in all areas of activity from production to R&D, from local communities to the introduction of new ecological and high energy efficiency vehicles.

Adoption of World Class Manufacturing standards at all Group plants continued and is now in place for 80% of our global production activities. Significant results were also achieved in reducing the environmental impact of production processes. Compared to the prior year, for example, CNH and Iveco plants worldwide achieved a 30% reduction in CO₂ emissions per hour of production.

With regard to the individual sectors, CNH confirmed its industry leading environmental performance in the agricultural and construction equipment segments, with products that are Tier 4A/Stage IIIB compliant and at the same time offer significant advances in energy efficiency with reductions in fuel consumption of up to 10% and significant increases in power output over previous models.

Iveco launched the new Daily, a major refresh in styling, content and performance with lower total cost of ownership and up to 10% improvement in fuel consumption and CO₂ emissions over the previous model. The Daily range also includes a Natural Power version, with super eco-friendly EEV (Enhanced Environmentally-friendly Vehicles) bifuel engine optimized for use with natural gas, in addition to a zero emission electric version.

FPT Industrial, a leading producer of industrial engines, has provided a range of innovative technological solutions to CNH and Iveco that have enabled them to meet their environmental and energy efficiency targets. During the year, FPT Industrial announced the exclusive "SCR Only" technology which enables compliance with Euro VI emissions standards for heavy vehicles and buses and Tier 4B/Stage IV standards for agricultural and construction equipment. Utilizing patented FPT Industrial control systems, this new technology delivers in excess of 95% conversion of NO_x emissions, compared to 80-85% for best competitors.

In the social area, at the end of 2011 a new company specific collective labor agreement was signed for Fiat Industrial Group employees in Italy, which represents a significant improvement for everyone. At a time when there is a great deal of economic uncertainty and turbulence, particularly in Europe, the new contract represents a modern instrument that provides the Group the flexibility and governability of plants necessary to compete in the global marketplace. In addition, it preserves all existing rights of our employees and offers clear economic advantages associated with increased productivity and greater flexibility in the use of overtime.

During 2011, we took many important steps forward and met the commitments made to stakeholders in the Business Plan. We will continue in the same direction in the full awareness that with leadership comes the moral obligation to contribute to a better future for the organization and for society as a whole, making it both a privilege and a sacred trust.

/s/ Sergio Marchionne

Sergio Marchionne
CHAIRMAN



A close-up, artistic photograph of a person's eye, looking directly at the viewer. The eye is framed by dark, textured eyelashes. The surrounding skin and background are heavily splattered with vibrant blue paint, creating a dynamic and textured effect. The overall tone is dramatic and focused.

ACTING RESPONSIBLY

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A YEAR OF SUSTAINABILITY: FACTS AND FIGURES



Fiat Industrial named
Industry Leader in the
Dow Jones World and Europe
Sustainability Indexes

Fiat Industrial recognized as a
sustainability leader
by major rating agencies and
international organizations

9.3% of Fiat Industrial free-
float shares **held by SRI**
investors

Sustainability management
system aligned with
ISO 26000 Guidance on
social responsibility

€742 million spent
on **Research and**
Development (+14% vs 2010)

+19% over 2010 in the number
of **employees** active
in the area of **Research**
and Development



CNH boasted the
broadest range
of Tier 4A/Stage IIIB
compliant products on the market

166 Iveco **hybrid**
vehicles on the road in Europe

FPT Industrial **engines**
reach **emission limits**
2 years ahead of time

55 plants
ISO 14001 certified

-30% over 2010 in average
CO₂ emissions
per production hour at CNH and
Iveco plants worldwide

-36% over 2010 in
water consumption
per production hour at CNH
and Iveco plants worldwide



+42% over 2010 in use of
renewable energy sources

57 plants
OHSAS 18001 certified

€83 million spent on
occupational health and
safety

€24.7 million spent on
employee training

+11% over 2010 in the female
headcount

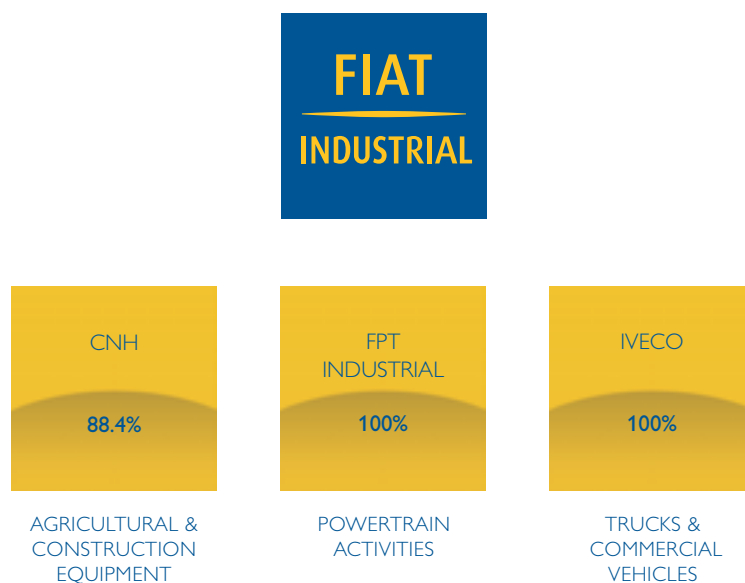
€4.8 million committed
to local communities



GROUP PROFILE

Fiat Industrial S.p.A. is a global leader in the capital goods sector, established in January 2011 following the demerger of Fiat S.p.A. Headquartered in Turin, the Group designs, manufactures and sells leading-edge vehicles, machinery and systems for agriculture, construction, road transport logistics and public passenger transit, as well as powertrains. Fiat Industrial owns 12 commercial brands, which are operated through three companies: CNH, Iveco and

FPT Industrial. CNH is a global, full-line company in both the agricultural and construction equipment industries, with strong and often leading positions in many significant geographic and product categories in both of these industries. Iveco is one of the world's largest truck manufacturers (also considering its joint ventures), with a leadership position in China. Finally, FPT Industrial is a major manufacturer of industrial propulsion systems.



Fiat Industrial employs 66,998 people throughout the world at its 64 plants, and has commercial relationships with customers in approximately 190 countries. Its products are sold and serviced both directly and through

17,000 dealers and service centers, which also provide after-sales support. Some 5,000 highly-qualified personnel working at 51 Research and Development centers on five continents focus on product and process innovation.

ITALY



REVENUES	10.2%
EMPLOYEES	27.8%
PLANTS	14
R&D CENTERS	11

EUROPE (EXCLUDING ITALY)



REVENUES	32.8%
EMPLOYEES	34.1%
PLANTS	24
R&D CENTERS	19

NORTH AMERICA



REVENUES	24.9%
EMPLOYEES	16.4%
PLANTS	10
R&D CENTERS	13

MERCOSUR



REVENUES	16.9%
EMPLOYEES	14.4%
PLANTS	8
R&D CENTERS	4

REST OF THE WORLD



REVENUES	15.2%
EMPLOYEES	7.3%
PLANTS	8
R&D CENTERS	4

Acting responsibly

Economic
dimension

Environmental
dimension

Social
dimension

Appendix

As at year end 2011, revenues totaled €24.3 billion, up 13.8% on the previous year. Trading profit rose by €0.6 billion over 2010 to reach €1.7 billion.

Listed on the Italian stock exchange, in its debut year of trading on financial markets Fiat Industrial immediately affirmed its credentials as a sustainability leader, as testified by its inclusion in the Dow Jones Sustainability World and Sustainability Europe indexes, in which it was recognized as an Industry Leader in its sector. These achievements reflect Fiat Industrial's commitment – pursued through CNH, Iveco and FPT Industrial – to promote the economic development of the countries in which it operates and to facilitate the transport of goods throughout the world in a way that respects both people and the environment.

Highlights

Fiat Industrial Group worldwide (€ million)

	2011	2010	2009
Net revenues	24,289	21,342	17,968
Trading profit/(loss)	1,686	1,092	322
Profit/(loss) for the year	701	378	(503)
Investments in tangible and intangible assets ⁽¹⁾	993	872	708
R&D expenditure ⁽²⁾	742	652	538
Net industrial (debt)/cash	(1,239)	(1,900)	(1,315)
Available Liquidity	7,295	5,710	1,598
Employees at year end (no.)	66,998	62,123	61,243
Plants (no.)	64	68	68



⁽¹⁾ Net of vehicles sold under buy-back commitments and leased out.

⁽²⁾ Includes capitalized R&D and R&D charged directly to the income statement.

CNH and Iveco share a similar customer base and business model. Their customers use Group products for their normal business operations, for which the global operating costs of products need to be competitive. Users of trucks and commercial vehicles and of agricultural or construction equipment also demand high levels of reliability, performance and efficiency – three key drivers steering all development processes across the Group. Customers can find a wide range of solutions tailored to their specific needs in the product lineups of Fiat Industrial companies.

FPT Industrial's powertrain business enables Fiat Industrial to achieve important economies of scale, as new engine technology can be applied across the Group's various sectors. This constitutes a key competitive advantage for the Group, especially as concerns research and development, manufacturing and purchasing. Other important competitive advantages are given by the capacity to deploy the same technologies across different geographical regions and similar manufacturing processes – advantages driven by World Class Manufacturing (WCM), a structured and integrated system of manufacturing that encompasses all plant processes, from safety to the environment and from maintenance to logistics and quality, with the objective of constantly improving production performance.

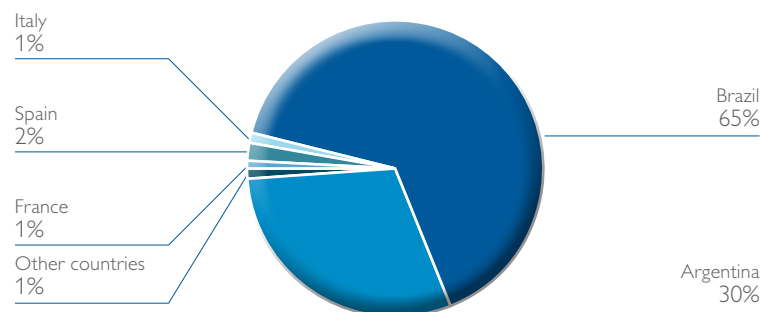
Public funding to Fiat Industrial Group

Fiat Industrial Group worldwide (€ million)

	2011	2010	2009
Grants	3	7	8
Loans	204	443	203
of which subsidized loans	204	443	203
Total public funding	207	450	211

Public funding to Fiat Industrial Group by country

Fiat Industrial Group worldwide





AGRICULTURAL AND CONSTRUCTION EQUIPMENT

CNH

CNH is a company built on the heritage and expertise of European and American brands that played a key role in the development of the agricultural and construction equipment industries. CNH delivers its customers state-of-the-art technology in the business segments in which it operates, providing products of the highest quality that are adaptable and guarantee the maximum in productivity, along with full service support through CNH Parts & Service, and a comprehensive range of financing solutions tailored to the customer's profile through CNH Capital.

Highlights

CNH worldwide (€ million)

	2011	2010	2009
Net revenues	13,896	11,906	10,107
Trading profit/(loss)	1,154	755	337
Investments in tangible and intangible assets ⁽¹⁾	494	446	330
R&D expenditure ⁽²⁾	384	346	283
Employees at year end (no.)	32,693	28,831	28,466

AGRICULTURAL EQUIPMENT

The **Case IH** brand embodies a legacy of leadership in the agricultural world. The brand is synonymous with performance excellence, low operating costs and reliability. Its range of tractors, balers and combine harvesters reflects the heritage of leading agricultural equipment producers and brands such as Case International Harvester and David Brown, to name but a few. Today, Case IH is a global provider of powerful, reliable and high productivity equipment and boasts an organization of field personnel committed to providing high-quality professional services for the optimized, comprehensive management of agricultural businesses.

The **New Holland Agriculture** brand provides solutions designed to improve farming efficiency and productivity through the use of accessible technologies. In 2006, the Clean Energy Leader strategy was launched for the active promotion of sustainable agricultural technology. New Holland

offers more than eighty product lines and over three hundred models, whose strength lies in their ease of use. The product range is complemented by efficient Parts & Service support and a range of tailored financial services, while a global network of highly professional dealers ensures a widespread customer base is served.

For over sixty years, **Steyr** has been synonymous with high-quality, reliable agricultural tractors of excellence. The brand itself was created in Austria in 1967. Steyr's tractors are produced for the premium segment, in which it holds significant market share in Austria. It exports 60% of production and its principal export markets are Germany, Switzerland, France, Italy, Belgium, the Netherlands, Luxembourg, Scandinavia and Eastern Europe.

CONSTRUCTION EQUIPMENT

New Holland Construction is a leader in the global construction equipment market. The brand's black and yellow markings symbolize the best in know-how and experience from Fiat Kobelco, Kobelco, O&K, New Holland and Fiat Allis. The merger of these companies gave rise to a brand with a rich heritage of know-how, providing the construction equipment market with cutting-edge technological solutions to satisfy customers' every need. New Holland Construction works with an extensive dealer network with the objective of identifying fast, effective solutions for end customers.

Since its establishment 170 years ago in Racine, Wisconsin (USA), **Case Construction Equipment** has built a name for itself as a premium manufacturer of a complete range of technologically-advanced products for the construction equipment sector. With more than ninety models, the brand's product lineup boasts a solution to meet almost every requirement, proudly offering equipment designed for even the most extreme climate conditions and toughest challenges.

In over more than a century, Case has earned an enviable reputation as a supplier to governmental and non-governmental organizations around the world engaged in activities such as dismantling land mines and re-building communities devastated by natural disasters.

Kobelco manufactures and sells a full line of compact, mid-size and full-size excavators ranging from 1.9 to 88 tons. Particular attention is given to the power and precision of its machines, designed to exceed customer expectations.

⁽¹⁾ Net of vehicles leased out.

⁽²⁾ Includes capitalized R&D and R&D charged directly to the income statement.



Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

TRUCKS AND COMMERCIAL VEHICLES

Iveco

Iveco operates internationally in the development, production and sale of a wide range of trucks, buses, quarry and mining vehicles and other special machines, providing customers worldwide best-in-class after-sales support and, through Iveco Capital, tailored financial services for the purchase, lease and rental of vehicles.

The company has long been committed to safe, efficient and ecological mobility, developing technological solutions that respect people and the environment for more than thirty years.

Highlights

Iveco worldwide (€ million)

	2011	2010	2009
Net revenues	9,562	8,307	7,183
Trading profit/(loss)	490	270	105
Investments in tangible and intangible assets ⁽¹⁾	343	273	217
R&D expenditure ⁽²⁾	254	214	169
Employees at year end (no.)	26,202	25,583	24,917

Iveco is a worldwide leader in road transportation. It designs, manufactures and sells a wide range of light, medium and heavy commercial vehicles for on-road and off-road use. Alongside a lineup of vehicles that stand out for their competitive operating costs, the company also offers after-sales and financing services, in addition to services related to used vehicles.

Iveco is the only manufacturer to offer ecological diesel and natural gas engines on its entire range of vehicles. From the light-duty Daily to the mid-size Eurocargo, to the heavy-duty Stralis and Trakker, all Iveco vehicles are available with EEV (Enhanced Environmentally-friendly Vehicle) engines running on diesel or compressed natural gas.

Iveco Irisbus is one of the major European manufacturers in the passenger transport sector and is steadily expanding its activities globally, selling its products in more than forty countries. Iveco Irisbus offers a complete range of touring coaches, urban and inter-city buses, mini-buses and school buses. The company has long worked closely with leading European public transport providers on the testing of new fuels and new propulsion systems with a view to minimizing the environmental footprint and global operating costs of its vehicles and maximizing passenger comfort.

Iveco Astra is synonymous with endurance and reliability the world over. Established in 1946, it has been part of Iveco since 1986. For over sixty years it has designed and manufactured vehicles designed to carry out the toughest challenges in all terrains and in extreme climate conditions. Astra builds vehicles that can operate in the most inaccessible quarries and mines and move huge quantities of heavy material, such as rock or masonry materials. The product range includes mining and quarry vehicles, rigid and articulated dumptrucks and special vehicles.

For 140 years, **Iveco Magirus** has been making equipment to deal with the most serious emergencies: fires, floods, earthquakes and explosions. Its story began in 1864, when the business was started up by Conrad Magirus, chief of the local fire brigade in Ulm (Germany), who invented the first ever firefighting ladder. It is today a major player globally in the firefighting and emergency equipment sector. Iveco Magirus is present worldwide and actively collaborates with firefighters across the globe – from Siberia to Europe and Africa, from China and Japan to Brazil.

Iveco Defence Vehicles is specialized in the manufacture and sale of military and civil defence vehicles. It is headquartered in Bolzano, Italy, where the LMV Lince is produced, the jewel in the crown of Iveco's light armored vehicle lineup, sold to armies throughout Europe and the rest of the world.

⁽¹⁾ Net of vehicles sold under buy-back commitments and leased out.

⁽²⁾ Includes capitalized R&D and R&D charged directly to the income statement.



Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

POWERTRAIN TECHNOLOGIES

FPT Industrial

FPT Industrial is the Group sector specialized in the design, development, manufacturing and sale of engines, transmissions and axles.

Innovation, performance and continuous improvement are the drivers that steer all powertrain activities at FPT Industrial. With over one hundred years' experience in the industry, FPT Industrial has spearheaded the constant introduction of leading technological solutions for its customers, designed to improve vehicle efficiency and productivity.

FPT Industrial employs approximately 8,000 employees worldwide across its nine plants and five Research and Development centers, located in Europe, China, North America and South America. The company's distribution network of more than one hundred dealers and 1,300 service centers ensures its presence in around one hundred countries.

The extensive product lineup features engines ranging from 2.3 liters to 20 liters in size with an output of 50 to 870 hp and five and six-speed longitudinal transmissions with a maximum torque of 300 to 500 Nm.

FPT Industrial engines are employed on light and heavy commercial vehicles, agricultural and construction equipment and industrial machinery, as well as for stationary applications, power generation and marine applications.

FPT Industrial engines feature some of the most advanced technological solutions present in the market: innovative architecture, multi-valve propulsion systems, high pressure injection systems with electronic control (Common Rail and, for some versions, Electronic Unit Injector), efficient boosting systems with fixed or variable geometry turbochargers, also twin-stage, and sophisticated systems for emissions control. The current powertrain range features alternative fuel options, including compressed natural gas engines and solutions compatible with blends of 20% biodiesel (B20).

Distinguished by their hi-tech features, FPT Industrial engines are designed for maximum customer satisfaction, delivering outstanding performance, low fuel consumption, reduced noise and vibration levels, contained operating costs, and long-lasting reliability and durability.

Highlights

FPT Industrial worldwide (€ million)

	2011	2010	2009
Net revenues	3,220	2,415	1,580
Trading profit/(loss)	107	65	(131)
Investments in tangible and intangible assets	155	152	159
R&D expenditure ⁽¹⁾	104	92	86
Employees at year end (no.)	8,008	7,707	7,858



⁽¹⁾ Includes capitalized R&D and R&D charged directly to the income statement.

MAP OF PRINCIPAL INTERNATIONAL AGREEMENTS⁽¹⁾

ITALY

FPT Industrial and **Daimler Group**

Strategic collaboration and supply of light diesel engines

FPT Industrial and **Perkins (Caterpillar Group)**

Strategic collaboration and supply of light diesel engines

EUROPE

CNH and **BNP Paribas**

JV (49.9%) for the provision of financial services to CNH's end customers

CHINA

Iveco and **Nanjing Automotive Corporation**

JV (50%) for the production and sale of light and medium commercial vehicles

Iveco and **SAIC**

JV (50%) for the production and sale of heavy vehicles

Iveco, FPT Industrial, SAIC and **Chongqing**

JV (60% held directly and indirectly) for the production and sale of engines and transmissions

PAKISTAN

CNH and **AI Futtain**

Listed JV AI-Ghazi (43.2% CNH and 50% AI Futtain) for the production and distribution of New Holland Agriculture brand tractors in Pakistan

RUSSIA

CNH and **Kamaz JSC**

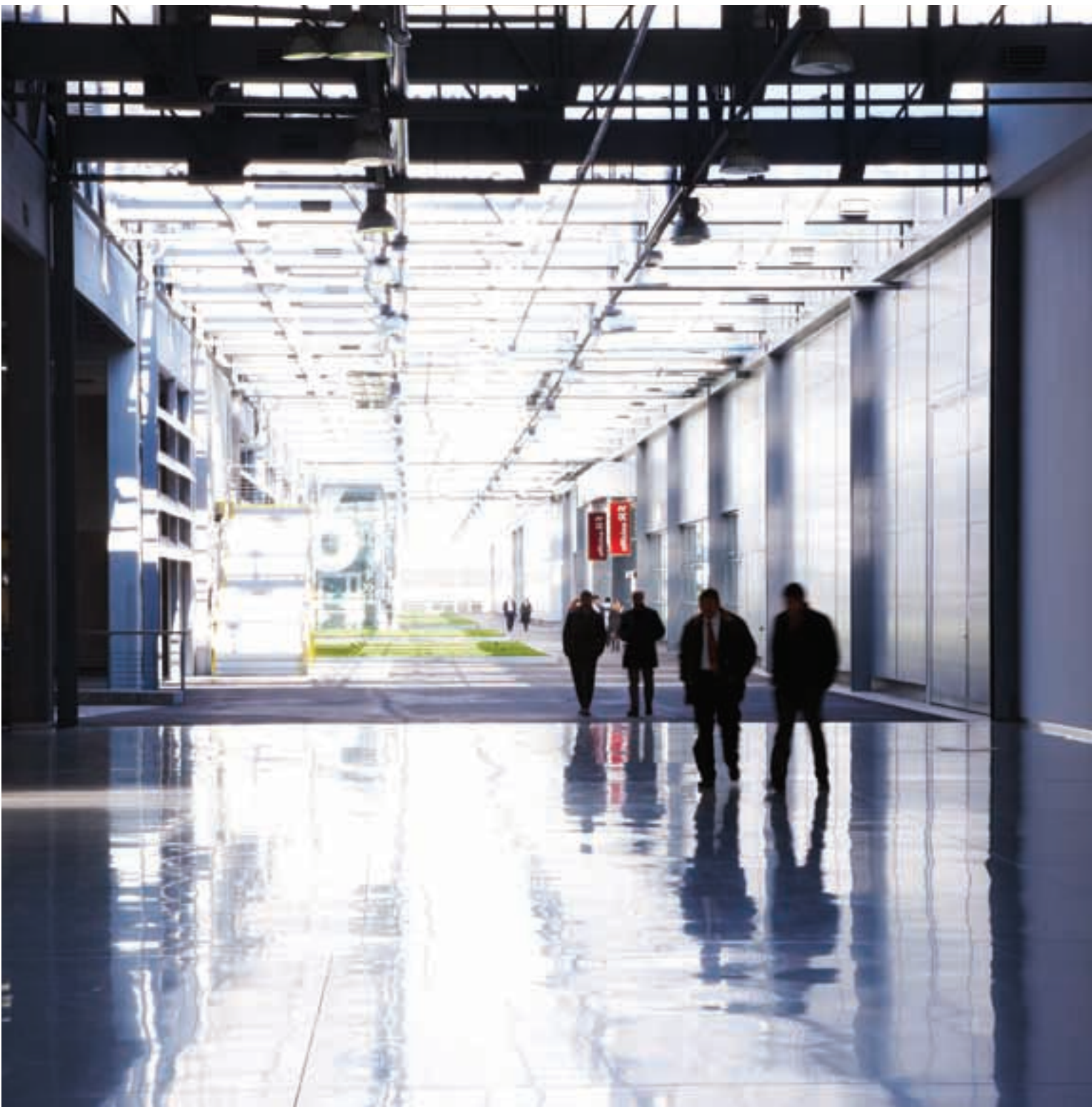
Two JVs for the production (50%) and distribution (51%) of agricultural and construction equipment in the Russian Federation

TURKEY

CNH and **Koç Holding**

Listed JV (37.5% CNH and 37.5% Koç Holding) for the production of tractors under the Case IH Agriculture and New Holland Agriculture brands, and import and distribution of agricultural equipment

⁽¹⁾ Current as at 22 February 2012.

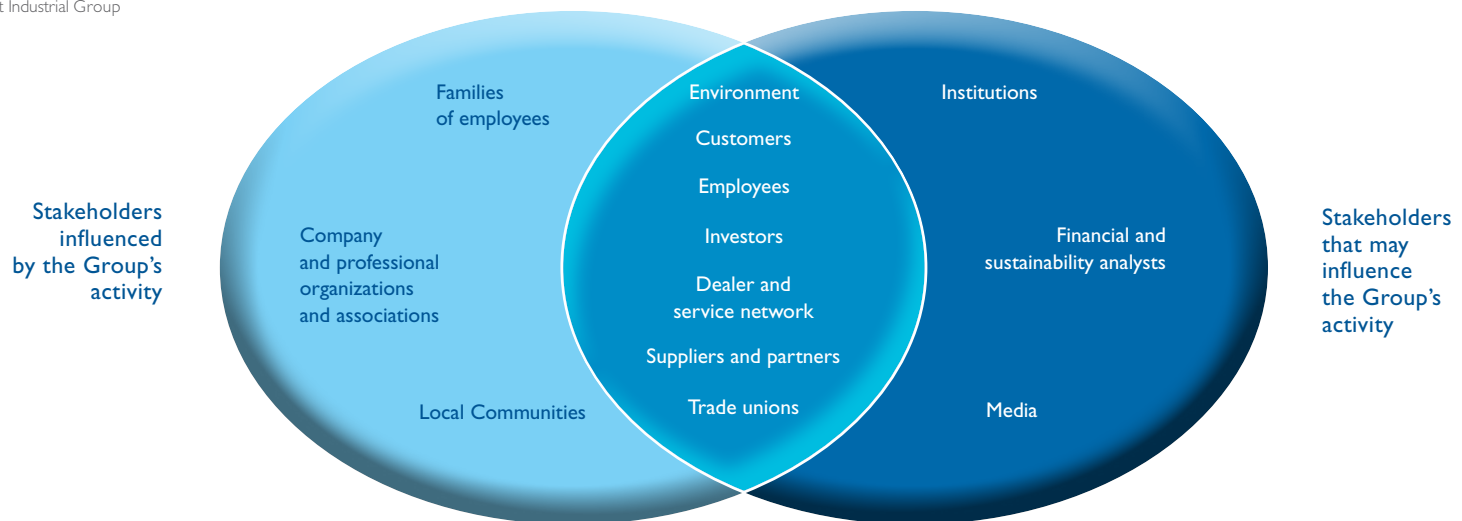


STAKEHOLDER ENGAGEMENT

Fiat Industrial places great importance on engagement with both internal and external stakeholders. Through such activities, the Group constantly keeps abreast of the views and expectations of the communities in which it operates, so as to anticipate any potential concerns that may arise and fine-tune its own responses by taking into consideration the interests of stakeholders in its day-to-day business.

Fiat Industrial is present in around 190 countries. Such global reach represents an effective springboard for developing and strengthening ties between the Group and its various stakeholders around the world. The Group has internal entities dedicated to pursuing continuous dialogue with the various stakeholders and gauging their needs.

Materiality Index
Fiat Industrial Group



MAP OF STAKEHOLDERS

The map of stakeholders and their expectations has been generated from the results of an internal survey of entities charged with managing day-to-day relationships with the different categories of stakeholders. It shows the

entities responsible for ongoing dialogue with the various stakeholders, the engagement tools used, the principal expectations identified and reference to the sections of the Sustainability Report that address each aspect.

Stakeholder	Corporate function ⁽¹⁾	Tools and interaction channels	Stakeholder expectations	References
■ Public institutions: government, local authorities, public agencies, regulatory bodies, international institutions, trade associations and nongovernmental organizations	Institutional Relations	<ul style="list-style-type: none"> ■ periodic ad hoc meetings on corporate objectives and decisions ■ participation in working groups, development of joint projects and alliances ■ ad hoc engagement ■ collaboration on R&D projects ■ initiatives to promote environmental issues 	<ul style="list-style-type: none"> ■ responsiveness and proactiveness towards projects presented ■ collaboration and access to information ■ satisfaction of tender requirements for R&D projects ■ technical support on specific industry-related issues 	p. 28, 56-57, 66, 68-69, 77, 79, 98, 104, 142-144, 148-149, 161, 189
■ The Environment	Environment	<ul style="list-style-type: none"> ■ dialogue with institutions and environmental associations 	<ul style="list-style-type: none"> ■ inclusion of environmental aspects in business strategies (e.g., combating climate change) ■ strengthen environmental management through: dedicated organizational structure, environmental performance monitoring systems, management objectives and action plans 	p. 27-29, 31-36, 68-69, 75-111, 182-188
■ Employees		<ul style="list-style-type: none"> ■ daily dialogue ■ people satisfaction surveys ■ meetings to communicate expected and actual performance levels and professional development path 	<ul style="list-style-type: none"> ■ clarity of organization and protection in periods of market uncertainty ■ clarity of objectives and reward system ■ information on Group strategies and results ■ training and professional development ■ stimulating and safe work environment 	p. 37-42, 57, 115-149, 181, 189-194
■ Professional organizations and associations	Human Resources	<ul style="list-style-type: none"> ■ meetings to share and align with corporate objectives and decisions 	<ul style="list-style-type: none"> ■ indirect participation in the decision-making process ■ developing sense of belonging ■ access to information 	-
■ Employees' families		<ul style="list-style-type: none"> ■ participation initiatives (Children's Christmas, Family Day, etc.) ■ targeted initiatives (nursery school, academic scholarships, FASIFIAT) 	<ul style="list-style-type: none"> ■ indirect participation in corporate life 	p. 42, 140-141
■ Trade unions and employee representatives	Industrial Relations	<ul style="list-style-type: none"> ■ institutional meetings and other talks pursuant to legal or contractual provisions at the plant, company, regional, national or European levels (e.g., in 2011 a special negotiating body was established for the creation of a European Works Council at Fiat Industrial Group) ■ trilateral meetings (company, trade unions and government bodies) on matters of particular importance ■ ad hoc meetings at plant, company, regional or national level 	<ul style="list-style-type: none"> ■ social dialogue in line with the applicable legal or contractual provisions under which – from time to time and dependent on the country, the matters at issue and the level of dialogue – trade unions or employee representatives have the right to information, consultation and/or negotiation. As part of a participatory system of industrial relations, joint committees have been established in various countries to focus on specific topics of interest 	p. 39, 41, 56-57, 118, 126, 132-133, 136, 140, 142-149
■ Dealer and service network	Sales	<ul style="list-style-type: none"> ■ daily contacts and periodic meetings with the network ■ two-way communication through the web and dedicated phone lines ■ individuals responsible for monitoring the network and ensuring fulfillment of contractual standards ■ dealer development programs ■ programs to support dealers, including training, definition of standards, financing and promotional campaigns 	<ul style="list-style-type: none"> ■ complete and rapidly accessible product information ■ business profitability ■ developing sense of belonging ■ quality and availability of products/parts/services ■ competitive prices ■ expansion of product lines ■ expansion of services offered to customers, including financial services ■ support services for dealers and rapid response to breakdowns 	p. 36, 42-43, 111, 151-155

⁽¹⁾ The names provided in the index for corporate functions have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.

Stakeholder	Corporate function	Tools and interaction channels	Stakeholder expectations	References
■ Prospective and existing customers, and opinion leaders	Marketing and Customer Care	<ul style="list-style-type: none"> ■ market research ■ focus groups ■ customer satisfaction surveys ■ above-the-line and below-the-line communication channels ■ two-way communication through: web, direct mailing, dealerships, toll-free numbers, etc. ■ events (product launches, etc.) and participation in exhibitions, trade fairs and conventions 	<ul style="list-style-type: none"> ■ quality, reliability and safety of products ■ competitive prices and availability of credit ■ speed and efficiency of assistance ■ professionalism and courteousness in direct contacts and through dealers ■ increase in products and services offered to customers (including financial services) 	p. 44-45, 69, 82-83, 152, 154, 157-161
■ Suppliers and commercial partners	Purchasing	<ul style="list-style-type: none"> ■ daily relationship through buyers ■ conventions ■ technology days 	<ul style="list-style-type: none"> ■ continuity of supply ■ fulfillment of contractual conditions 	p. 45-46, 165-169
■ Local communities: religious, cultural, socio-political, scientific and technological research, health system, schools and universities, nongovernmental organizations, nonprofit organizations	Miscellaneous entities	<ul style="list-style-type: none"> ■ meetings with representatives of associations, organizations or local communities ■ definition of actions or projects, managed directly or in partnership ■ collaboration on R&D projects ■ cultural exchange programs 	<ul style="list-style-type: none"> ■ responsiveness to project proposals and individual requests for assistance ■ contributions and support for initiatives over medium-to-long term ■ satisfaction of tender requirements for R&D projects ■ access to information 	p. 46-47, 56-57, 60, 68-69, 122, 141, 171-175
■ Financial community: traditional and socially responsible investors	Investor Relations, Corporate Affairs and Sustainability Unit	<ul style="list-style-type: none"> ■ Annual General Meeting ■ price-sensitive disclosures and information ■ quarterly conference calls ■ seminars, industry conferences, roadshows and meetings ■ daily dialogue (meetings, telephone, email) ■ Investor Relations section of the Group website 	<ul style="list-style-type: none"> ■ expand and reinforce knowledge of the Group and its businesses ■ value creation (return on investment, sustainability of the business) ■ transparent and responsible management 	p. 24-47, 63, 70-71
■ Journalists and media	Communications	<ul style="list-style-type: none"> ■ daily dialogue ■ presentations and press conferences ■ meetings ■ the Group and sector websites 	<ul style="list-style-type: none"> ■ availability, timeliness and accuracy of information, transparency 	www.fiatindustrial.com

BREAKDOWN OF VALUE ADDED

As a primary goal, Fiat Industrial strives to create value for its stakeholders. This commitment is reflected in the Group's earnings and financial position for 2011.

Direct economic value generated

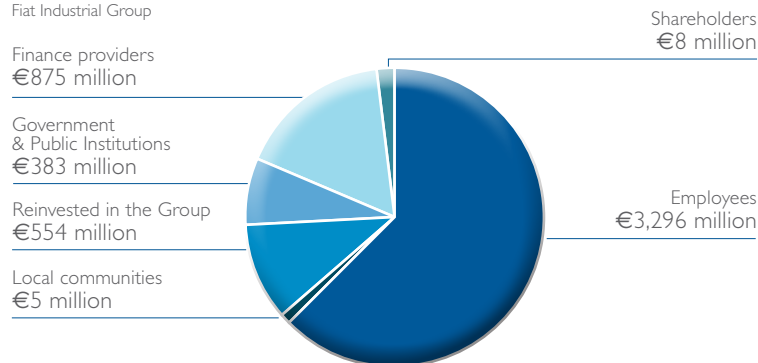
Fiat Industrial Group (€ million)

	2011
Consolidated 2011 revenues	24,289
Income of financial services companies	(680)
Government grants (current and deferred/capitalized), release of provisions, other income	167
Other income	805
Direct economic value generated	24,581
Cost of materials	(17,167)
Depreciation & Amortization	(891)
Other expenses	(1,402)
Value added	5,121

The value added through the activities of the Group and distributed to its various stakeholders in 2011 totaled €5,121 million, equivalent to 21% of revenues.

Breakdown of value added

Fiat Industrial Group



SUSTAINABILITY PLAN

Fiat Industrial's desire to contribute to development in harmony with people and the environment is embodied by the Sustainability Plan. Through actions, results and targets, the company provides clear and direct communication of its commitment to stakeholders.

The Plan focuses on certain priority areas:

- eco-friendly mobility

- protection of the environment and natural resources
- employee welfare
- relationship with partners and local communities.

It is updated annually to report the status of existing projects and establish new targets to ensure continuous improvement, essential for long-term growth.



CORPORATE GOVERNANCE AND SUSTAINABILITY p. 26-27

- Maintain a best-in-class system of governance and risk management

PRODUCT p. 27-30

- Continue to reduce polluting emissions, fuel consumption and CO₂ emissions
- Manage recovery, recycling and reuse rates
- Continue to offer vehicles with high safety standards

MANUFACTURING PROCESSES p. 31-34

- Promote environmental awareness within the Group
- Continue to reduce environmental impact and optimize energy performance

LOGISTICS p. 34-35

- Reduce the environmental impact of logistics

NON-MANUFACTURING PROCESSES p. 36

- Reduce environmental impact

HUMAN RESOURCES p. 37-42

- Offer equal opportunities
- Promote development of human capital
- Attract and retain the best talent
- Promote employee welfare
- Continue to promote and safeguard health and safety

DEALER AND SERVICE NETWORK p. 42-43

- Develop know-how on specific environmental and safety issues

CUSTOMERS p. 44-45

- Enhance customer experience

SUPPLY CHAIN p. 45-46

- Promote social and environmental responsibility among suppliers

COMMUNITY p. 46-47

- Support local communities
- Support the professional development of young people

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

CORPORATE GOVERNANCE AND SUSTAINABILITY

BEST-IN-CLASS SYSTEM OF GOVERNANCE

Commitment: Develop and spread a company culture of sustainability

Actions	2011 Results	Targets	
Fiat Industrial Group	<ul style="list-style-type: none">► Implementation of an integrated sustainability management system which incorporates environmental and social issues in business decisions► Increase in the number of Key Performance Indicators (KPI) monitored on the basis of information requested by sustainability rating agencies► Integration of audit model► Continuous alignment of compliance system with international best practice and legal framework► Increase in awareness of the Whistleblowing Procedures► Continuous improvement in sustainability performance	<ul style="list-style-type: none">■ Nominating, Compensation and Sustainability Committee created at Board level and tasks defined (see page 51)■ Fiat Industrial sustainability management system aligned with ISO 26000 guidance (see page 194)■ Approx. 200 KPIs monitored■ Maximum Application Level (A+) of GRI-G3.1 Guidelines obtained, and confirmed in check conducted by GRI (see page 178)■ Operational audits expanded to include assessment of ethical issues■ Monitoring of compliance with the Code of Conduct continued, including specific business ethics and anti-bribery reviews (see page 54)■ Fiat Industrial entered in the Dow Jones Sustainability World and Europe indexes, ranking as Industry Leader■ Fiat Industrial also included in the indexes: Carbon Disclosure Leadership Index Italy 100, STOXX Global ESG Environmental Leaders Index, STOXX Global ESG Social Leaders and STOXX Global ESG Leaders, FTSE ECPI Italia SRI Benchmark Index and FTSE ECPI Italia SRI Leaders Index, ECPI Developed Ethical+Equity and ECPI Ethical EMU Equity Index, MSCI ESG Indices■ 9.26% of Fiat Industrial free float shares held by socially responsible investors <p>(see pages 70-71)</p>	<ul style="list-style-type: none">► 2012: further increase in KPIs monitored► 2012: continuation of audit plan, including business ethics and anti-bribery reviews► 2012: support for sector legal functions in assessing UK and Spanish entity compliance with legal developments in those jurisdictions (UK Bribery Act, Spanish Ley Organica)► 2012: presentation of existing ethics policies and Whistleblowing Procedures in the opening meeting of every new audit► 2012: maintain Group's position as a sustainability leader

Commitment: Maintain sustainability as a key corporate objective

Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Incorporation of environmental and social targets in system of variable compensation 	<ul style="list-style-type: none"> ■ Targets applied to the majority of second-level reports to sector CEOs (see page 63) ► 2012: extension of the process to individuals responsible for projects forming part of the Sustainability Plan

Commitment: Ensure best-in-class standards of Group governance

Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Commitment to submit a proposal to the shareholders with the aim of introducing gender diversity on the Board of Directors 	<ul style="list-style-type: none"> ► 2012: submission to shareholders of proposal with the aim of introducing gender diversity on the Board of Directors

Commitment: Continuously update the risk management system to remain aligned with best practice

Actions	2011 Results	Targets	
Fiat Industrial Group	<ul style="list-style-type: none">► Continuous updating of the Enterprise Risk Management (ERM) system► Enhancement of capabilities and tools available to the Group for identifying, measuring, analyzing and treating pure risks with a focus on risks related to climate change, earthquakes, other environmental factors► Use of innovative software to provide real-time information within the Group on all pure risks (fire, explosion, natural disasters) to which corporate assets and continuity of production are exposed	<ul style="list-style-type: none">► Training courses delivered to all sectors on the updated ERM system (see pages 58-59)► Brainstorming workshop with representatives of main Group functions held to identify, analyze and evaluate new potential industrial risks associated with climate change and mitigation actions► New methodology developed to identify sites potentially vulnerable to earthquakes and priority actions defined► New methodology developed to identify, analyze and quantify insurable environmental risks► Pilot project for the analysis of 3 new risk factors conducted at 3 sites► VISIO@RISK software extended to all Group sites► Pure risks monitored through VISIO@RISK extended to include hailstorms and hurricanes (see pages 60-61)	<ul style="list-style-type: none">► 2012: incorporation of water-related risks into the ERM risk driver map► 2012: development of a new quantitative methodology for identifying the main sites potentially exposed to meteorological risks► 2014: extension of methodology to significant Italian sites► 2012: testing of new quantitative methodology through a pilot project applied to snow risk► 2014: extension of methodology to significant Italian sites► 2012: consolidation of the use of VISIO@RISK through specialized training and activation of a dedicated help desk

PRODUCT

POLLUTING EMISSIONS

Commitment: Minimize polluting emissions

Actions	2011 Results	Targets
CNH	<ul style="list-style-type: none"> ► Broadest range of Tier 4A/Stage IIIB compliant products marketed: <ul style="list-style-type: none"> ► 80 models for agriculture equipment ► 75 models for construction equipment (see pages 75-76) 	<ul style="list-style-type: none"> ► 2014: introduction of Tier 4B/Stage IV compliant models Note: compliance deadline for Tier 4 regulations are: 31 December 2012: Tier 4 A/Stage IIIB for medium power engines (75–174 hp) 31 December 2013: Tier 4A/Stage IIIB for low power engines (50–75 hp) 31 December 2014: Tier 4B/Stage IV regulations

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

	Actions	2011 Results	Targets
Iveco	<ul style="list-style-type: none"> ► Compliance with Euro VI standard for medium and heavy commercial vehicles, through: <ul style="list-style-type: none"> ► further development of Selective Catalytic Reduction system (SCR) ► general application of Diesel Particulate Filters (DPF) 		<ul style="list-style-type: none"> ► 2012: gradual introduction of Euro VI compliant new models. <p><i>Note: compliance deadlines for Euro VI regulation are: 31 December 2012 for new type-approvals 31 December 2013 for all new vehicle registrations</i></p>

CO₂ EMISSIONS

Commitment: Reduce CO₂ emissions

	Actions	2011 Results	Targets
CNH	<ul style="list-style-type: none"> ► Fuel consumption reduction through increase of efficiency (work output per unit of energy) through: <ul style="list-style-type: none"> ► development of prototypes and technologies, unique in terms of efficiency, for wheel loaders; potential extension of the project to other products ► feasibility studies for skid steer loader and wheel loader with high-efficiency hydraulic transmission systems 	<ul style="list-style-type: none"> ▼ Target postponed to 2013 ● -10% in fuel consumption on construction equipment with Tier 4A/Stage IIIB engines vs Tier 3/Stage IIIA models (see pages 77-83) 	<ul style="list-style-type: none"> ► 2013: further reduction in fuel consumption on the wheel loader vs existing version
Iveco	<ul style="list-style-type: none"> ► Collaboration with the European Automobile Manufacturers' Association (ACEA) to develop methodology for measurement of CO₂ emissions from heavy commercial vehicles ► Development and application of a diversified portfolio of technology solutions for: <ul style="list-style-type: none"> POWERTRAIN <ul style="list-style-type: none"> ► Common Rail engines for heavy vehicle range ► improved engine efficiency for light commercial vehicle range ► improved efficiency of Selective Catalytic Reduction system (SCR) ► ultra-high fuel economy oils for Cursor engines new 6 speed transmission for light commercial vehicles VEHICLES <ul style="list-style-type: none"> ► improved efficiency of auxiliary systems (e.g., air conditioning, engine cooling) ► low rolling resistance tires 	<ul style="list-style-type: none"> ● Work continued with the European Automobile Manufacturers' Association (ACEA) to develop methodology for measurement of CO₂ emissions from heavy commercial vehicles (see page 57) 	<ul style="list-style-type: none"> ► 2012: definition of effective method for measuring CO₂ emissions from heavy commercial vehicles ► 2012: up to +10% fuel efficiency on the New Daily vs existing version

	Actions	2011 Results	Targets
Iveco	<ul style="list-style-type: none"> ► Promotion of use of longer vehicles to increase goods transport capacity ► Introduction and development of technology solutions to address impact of driver and driving style on vehicle emissions 	<ul style="list-style-type: none"> ■ Road testing continued with 16 additional 18-meter vehicles with around 1.5 million km of testing completed in Italy on the 14 18-meter long vehicles (tractor/ semitrailer combined) under the <i>DICIOTTO</i> project 	<ul style="list-style-type: none"> ► 2012: 1.6 million km in road testing of trailers under the <i>DICIOTTO</i> project ► 2012: marketing of a driver assistance system which assesses driving style and gives tips on environmentally-friendly driving techniques for long-haul heavy commercial vehicles

Commitment: Promote use of alternative and renewable energy sources

	Actions	2011 Results	Targets
CNH	<ul style="list-style-type: none"> ► Promotion of energy independence concept for farms through use of hydrogen tractors (New Holland Agriculture) 	<ul style="list-style-type: none"> ■ Second-generation prototype of NH² tractor presented at Agritechnica in November and ready to start operative testing (see page 79) 	<ul style="list-style-type: none"> ► 2012: performance of operative tests
Iveco	<ul style="list-style-type: none"> ► Promotion of alternative fuel/propulsion solutions for specific product segments: <ul style="list-style-type: none"> ► natural gas for vans, trucks and buses ► electric propulsion for minibuses and urban delivery vans ► Evaluation and testing of other sustainable solutions for the future: <ul style="list-style-type: none"> ► diesel/electric hybrid technology for buses and urban delivery vehicles ► second-generation biofuels (Hydrotreated Vegetable Oil, Biomass to Liquid) ► Evaluation and testing of other sustainable solutions for the future: <ul style="list-style-type: none"> ► bifuel technology for heavy commercial vehicles 	<ul style="list-style-type: none"> ■ Experimental applications of Liquefied Natural Gas (LNG) on medium and heavy commercial vehicles begun (see page 79) ■ Citelis Hybrid citybus marketed with standard hybrid configuration and lithium-ion batteries ■ Market feasibility study for Daily Hybrid started ■ Study of plug-in hybrid solutions for light commercial vehicles begun ■ Road testing of second-generation biofuels begun ■ Trakker Bifuel (diesel/ethanol) concept presented in Brazil (see pages 80-82) 	<ul style="list-style-type: none"> ► 2012: start of commercialization of Stralis LNG ► 2012: feasibility study of marketability in non-European countries ► 2012: development of plug-in hybrid solution for light commercial vehicle concept ► 2012: continued road testing of second-generation biofuels ► 2012: road testing in Brazil of a bifuel (diesel/ethanol) heavy off-road vehicle

RECOVERY, RECYCLING, REUSE

Commitment: Increase use of remanufactured components

	Actions	2011 Results	Targets
CNH	<ul style="list-style-type: none"> ► Increase in number and distribution of remanufactured components in North America 	<ul style="list-style-type: none"> ■ Approx. 450 remanufactured components distributed in North America by CNH Reman (JV with Springfield Remanufacturing Corp.) (see page 85) 	<ul style="list-style-type: none"> ► 2013: distribution of more than 3,000 manufactured components in 2008–2013 period <i>Note: due to market contingency the target set in 2012 has been modified</i>

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

PRODUCT SAFETY

Commitment: Continue to improve conditions and safety for machine operators

	Actions	2011 Results	Targets
CNH	<ul style="list-style-type: none"> ▶ Decrease in noise level in the operator environment and reduction in operator exposure to vibration, through: <ul style="list-style-type: none"> ▶ active suspension systems for cabs and axles (agricultural equipment) ▶ Improvement in ergonomics of operator controls to reduce operator stress and enhance comfort ▶ Increase in driveability and safety of agricultural tractors at high speed 	<ul style="list-style-type: none"> ■ Suspensions for front axle (Terra Glide), cabin (Comfort Ride) and operator seat (Auto Comfort) available on tractors ■ Cab noise level of T8 tractors was 68 dB(A). Noise levels reduced in combine and grape harvester cabs ■ Advanced solutions in cab noise reduction for wheeled and crawler tractors under development, with positive test results ■ Touch screen displays (IntelliView III) and operations automation (HTS, IntelliSteer) offered on several tractors and combines ■ Joystick with integrated steering functions and clutch control available on new crawler tractors ■ Ergonomics of operator controls improved and comfort enhanced on tractor loader backhoes ■ ABS SuperSteer with Intelligent Trailer Braking System presented and awarded at Agritechnica 2011 (see pages 162-163) 	<ul style="list-style-type: none"> ▶ 2012: research of solutions to reduce vibration levels on crawler tractors ▶ 2012: further noise level reduction in new cabs (agricultural and construction equipment) ▶ 2012: improvement in ergonomics of operator controls and enhancement of comfort for wheel excavators

Commitment: Continue to improve preventive, active and passive safety of vehicles

	Actions	2011 Results	Targets
Iveco	<ul style="list-style-type: none"> ▶ Offering of range of preventive safety systems and collision mitigation: <ul style="list-style-type: none"> ▶ Electronic Stability Control (ESC) ▶ Lane Departure Warning (LDW) ▶ Second-generation Adaptive Cruise Control (ACC2) ▶ Electronic Braking System (EBS) ▶ Automatic Emergency Braking System (AEBS) ▶ Evaluation of other safety devices for future application: <ul style="list-style-type: none"> ▶ Driver Attention Support 	<ul style="list-style-type: none"> ■ Feasibility study of application of Driver Attention Support applied to long-haul heavy commercial vehicles (see pages 162-163) 	<ul style="list-style-type: none"> ▶ 2013: introduction of AEBS on the range of heavy commercial vehicles ▶ 2012: marketing of Driver Attention Support system for long-haul heavy commercial vehicles

MANUFACTURING PROCESSES

ENVIRONMENTAL AWARENESS

Commitment: Promote environmental awareness within the Group

	Actions	2011 Results	Targets
Fiat Industrial Group	► Preparation and distribution of a training kit for personnel working with the environmental management system	► Training kit distributed to all plants in Italy	► 2012: distribution of training kit to all plants worldwide

Commitment: Expand and consolidate management system for environmental Key Performance Indicators (KPIs)

	Actions	2011 Results	Targets
Fiat Industrial Group	► Development and improvement of environmental KPI management systems (monitoring and reporting) and provision of targeted training	► Potential new KPIs defined, their application to plants assessed and KPIs to be monitored identified	► 2012: further extension of number of KPIs monitored

ENVIRONMENTAL IMPACT

Commitment: Optimize the Group's Environmental Management System

	Actions	2011 Results	Targets
Fiat Industrial Group	► Extension of ISO 14001 certification	► ISO 14001 certification extended to all European plants existing in 2010	► 2012: ISO 14001 certification for all plants worldwide existing in 2010
		► 55 plants worldwide ISO 14001 certified (24 CNH, 22 Iveco, 9 FPT Industrial), together accounting for 91% of total Group industrial revenues (see page 88)	► 2012: start up of extension of ISO 14001 certification to other Italian facilities
	► Adoption of World Class Manufacturing (WCM) system, considered one of the highest standards globally	► WCM system adopted at 54 plants (30 CNH, 6 FPT, 18 Iveco): 8 plants achieved bronze level, 2 silver level (see page 88)	► 2012: further extension of WCM system to cover 58 plants (31 CNH, 7 FPT, 20 Iveco)

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

Commitment: Optimize the Group's environmental performance

Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ■ Water consumed per unit reduced vs 2009 by: <ul style="list-style-type: none"> ▶ -36% at CNH ▶ -41% at Iveco ▶ -49% at FPT Industrial ■ Measures to improve water reuse and recycling implemented at all plants located in areas with scarce water resources (see pages 92-94) ■ All plants located in areas where water resources are scarce identified (3 in total) (see page 94) ■ Performance monitoring system introduced and targets set for FPT Industrial 	<ul style="list-style-type: none"> ▶ 2014: up to -55% vs 2009 (with specific targets for each sector)⁽¹⁾ in water consumed per unit at Group plants worldwide
<ul style="list-style-type: none"> ▶ Optimization of waste management based on specific characteristics of the country in which each plant is located 	<ul style="list-style-type: none"> ■ Water Management Guidelines formulated and disseminated to all plants in Italy (see page 93) ■ 79% vs 2009 of waste recovered, in detail: <ul style="list-style-type: none"> ▶ 80% at CNH ▶ 77% at Iveco ▶ 79% at FPT Industrial ■ Waste generated per unit reduced vs 2009 by: <ul style="list-style-type: none"> ▶ -9% at CNH ▶ -2% at Iveco ▶ -9% at FPT Industrial ■ Hazardous waste generated per unit reduced vs 2009 by: <ul style="list-style-type: none"> ▶ -33% at CNH ▶ -16% at Iveco ▶ -29% at FPT Industrial 	<ul style="list-style-type: none"> ▶ 2014: maintenance of levels of Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) present in water discharged from Fiat Industrial Group plants worldwide below local regulatory levels, including after reductions in water consumption (with specific targets for each sector)⁽¹⁾ ▶ 2012: availability of Water Management Guidelines for all plants worldwide ▶ 2014: up to 85% (with specific targets for each sector)⁽¹⁾ of waste recovered at Group plants worldwide
<ul style="list-style-type: none"> ▶ Application of best available techniques for reduction of Volatile Organic Compounds (VOCs) in paint processes 	<ul style="list-style-type: none"> ▲ -20% vs 2009 of VOC emission levels, in detail: <ul style="list-style-type: none"> ▶ -17% at CNH ▶ -17% at Iveco ▶ -48% at FPT Industrial 	<ul style="list-style-type: none"> ▶ 2014: up to -10% vs 2009 (with specific targets for each sector)⁽¹⁾ of waste generated per unit at Group plants worldwide ▶ 2014: up to -35% vs 2009 (with specific target for each sector)⁽¹⁾ in hazardous waste generated per unit
<ul style="list-style-type: none"> ▶ Limitation of external noise produced by plants 	<ul style="list-style-type: none"> ■ Guidelines for the design and purchase of new equipment formulated and disseminated (see page 99) ■ Cross-sector working group established ■ 2 plants located in sensitive areas identified 	<ul style="list-style-type: none"> ▶ 2012: maintenance of 2011 results ▶ 2014: up to -15% vs 2009 (with specific targets for each sector)⁽¹⁾ in VOC emissions per square meter at Group plants worldwide ▶ 2012: check on the application of the guidelines during the internal audit of plants

⁽¹⁾ For details on each sector see the sustainability section of the Fiat Industrial website.

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Formulation of guidelines for identifying and safeguarding protected species and biodiversity ► Reduction in the use of Ozone Depleting Substances (ODS) and other substances of significant impact (SSI) for health and the environment at Group plants worldwide ► Alignment with international regulations (e.g., REACH) on the use of potentially dangerous substances in production processes ► Elimination of equipment containing Poly-Chlorinated Biphenyls (PCB) from Group plants worldwide 	<ul style="list-style-type: none"> ► Biodiversity Guidelines applied at: <ul style="list-style-type: none"> ► FPT Industrial–Bourbon Lancy plant in France (anthropic pressure index defined) ► CNH–Curitiba plant in Brazil (project defined and kicked-off) (see pages 97-98) ► Contribution of ODS used for air conditioning in offices specified as part of total amount ► Set of SSI identified ► Compliance with REACH maintained ► Elimination of equipment containing PCB completed at all plants 	<ul style="list-style-type: none"> ► 2012: calculation of Biodiversity Value Index (BVI) for FPT Industrial–Bourbon Lancy plant ► 2013: calculation of Biodiversity Value Index (BVI) for CNH–Curitiba plant ► 2014: elimination of equipment using ODS at Group plants worldwide ► 2012: definition of specific actions to reduce use of SSI ► 2012: ongoing compliance with REACH

Commitment: Optimize the Group's energy performance and promote use of renewable energy

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Implementation of an Energy Management System and certification of plants under European standard EN 16001 and ISO 50001 ► Identification of measures and technologies to reduce energy consumption and CO₂ emissions per unit 	<ul style="list-style-type: none"> ► 7 Group plants obtained EN 16001 and ISO 50001 certifications (representing 25% of total energy consumption) ► Energy Management System adopted by 33 plants (representing 90% of total energy consumption) (see pages 100-104) ► Energy consumed per production unit⁽¹⁾ reduced vs 2009 by: <ul style="list-style-type: none"> ► -18% at CNH ► -25% at Iveco ► -24% at FPT Industrial for small engines and transmissions ► -17% at FPT Industrial for large engines ► CO₂ emissions per production unit⁽¹⁾ reduced vs 2009 by: <ul style="list-style-type: none"> ► -23% at CNH ► -36% at Iveco ► -29% at FPT Industrial for small engines and transmissions ► -27% at FPT Industrial for large engines 	<ul style="list-style-type: none"> ► 2013: extension of ISO 50001 certification (representing 90% of total energy consumption) ► 2013: roll-out of the Energy Management System to main Group plants (representing 95% of total energy consumption) ► 2014: up to -30% vs 2009 (with specific targets for each sector)⁽²⁾ in energy consumption per production unit at Group plants worldwide ► 2014: up to -35% vs 2009 (with specific targets for each sector)⁽²⁾ in CO₂ emissions per production unit at Group plants worldwide

⁽¹⁾ Production unit represent the principal driver of production volumes for each sector: hour of production for CNH and Iveco; unit produced for FPT Industrial.

⁽²⁾ For details on each sector see the sustainability section of the Fiat Industrial website.

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Promotion of renewable energy generation and use ► Proactive management of regulatory risks and opportunities, through continuous monitoring of current and future emissions trading regulations in countries where the Group operates (e.g., EU-ETS, CRC Energy Efficiency Scheme) 	<ul style="list-style-type: none"> ● 12.4% of total (direct and indirect) energy consumed by the Group derived from renewable sources ● 1 Iveco plant in Europe continued participating in EU-ETS scheme, accounting for approx. 94,000 GJ per annum of total energy generation ● 1 CNH plant in the UK continued participating in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme ● Group appeared for the first time in the CRC Performance League Table ● Definition commenced of specific energy saving measures (Evidence Pack) as part of the CRC Energy Efficiency Scheme in the UK 	<ul style="list-style-type: none"> ► 2012: 13% of total (direct and indirect) energy consumed by the Group derived from renewable sources ► 2012: assurance of Group compliance with emissions trading regulations in countries of operation ► 2012: purchasing of CRC emissions reduction credits and submission of the Evidence Pack under the UK CRC Energy Efficiency Scheme

LOGISTICS

ENVIRONMENTAL IMPACT

Commitment: Reduce environmental impact of logistics

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Definition of a standard set of environmental KPIs 	<ul style="list-style-type: none"> ● Standard set of environmental KPIs defined for all Group sectors ● Monitoring process completed for all sectors in Europe 	<ul style="list-style-type: none"> ► 2012: target setting for all sectors in Europe ► 2012: extension of monitoring processes (only for CO₂ emission) for CNH worldwide ► 2014: completion of monitoring process for all sectors worldwide
Fiat Industrial Group		INBOUND <ul style="list-style-type: none"> ● Monitoring of vehicle emission standards started for transport not managed directly by sectors to prepare for introduction of emission standards already applicable for directly managed transport ● Clauses introduced in Group transport supplier contracts permitting use of low-emission vehicles only (at least 50% of fleet compliant with Euro IV or stricter standards) 	INBOUND <ul style="list-style-type: none"> ► 2012: continued phase-in of restricted access clauses in contracts with transport suppliers
CNH	<ul style="list-style-type: none"> ► Increase in low-emission transport 	OUTBOUND <ul style="list-style-type: none"> ● Clauses gradually phased-in in CNH transport supplier contracts permitting use of low-emission vehicles only (at least 50% of fleet compliant with Euro IV or stricter standards) 	<ul style="list-style-type: none"> ► 2012: gradual upgrade of ecological clause in transport supplier contracts (at least 70% of fleet compliant with Euro IV or stricter standards)

(see page 106)

	Actions	2011 Results	Targets
CNH	► Use of intermodal solutions	INBOUND/OUTBOUND ▼ Target postponed to 2012	INBOUND/OUTBOUND ► 2012: activation of Parma–Lecce rail route in Italy with net reduction of 500 tons in CO ₂ vs 2011 ► 2013: -1,350 tons of CO ₂ vs 2011 once Parma–Lecce rail route is fully operational ► 2012: -2,500 tons of CO ₂ net reduction at worldwide level vs 2011
Fiat Industrial Group	► Optimization of transport capacity	INBOUND ■ CO ₂ emissions reduced through the increased use of solutions for optimizing transport capacity use (i.e., Streamlined Delivery Project – SDP, World Material Flow – WMF): ► approx. 82% of the value of material transported in Europe managed through SDP (CNH) ► WMF program extended to North American suppliers, to Latin American flows and to Kamaz joint venture (CNH) ► 380 tons of CO ₂ saved using intermodal transport between Basildon and St Valentin (CNH) ► 600 tons of CO ₂ saved by optimizing container shipping to Latin America and North America (CNH) ► approx. 80% of cost of shipping managed through SDP in Europe (Iveco) ► approx. 12% of cost of shipping managed through SDP in Europe (FPT Industrial) (see page 107)	INBOUND ► 2012: management of approx. 80% of cost of shipping in Europe through SDP for Iveco and extension of project to Irisbus plants ► 2012: management of approx. 25% of cost of shipping in Europe through SDP for FPT Industrial
Iveco		INBOUND ▲ -11% vs 2010 in disposable wood packaging (from 14.3 to 12.7 kg/m ³) for shipments from Italy to Latin America managed under the World Material Flow (WMF) program	INBOUND ► 2012: -10% vs 2011 in disposable wood packaging (from 12.7 to 11.4 kg/m ³) for shipments from Italy to Latin America managed under the WMF program
CNH	► Reduction in the use of packaging and protective materials	INBOUND ■ Monitoring of performance indicators started for use of cardboard and wood packaging in container shipments to North America and Latin America (see page 108)	INBOUND ► 2012: target setting to reduce use of cardboard and wood packaging in container shipments to North America and Latin America

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

NON-MANUFACTURING PROCESSES

ENVIRONMENTAL IMPACT

Commitment: Improve commuting for employees

Actions	2011 Results	Targets
<p>Iveco and FPT Industrial</p> <p>► Development of mobility plans to improve commuting to and from select sites in Italy by expanding the use of public transport, car pooling, alternative mobility (cycling), improvements to entrances, loading and parking areas</p>	<p>■ Distribution of questionnaire to all employees in Italy and analysis of data collected:</p> <ul style="list-style-type: none"> ► 48% overall response rate ► more than 5,600 surveys completed ► more than 1,500 suggestions received <p>■ Priority areas identified on the basis of survey outcomes</p> <p>■ Commuting plan prepared and submitted (Piano Spostamenti Casa Lavoro – PSCL) to local authorities</p>	<p>► 2012: implementation of mobility plans to improve employee commuting to and from all Iveco facilities in Italy</p>
<p>CNH</p>	<p>■ Improvement of initiatives to enhance commuting to and from the Mirafiori (Italy) site continued (impacting approx. 18,000 employees overall, a small part of whom belong to CNH)</p> <p>(see pages 109-110)</p>	<p>► 2012: evaluation of the plan's effectiveness</p>

Commitment: Reduce Information Communication Technology related energy consumption

Actions	2011 Results	Targets
<p>Fiat Industrial Group</p> <p>► Introduction of new low environmental impact hardware</p> <p>► Introduction of new, more efficient servers at IBM Data Centers managing Group data</p> <p>► Consolidation and virtualization of servers</p>	<p>■ -134 MWh vs 2008 (approx. 69 tons of CO₂) through introduction of high-efficiency power supply units</p> <p>■ 7,270 video monitors replaced with eco-efficient devices (EnergyStar and EPEAT Silver/Gold)</p> <p>■ -62 MWh in energy consumed vs 2010 (approx. 31 tons of CO₂) through replacement of approx. 45 servers</p> <p>▲ -690 MWh in energy consumed vs 2010 (approx. 347 tons of CO₂) through elimination/refresh of 173 physical servers and creation of 89 virtual servers</p> <p>(see page 111)</p>	<p>► 2012: -160 MWh vs 2008 (approx. 85 tons of CO₂) through introduction of additional high-efficiency power supply units</p> <p>► 2012: replacement of an additional 7,300 video monitors with eco-efficient devices (EnergyStar and EPEAT Silver/Gold)</p>


Commitment: Promote environmental responsibility within dealer and authorized service network

Actions	2011 Results	Targets
<p>Iveco</p> <p>► Use of materials that enable energy savings and reduce maintenance requirements</p>	<p>■ New Dealer Identity initiative for the use of more eco-compatible materials continued at 40 additional dealership premises (85 in total)</p> <p>(see pages 111, 154)</p>	<p>► 2012: partial renovation of an additional 40 dealership premises (total of 125 from 2009 to 2012)</p>


HUMAN RESOURCES

HUMAN CAPITAL DEVELOPMENT

Commitment: Enhance skills within the Group

	Actions	2011 Results	Targets
Fiat Industrial Group	► Assessment of employees through performance and leadership mapping	 Approx. 15,350 employees evaluated (100% of managers and professionals and 36% of salaried employees) (see pages 118-119)	► 2012: continuation of evaluation of all managers and professionals and increasing percentage of salaried employees <i>Note: gradual extension to all salaried employees contingent on market recovery</i>

Commitment: Manage succession plans and intragroup personnel transfers

	Actions	2011 Results	Targets
Fiat Industrial Group	► Implementation of <i>Talent Review</i> program	 Target postponed to 2012 (see page 120)	► 2012: continuation of <i>Talent Review</i> program

TRAINING AND KNOWLEDGE MANAGEMENT

Commitment: Develop a group-wide culture of continuous change

	Actions	2011 Results	Targets
Fiat Industrial Group	► Reformulation of training model and management process to enable a more effective and flexible response to strategic and tactical training needs according to changes in the economic environment	 Governance model for managerial training extended in Europe, focusing on: <ul style="list-style-type: none"> ► selection and certification of internal and external trainers ► monitoring of course results and effectiveness  Training offer improved through the progressive implementation in Europe of programs aimed at development of managerial skills for employees assigned new responsibilities (see page 122)	► 2012: development and implementation of the new Learning Management System (LMS) platform to ensure online training delivery worldwide ► 2012: implementation of managerial skills training programs by region, in accordance with local requirements and constraints

Commitment: Promote a culture of sustainability and increase awareness of the Group among employees

	Actions	2011 Results	Targets
Fiat Industrial Group	► Provision of online training on Corporate Governance and sustainability		► 2012: enrollment in revised course of all Group professionals worldwide and Supplier Quality Engineers (SQEs) in Poland, Turkey, Brazil, China and India

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

ATTRACTION, RETENTION AND INVOLVEMENT OF EMPLOYEES

Commitment: Survey level of satisfaction, needs and requests of employees

	Actions	2011 Results	Targets
Fiat Industrial Group	► Surveying of people satisfaction on a regular basis	● 2010 people satisfaction survey results analyzed and action plan for CNH, Iveco and FPT Industrial implemented (see page 125)	► 2012: preparation and distribution to a sample of Group employees of questionnaire to monitor effectiveness of actions taken

Commitment: Attract and retain the best talent

	Actions	2011 Results	Targets
Fiat Industrial Group	► Implementation of long-term performance-related incentive plans	● Long-Term Incentives (LTI) Program defined and delivered to 200 CNH top managers worldwide with both company and individual targets (see page 119)	► 2012: definition and implementation of long-term performance-related incentive plans for key talent in companies other than CNH

Commitment: Promote process of continuous improvement through the direct participation and contribution of employees

	Actions	2011 Results	Targets
Fiat Industrial Group	► Encouragement of improvement proposals from employees	● Average of 9 improvement proposals per person received from plant employees (see page 67)	► 2012: continued collection of suggestions from employees

OCCUPATIONAL HEALTH AND SAFETY

Commitment: Continue process of internal and external certification of Occupational Health and Safety Management System

	Actions	2011 Results	Targets
Fiat Industrial Group	► Extension of OHSAS 18001 certification	● 57 plants OHSAS 18001 certified, employing approx. 47,040 people	► 2012: OHSAS 18001 certification for all Group plants worldwide existing in 2010
	► Audit of safety management procedures at plants	● +92% vs 2010 internal audits conducted: <ul style="list-style-type: none"> ► 384 internal and 147 external audits ► 54,400 employees covered approx. by external audits ► 47,400 employees covered approx. by internal audits 	► 2014: extension of OHSAS 18001 certification to most relevant joint venture plants (where Fiat Industrial owns at least the 50%) existing in 2011 ► 2012: +10% of internal audits vs 2011

Commitment: Continue to promote a culture of health and safety in the workplace

	Actions	2011 Results	Targets
Fiat Industrial Group	► Development and implementation of a management information system for the collection, analysis, classification and management of preventive or corrective measures for accidents, near misses and unsafe acts	● 2 pilot systems developed: 1 in North America and 1 in Europe for safety data management covering 12 plants worldwide (see pages 128-129)	

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Development and implementation of a group-wide health and safety training project ► Definition and progressive implementation of training standards and information tools for Health and Safety specialists within the Group ► Development and implementation of <i>Top Ten Safety</i> project: 10 key health and safety initiatives ► Provision of online course on safety in the workplace for salaried employees (workstation ergonomics, emergency response, electric hazards, risks from over-exertion, correct use of video monitors) 	<ul style="list-style-type: none"> ■ <i>Health & Safety First</i> project reviewed ■ <i>Health & Safety First</i> brought into alignment with new trade union requirements and revamped based on the experience gained at the 3 pilot plants involved in 2010 ■ Training standards and information tools extended to internal health and safety specialists in Italy ■ Training booklets prepared and distributed to all Group sites in Italy ■ The <i>Top Ten Safety</i> project updated and rolled-out to all European plants existing in 2010 (involving 30,083 employees) ■ Approx. 5,000 feedback replies received from online training course participants, representing approx. 25% of total participants <p>(see pages 126-128)</p>	<ul style="list-style-type: none"> ► 2013: launch of new health and safety training and information platform within the Group in Italy in accordance with Organismo Paritetico Health & Safety (OPHS) requirements ► 2012: extension of training standards and information tools for internal health and safety specialists in Europe ► 2012: progressive extension of <i>Top Ten Safety</i> project to all Group plants existing worldwide in 2010 ► 2012: mapping of the population involved in courses adapted in accordance with local requirements and constraints ► 2013: provision of the online course to European managers, professionals and salaried employees

Commitment: Promote health in the workplace

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Monitoring of work-related stress levels and definition of prevention plan 	<ul style="list-style-type: none"> ■ Action plan for work-related stress extended to the remaining 2 Iveco sites in France, in partnership with the Comité d'Hygiène, de Sécurité, et des Conditions de Travail (CHSCT) (approx. 3,000 employees involved) ■ Action plan assessed and launched at 5 CNH and 3 FPT Industrial sites in France, in partnership with the CHSCT (approx. 3,000 employees involved) ■ Internally-developed stress assessment methodology extended to specific industrial sites ■ Launch of monitoring and related action plan at sites where risk is assessed as most prevalent. Sites in Poland, Turkey, Czech Republic and Brazil involved 	

EQUAL OPPORTUNITIES

Commitment: Promote internal professional development

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Development of <i>Internal Job Posting</i> program for salaried and professional positions 	<ul style="list-style-type: none"> ■ CNH pilot project expanded to Italy and Switzerland (1,759 positions managed and 3,964 internal applications received worldwide) ■ Pilot projects launched in Iveco (France, Germany and Brazil) and in FPT Industrial (the US and Brazil): 211 positions managed and 753 internal applications received <p>(see page 118)</p>	<ul style="list-style-type: none"> ► 2012: extension and consolidation of the program worldwide <p>Note: achievement of target contingent on market recovery</p>

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

Commitment: Promote diversity and non-discriminatory practices

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ▶ Design of course to promote a work environment that is based on the highest principles and guarantees fundamental rights in the workplace ▶ Monitoring of global implementation of equal opportunity principles in relation to: compensation levels, annual compensation review plan, performance and leadership appraisals and promotions ▶ Promotion of job opportunities for workforce diversity 	<ul style="list-style-type: none"> ■ Course on non-discrimination (including diversity practices) in the workplace (ILO Convention 111) revised and provided to 3,846 professionals and 107 newly hired managers (other managers covered in 2010) with over 4,300 training hours devoted to this subject (see page 123) ■ Monitoring outcomes for managers and professionals worldwide analyzed and corrective actions implemented as necessary (see page 134) ■ External recruitment agencies made aware of the Group's role as an Equal Opportunity Employer (EOE) ■ Regional/country-based recruitment processes monitored to ensure performance as an EOE ■ Corrective measures necessary to promote opportunities and/or further increase diversity in the workforce implemented (see pages 135-136) 	<ul style="list-style-type: none"> ▶ 2012: extension to professionals worldwide ▶ 2012: continuation of analysis of monitoring outcomes and implementation of corrective actions as necessary ▶ 2012: continuation of improvement and monitoring of regional/country-based recruitment processes to ensure performance as an EOE ▶ 2012: increase in the number of diversity candidates employed by region, in accordance with local requirements and constraints

EMPLOYEE WELFARE

Commitment: Promote work-life balance

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ▶ Promote initiatives that enhance work-life balance 	<ul style="list-style-type: none"> ■ Pilot project to design and implement work-life balance programs launched for Italian employees. Initiatives implemented: <ul style="list-style-type: none"> ▶ Driver's license renewal service on site (Iveco and FPT Industrial) ▶ MIO service to answer employees' questions on labor matters ▶ VALYou initiative to offer goods and services at competitive prices (see page 123) 	<ul style="list-style-type: none"> ▶ 2012: implementation of work-life balance initiatives by region ▶ 2012: implementation of flexible working programs by region (work from home and other flexible solutions to facilitate eldercare and family management)

Actions	2011 Results	Targets
Fiat Industrial Group		► 2012: implementation of corporate volunteer programs by region
CNH	 140 CNH employees in North America involved in construction of houses for disadvantaged families under the <i>Habitat for Humanity</i> program (see page 173)	► 2012: launch of pilot project in Brazil allowing employees to do volunteer work for qualifying nonprofit organizations during working hours
Iveco	 <i>Formare</i> pilot project launched in Brazil allowing employees to do volunteer work for the <i>lochpe</i> Foundation, a nonprofit organization, during paid working hours	► 2012: delivery of 480 training hours to 30 internal volunteer educators ► 2012: delivery of 800 training hours to 20 disadvantaged young people by internal volunteers

Commitment: Promote the wellness of employees

Actions	2011 Results	Targets
Fiat Industrial Group	<div><div><div>► Distribution of information and offering of medical support to employees to prevent spread of infectious diseases and promote personal hygiene</div><div>► Distribution of general health information to employees as well as on smoking-related diseases and diabetes through targeted campaigns</div></div><div><div><div> Dissemination of information and offer of medical support to employees on prevention of the seasonal flu virus continued, with 100% of employees covered</div><div> Information campaign on HIV/AIDS infection continued in Latin America (see page 139)</div><div> <i>Tips on Health</i> section launched on the Group intranet site in Italy</div><div> <i>Tips on Health</i> section extended to Group intranet sites in 9 languages around the world</div><div> <i>Cardio Factory</i> campaign carried out in Iveco pilot sites in Europe (Turin, Suzzara, Rorthais) with involvement of 4,300 employees <i>Note: Cardio Factory campaign is a part of the Good Control of Diabetes</i></div><div> <i>Smoking Cessation</i> campaign finalized (see page 139)</div></div></div></div>	<div><div><div>► 2012: continued dissemination of information and offer of medical support to employees on the prevention of the seasonal flu virus</div><div>► 2012: continuation of information campaign on HIV/AIDS infection in Latin America</div><div>► 2012: further extension of the <i>Tips on Health</i> section to Group intranet sites in other languages around the world</div><div>► 2013: release of a second set of <i>Tips on Health</i></div><div>► 2012: extension of the project to other Iveco plants</div><div>► 2014: launch of the <i>Smoking Cessation</i> campaign at Group sites in Italy (2013) and extension worldwide to sites where the issue is most prevalent according to studies published by the World Health Organization (WHO)</div></div></div>

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Promotion of the wellness of employees through programs aimed at: <ul style="list-style-type: none"> ► spreading a health-focused culture ► encouraging individuals to adopt a healthy lifestyle (including through economic incentives) ► reducing medium and high health risks to low levels ► encouraging a work environment that promotes healthy behavior and engagement of the workforce ► monitoring the cost of health neglect ► Formulation and dissemination of well-being Guidelines addressing Group commitment in favor of employees' well-being 	<p>■ <i>The Picture of Health</i> program continued for employees of CNH and FPT Industrial in North America:</p> <ul style="list-style-type: none"> ► health risks reduced (moderate risks -19.9% and high risks -43.7% over the period 2009–2011) ► average employee well-being score up 12.6% ► Gold Well Workplace Award received from the Wellness Council of America (WELCOA) (see page 138) 	<ul style="list-style-type: none"> ► 2012: continuation of <i>The Picture of Health</i> program ► 2012: implementation of well-being programs by region ► 2012: formulation and dissemination of well-being Guidelines

Commitment: Facilitate access to the best health care services

	Actions	2011 Results	Targets
Fiat Industrial Group	<ul style="list-style-type: none"> ► Establishment of a supplementary health care plan (FASIFIAT) for the Group's hourly and salaried employees in Italy, as per agreements between the Group and trade unions 	<p>■ Almost 7,000 hourly and salaried employees and their families in Italy have joined the plan (see page 140)</p>	<ul style="list-style-type: none"> ► 2012: continuation of FASIFIAT

DEALER AND SERVICE NETWORK

TRAINING



Commitment: Improve knowledge-base of the sales force and promote customer awareness of the environmental and safety-related features of products

	Actions	2011 Results	Targets
CNH		<p>■ 41,600 hours of training delivered worldwide to CNH sales force</p> <p>■ CNH sales force training expanded in Latin America (see page 154)</p>	<ul style="list-style-type: none"> ► 2012: maintenance of the number of training hours provided in 2011 ► 2012: further reinforcement of Latin American training team
Iveco	<ul style="list-style-type: none"> ► Design and offer of targeted training courses that leverage best practice within each sector and explore all potential synergies 	<p>■ 54,744 hours of training delivered worldwide to Iveco sales force (see page 154)</p>	<ul style="list-style-type: none"> ► 2012: maintenance of the number of training hours provided in 2011 ► 2012: introduction of courses on new products (e.g., alternative propulsion, telematics) and processes (e.g., customer relationship management)

Commitment: Improve skill level of network technicians in diagnosis, repair and maintenance of eco-efficient engines

	Actions	2011 Results	Targets
CNH		 118,000 hours of training delivered worldwide to CNH technicians (+4.4% vs 2010) (see page 154)	▶ 2012: maintenance of the number of training hours provided in 2011
Iveco	▶ Design and offer of targeted training courses that leverage best practice within each sector and explore all potential synergies	 Approx. 102,000 hours of training delivered worldwide to Iveco technicians (see page 154)	▶ 2012: maintenance of the number of training hours provided in 2011 ▶ 2012: introduction of new technical courses (e.g., Euro VI, alternative propulsion)

Commitment: Promote decentralized training solutions

	Actions	2011 Results	Targets
CNH		 120,000 online training hours delivered to CNH sales and after-sales personnel (see page 153)	▶ 2012: +10% in online training hours vs 2011
Fiat Industrial Group	▶ Offer of online training solutions and improved access to live training for dealer personnel	 Preliminary study started to update the online Learning Management System platform (see page 153)	▶ 2012: progressive roll-out of the updated Learning Management System

Commitment: Promote safe and eco-friendly driving

	Actions	2011 Results	Targets
CNH		 8,300 hours of training delivered to construction equipment operators and 17,000 hours to agricultural equipment operators on safe use of machines (see page 154)	▶ 2012: maintenance of the number of training hours for construction and agricultural equipment operators provided in 2011
Iveco	▶ Design and offer of courses targeted at fleet drivers and demo drivers at commercial vehicle dealers and agricultural and construction equipment operators	 Iveco Driver Training initiative continued and offered free of charge to fleet drivers in major European markets (Italy, Germany, Spain, France, the UK and Benelux) (see page 154)	▶ 2014: extension of Iveco Driver Training initiative

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

CUSTOMERS

CUSTOMER EXPERIENCE

Commitment: Enhance customer relationship and satisfaction

Actions	2011 Results	Targets
CNH	<p>■ Visibility and customer contacts increased in Europe for Customer Experience service activities (+60% vs 2010) (see page 157)</p> <p>■ Analysis of new contact channels started in Latin America</p>	<p>► 2012: continued implementation of new contact channels through customer preference analysis and service impact factors in particular related to social media</p> <p>► 2012: implementation of Customer Experience service in Brazil</p>
Iveco	<p>● Target for <i>Innovation Club</i> project redefined during the year</p>	<p>► 2012: incorporation of the <i>Innovation Club</i> project as a standard activity into customer feedback processes</p>
CNH	<p>► Expansion of the coverage of information, complaint management and breakdown assistance services to a larger range of customers</p>	<p>► 2012: expansion of services to Argentina for agricultural equipment</p>
CNH	<p>■ Number of customer satisfaction surveys increased in Europe (+20% vs 2010) (see page 158)</p> <p>■ Development of work instructions started for all call centers in North America</p> <p>■ Customer Satisfaction Index (CSI) tool developed in North America for Case IH dealers in the Pinnacle program</p>	<p>► 2012: development of plan for results monitoring and quality assessments to leverage customer input</p> <p>► 2012: completion of work instructions</p> <p>► 2012: implementation of CSI pilot project</p>
Iveco	<p>■ Pilot project launched involving the provision of smartphones to technicians at certain dealerships in Germany and the Netherlands</p>	<p>► 2012: extension of the project to all dealerships in Spain and Italy</p>
Iveco	<p>► Enhancement of service network technician skills with a view to achieving new levels of excellence in the <i>Assistance Non-Stop</i> service</p>	<p>► 2012: delivery of 4,000 training hours to service network technicians in major markets</p>

Commitment: Support and educate end users on the proper use of products

Actions	2011 Results	Targets
CNH	<p>■ Precision Agriculture and Construction (PA&C) Business Unit created and 3 global support centers set up, covering North America, Latin America and Europe</p>	<p>► 2012: design and delivery of customer training on precision agricultural and construction products</p>

Commitment: Ensure responsible communications practices

	Actions	2011 Results	Targets
Iveco	<ul style="list-style-type: none"> ► Formulation of new charter for ethical advertising to promote responsible communication worldwide 		<ul style="list-style-type: none"> ► 2012: formulation and approval of charter for ethical advertising

SUPPLY CHAIN

SUSTAINABILITY IN THE SUPPLY CHAIN

Commitment: Promote a culture of sustainability among employees managing supplier relationships

	Actions	2011 Results	Targets
Fiat Group Purchasing (FGP) ⁽¹⁾	<ul style="list-style-type: none"> ► Provision of online training on corporate governance and sustainability ► Incorporation of environmental and social targets in variable compensation system 	<ul style="list-style-type: none"> ■ Environmental and social targets (sustainability audits and management of further self-assessment questionnaires for select suppliers) included in variable compensation system for Supplier Quality Engineers (SQEs) managers and their team members (see page 168) 	<ul style="list-style-type: none"> ► 2012: provision of course to all Supplier Quality Engineers and buyers in Poland, Turkey, Brazil, China and India ► 2012: continued application of environmental and social targets to variable compensation system for SQE managers and their team members

Commitment: Promote social and environmental responsibility among suppliers

	Actions	2011 Results	Targets
Fiat Group Purchasing (FGP)	<ul style="list-style-type: none"> ► Formulation and dissemination of Sustainability Guidelines for Suppliers ► Introduction of environmental and social performance indicators in supplier assessments ► Distribution of self-assessment questionnaire on environmental and social performance to select suppliers ► Preparation of a supply chain risk map to identify suppliers for audit 	<ul style="list-style-type: none"> ■ Contractual clauses on adherence to Sustainability Guidelines introduced in new FGP purchase agreements ■ Additional sustainability elements included in evaluation of potential suppliers ■ Self-assessment questionnaire distributed to 5 suppliers ■ 100% of questionnaires returned with average score of 82/100 ■ Risk map for supply chain prepared and used for definition of audit plans/questionnaires (see pages 167-168) 	<ul style="list-style-type: none"> ► 2012: continued introduction of contractual clauses on adherence to Sustainability Guidelines in new FGP purchase agreements ► 2012: introduction of supplier sustainability rating impacting awarding of business to all Fiat Industrial suppliers ► 2012: improvement of the sustainability self-assessment questionnaire ► 2012: continued distribution and analysis of questionnaires ► 2012: improvement in application of a new risk map

⁽¹⁾ A Fiat Group company that also conducts purchasing activities for Fiat Industrial Group.

- ▲ Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- ▼ Target postponed

	Actions	2011 Results	Targets
Fiat Group Purchasing (FGP) ⁽¹⁾	<p>► Conduct of environmental and social audits at suppliers worldwide</p> <p>► Assurance of a conflict mineral-free supply chain</p> <p>► Enhancement of sustainability awareness in suppliers</p>	<p>■ 7 audits of suppliers in China and India conducted by internal Supplier Quality Engineers (SQEs)</p> <p>■ 55 audits of most significant suppliers in Europe conducted by internal SQEs (38 audits) and third parties (17 audits)</p> <p>(see page 168)</p>	<p>► 2012: conduct of 7 additional audits in China and India by internal SQEs</p> <p>► 2012: conduct of additional audits of most significant suppliers by internal SQEs (38 audits) and third parties (17 audits)</p> <p>► 2012: development of a standard action plan template for audit follow-up activities</p> <p>► 2012: development of a template for suppliers to report their source for certain minerals that may originate in a conflict region <i>Note: deadline pending release of disclosure guidelines by the US securities and Exchange Commission</i></p> <p>► 2012: provision of online course to FGP suppliers based on the Automotive Industry Action Group (AIAG) course</p>
Fiat Industrial Group	<p>► Promotion of supplier involvement in World Class Manufacturing (WCM) program</p> <p>► Review of certified direct material suppliers and extension of ISO 14001 certification</p>	<p>■ Total of 60 supplier plants involved in WCM program during 2009–2011</p>	<p>► 2012: involvement of a total of 100 supplier plants in the WCM program</p> <p>► 2012: start of mapping of ISO 14001 certified suppliers and launch of awareness campaign</p>

COMMUNITY

LOCAL COMMUNITY

Commitment: Promote social and economic development of local communities

	Actions	2011 Results	Targets
CNH	<p>► Support for the <i>Habitat for Humanity</i> initiative for families in need of housing</p> <p>► Support for the <i>United Way</i> initiative for the improvement of health, education and income stability in disadvantaged communities</p>	<p>■ More than €250,000 in funds raised (since 2007) by employees and Case Construction Equipment dealers, with 140 employees offering their time for the construction of houses destined for disadvantaged families</p> <p>■ More than €1.1 million raised</p> <p>(see page 173)</p>	<p>► 2012: continued support for the <i>Habitat for Humanity</i> initiative</p> <p>► 2012: continued support for the <i>United Way</i> initiative</p>
Iveco	<p>► Support for <i>Transaid</i> initiative to help African commercial cooperatives with logistics management</p>	<p>■ Funds raised via raffle for <i>Transaid</i></p> <p>■ Heavy commercial vehicle (Stralis) donated to the National Institute of Training in Tanzania</p> <p>■ Professional commercial vehicle driver training delivered to approx. 50 drivers</p> <p>(see page 173)</p>	<p>► 2012: continuation of financial support for the initiative</p> <p>► 2012: provision of 108 Train the Trainer hours and 330 refresher training hours</p>

⁽¹⁾ A Fiat Group company that also conducts purchasing activities for Fiat Industrial Group.

	Actions	2011 Results	Targets
FPT Industrial	► Support for initiatives aimed at helping disabled people experience life on the sea	■ 2 projects identified in the Mediterranean area involving specific marine engines	► 2013: delivery of powertrains and provision of service support

Commitment: Aid populations affected by natural disasters

	Actions	2011 Results	Targets
Fiat Industrial Group	► Provision of technical, financial and humanitarian support to populations affected by natural disasters	■ Construction together with Fiat S.p.A. of the nursery school <i>La scatola delle esperienze</i> in the Abruzzo area (Italy) completed ■ Construction together with Fiat S.p.A. of the rehabilitation center in Petionville (Haiti) completed ■ Approx. €189,000 in cash donated to victims of the earthquake in Japan ■ Equipment, operators and assistance services granted to residents in the areas of Liguria (Italy) affected by floods (see pages 174-175)	► 2012: continuation of financial support to charitable organizations serving populations affected by natural disasters

TRAINING FOR YOUNG PEOPLE

Commitment: Support the professional development of young people

	Actions	2011 Results	Targets
Iveco	► Support for <i>TechPro2 Iveco</i> , a technical training program on industrial vehicles developed in collaboration with Salesian Institutes ► Support for Don Bosco Technical Schools in Cairo (Egypt) for the development of mechanical and technical automotive skills	■ €85,000 worth of materials and support provided to Salesian Institute in Fossano, Turin (Italy) ■ Know-how transferred from technical trainers to teachers through Train the Trainer program (80 hours) ■ Local instructors trained, technical equipment and educational material provided, 67 students involved, 14 of whom graduated (see page 174)	► 2012: extension of the project to other institutes ► 2012: delivery of 40 hours of training to 10 Salesian teachers through the Train the Trainer program, with the aim of providing 1,050 hours of training to 100 students ► 2012: continuation of support for the initiative





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CORPORATE GOVERNANCE

During 2010, the Fiat Group initiated and completed a strategic project to separate the agricultural and construction equipment (CNH sector) and trucks and commercial vehicles (Iveco sector) businesses, as well as the industrial, marine and power generation powertrain business line of FPT Powertrain Technologies (FPT Industrial sector), from its automobile and automobile-related components and production systems businesses.

The separation of those businesses took effect with their demerger from Fiat S.p.A. to Fiat Industrial S.p.A. The new Fiat Industrial Group began operating as of 1 January 2011 with its own Board of Directors and with its own management team as a distinct and independent entity from Fiat S.p.A. Furthermore, on 3 January 2011 trading of ordinary, preference and savings shares in Fiat Industrial began on the MTA equity market.

Fiat Industrial Group complies and adheres to the Corporate Governance Code for Italian Listed Companies issued in March 2006 (and subsequently amended in 2010) and adopted by Borsa Italiana (the "Corporate Governance Code" or "Code"), with additions and amendments related to the specific characteristics of the Group as indicated below.

With reference to the amendments to the Corporate Governance Code approved in December 2011, Fiat Industrial will adopt those amendments during the course of 2012, as recommended by paragraph VIII "Main Principles and Temporary Regime", and taking into account that *de facto* the principles and criteria resulting from those amendments are, in large part, already incorporated within the Group's governance model, and will duly inform the market thereof.

As early as 2010, Fiat Industrial adopted a corporate governance model, complete with implementing provisions and an internal control system, designed to ensure compliance with Italian laws and regulations.

The model substantially incorporates international best practice, as

exemplified by groups of comparable size, by modifying the processes and systems inherited from Fiat Group and adapting them accordingly to the specific business requirements and characteristics of the new Group.

The corporate governance system, includes the following documents:

- Code of Conduct and its guidelines:
 - Fiat Industrial Group Health and Safety Guidelines
 - Fiat Industrial Group Environmental Guidelines
 - Fiat Industrial Group Sustainability Guidelines for Suppliers
 - Fiat Industrial Group Human Rights Guidelines
 - Fiat Industrial Group Human Capital Management Guidelines
 - Fiat Industrial Group Business Ethics and Anti-corruption Guidelines
 - Fiat Industrial Group Conflict of Interest Guidelines
 - Fiat Industrial Group Data Privacy Guidelines
 - Fiat Industrial Group ICT Assets Guidelines
 - Fiat Industrial Group Community Investment Guidelines
 - Fiat Industrial Group Green Logistics Principles.
- Compliance Program, as per Italian Legislative Decree 231/2001, and relative Guidelines
- Guidelines for Significant Transactions and Transactions with Related Parties
- Guidelines for the Internal Control System
- Whistleblowing Procedures
- Internal Disclosure Controls & Procedures
- Internal Dealing Procedures for identifying managers qualifying as relevant persons under regulations in force
- Procedures for General Meetings.

In 2010, the Board of Directors established the Internal Control Committee and the Nominating and Compensation Committee, setting forth regulations for each committee and the eligibility requirements for their respective members.

Corporate Governance Timeline Fiat Group pre-demerger

1992	■ Publication of Fiat Group's first Environmental Report
1993	■ Publication of the Group's first Code of Ethics
1997	■ Adoption of a system of Values and Policies
1999	■ Establishment of the Internal Control Committee and the Nominating and Compensation Committee
2002	■ Adoption of Internal Dealing Regulations that establish disclosure and conduct requirements for "Relevant Persons". These Regulations remained in place until March 2006, when the European Directive on Market Abuse took effect
2003	<ul style="list-style-type: none"> ■ Publication of the Group's Code of Conduct. ■ Approval of the first Compliance Program (Italian Legislative Decree 231/2001) subsequently updated to reflect statutory developments and core law ■ Approval of Guidelines for the Internal Control System ■ Issuance of Guidelines for Significant Transactions and Transactions with Related Parties
2004	<ul style="list-style-type: none"> ■ Publication of first Annual Report on Corporate Governance, prepared in accordance with guidelines issued by Assonime and Emittenti Titoli S.p.A. and endorsed by Borsa Italiana S.p.A. ■ Implementation of an Enterprise Risk Management process based on the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management (ERM) – Integrated Framework of 2004 ■ Publication of the first Fiat Group Sustainability Report
2005	<ul style="list-style-type: none"> ■ Approval of Whistleblowing Procedures for reporting alleged violations of the Code of Conduct ■ Approval by Fiat S.p.A. shareholders of requirements for annual assessment of independence of members of the Board of Directors ■ Approval of the Group Procedure for the Engagement of Audit Firms aimed at ensuring the independence of the external auditors
2006	■ Certification of the System of Internal Control over Financial Reporting (ICFR) established pursuant to Section 404 of the US Sarbanes-Oxley Act. Although the company is no longer listed on the New York Stock Exchange (NYSE), management and Internal Audit have since continued their activities relative to evaluation and monitoring of the System of Internal Control over Financial Reporting. Those activities also provide support for the attestation of the Chief Executive Officer and the executive officers responsible for the preparation of the company's financial statements, required under Italian Law 262/2005 since 2007
2007	■ The Nominating and Compensation Committee's functions were split between the Nominating and Corporate Governance Committee and the Compensation Committee
2008	■ Creation of the Sustainability Unit within Group Control and publication of the first Sustainability Plan
2009	<ul style="list-style-type: none"> ■ Assignment of responsibility for sustainability issues to the Nominating and Corporate Governance Committee, which thus became the Nominating, Corporate Governance and Sustainability Committee ■ Revision of the Code of Conduct to incorporate additional principles of sustainability ■ Formulation of Group Guidelines on the Environment, Health and Safety, Business Ethics and Anti-corruption, Sustainability for Suppliers, Human Capital Management, Human Rights and Investments in Local Communities ■ Training on Corporate Governance and Sustainability conducted in Italy for all managers, Supply Quality Engineers and buyers (personnel responsible for negotiations with suppliers) ■ Update of the Enterprise Risk Management model to include additional risk factors related to climate change

- 2010
 - Formulation of Group Guidelines on Conflicts of Interest, Data Privacy and ICT Assets, and of the Green Logistics Principles
 - Dissemination of Code of Conduct updated to include references to Group Guidelines on the Environment, Health and Safety, Business Ethics and Anti-corruption, Suppliers, Human Capital Management, Human Rights, Conflicts of Interest, Community Investment, Data Privacy and ICT Assets
 - Approval of Procedures for Transactions with Related Parties
 - Review of the internal Business Ethics Audit system to include additional sustainability-related elements from the Code of Conduct
 - Updating of the Enterprise Risk Management model and revision of risk map

Corporate Governance Timeline Fiat Industrial Group

- 2010
 - Approval of governance procedures for the new Fiat Industrial Group, similar to those for Fiat Group, that take effect on 1 January 2011
- 2011
 - Assignment of responsibility for sustainability issues to the Nominating and Compensation Committee, which thus became the Nominating, Compensation and Sustainability Committee

CODE OF CONDUCT

The Code of Conduct is a pillar of the Fiat Industrial governance system which regulates the decision-making processes and operating approach of the Group and its employees in the interests of stakeholders. It represents a set of values recognized, adhered to and promoted by the Group, which understands that conduct based on the principles of diligence, integrity and fairness is an important driver of social and economic development. The Code of Conduct amplifies aspects of conduct related to the economic, social and environmental dimensions, underscoring the importance of dialogue with stakeholders. Explicit reference is made to the **UN’s Universal Declaration on Human Rights**, the principal **Conventions of the International Labour Organization (ILO)**, the **OECD Guidelines for Multinational Enterprises** and the **US Foreign Corrupt Practices Act (FCPA)**. The code was amended to include specific **guidelines** relating to: the Environment; Health and Safety; Business Ethics and Anti-corruption; Sustainability for Suppliers; Human Capital Management, Human Rights, Conflicts of Interest, Community Investment, Data Privacy and ICT Assets. Available in Italian and eight other languages (English, French, German, Spanish, Polish, Flemish, Portuguese and Chinese), all employees are informed of the content of the code in the manner most appropriate to local practice, and it may be viewed and downloaded from the Group’s Internet and intranet sites. Copies can also be obtained from Human Resources, the Legal Department or the Compliance Officer. The code

applies to the members of the Board of Directors of Fiat Industrial S.p.A., to all employees of Group companies and to all other individuals or companies that act in the name and on behalf of one or more Group companies. The Group disseminates the principles established in the Code of Conduct and the values of good governance to all employees (including security personnel), whatever their level or role, through periodic training and other information channels. The Group promotes adoption of the code as a best practice standard of business conduct by partners, suppliers, consultants, agents, dealers and others with whom it has a long-term relationship. In fact, Group contracts worldwide include specific clauses relating to recognition and adherence to the principles underlying the Code of Conduct and related guidelines, as well as compliance with local regulations, particularly those related to corruption, money-laundering, terrorism and other crimes constituting liability for legal persons. Fiat Industrial S.p.A. has adopted a **Compliance Program** in Italy (pursuant to Legislative Decree 231/2001), which incorporates Article 2 of the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and is constantly updated to reflect legislative changes. Potential bribery and corruption is monitored constantly by the Compliance Program Supervisory Bodies at Group companies in Italy and, more generally, by sector Compliance

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Officers for all Group companies worldwide. On 7 July 2011, the Cabinet of Italy approved Legislative Decree 121/2011, which transposes European Directive 2008/99/EC on the protection of the environment through criminal law and European Directive 2009/123/EC on ship-source pollution and on the introduction of penalties for infringements through the addition of Article 25-*undecies* (Environmental Offenses) in Legislative Decree 231/2001. The new law took effect as of 16 August 2011. Accordingly, in 2011 the Fiat Industrial Internal Audit & Compliance department performed a risk assessment to identify any operations liable to punishment for the new offenses. At the beginning of 2012, Fiat Industrial issued a new, updated version of its Guidelines for the Adoption and Update of Compliance Programs by Fiat Industrial Group Companies to include the environmental offenses contemplated by Italian Legislative Decree 231/2001.

Finally, when starting up, running or closing business operations, it is standard practice for the Group to evaluate the economic, social and environmental impacts through the relevant corporate functions and established procedures.

COMPLIANCE AND ETHICS COMMITTEE

In 2009 CNH established a Compliance and Ethics Committee chaired by the Chief Executive Officer and composed of the senior managers of key corporate functions (Human Resources, Manufacturing, Legal, Finance and Internal Audit). The committee is mainly tasked with an advisory role to enable the Group to continue to operate according to the highest ethical business standards and in accordance with applicable laws and regulations. Specifically, the committee works to:

- facilitate the development, implementation and operation of an effective compliance and ethics program
- promote an organizational culture that encourages law abiding and ethical conduct
- consider and resolve any issues of interpretation regarding any aspect of the compliance and ethics program.

MONITORING VIOLATIONS OF THE CODE OF CONDUCT

Violations of the Code of Conduct are essentially determined through:

- checks forming part of standard operating procedures
- periodic audit activities carried out by **Internal Audit** and **Compliance Officers** for each Group sector
- complaints received in accordance with the **Whistleblowing Procedures**.

In 2011, violations of the code involving 101 employees were revealed through standard operational checks.

Violations of the Code of Conduct are also identified by the Fiat Industrial Internal Audit and Compliance department in collaboration with the Compliance Officers of each Group sector through standard procedures and specific compliance audits – business ethics audits, anti-bribery and corruption audits and health and safety audits. Cases of fraud at any level of the organization and actual violations of the Code of Conduct by senior managers are submitted to the Internal Control Committee and to the Board of Directors of Fiat Industrial S.p.A.

The Group conducted 21 compliance audits in 2011; no substantial violations of the code were found to have been committed.

During the year, twenty reports of alleged violations were received under the Whistleblowing Procedures. Of that number, one case was verified to be an actual violation of the code, resulting in disciplinary action, and five cases led to the implementation of measures to strengthen the Internal Control System; six cases were found to be groundless or without sufficient corroborating evidence. Investigations are still underway for the remaining eight cases.

Violations of the Code of Conduct

Fiat Industrial Group worldwide

	2011
Reports received under Whistleblowing Procedures	20
of which violations confirmed and disciplinary action taken	1
of which violations confirmed and action taken to strengthen the Internal Control System	5
of which allegations found to be groundless	6
of which investigations are underway	8
Violations revealed during standard operating procedures	101

For all code violations, the disciplinary measures taken were commensurate with the severity of the case and complied with local legislation.

The relevant corporate departments were notified of the violations, irrespective of whether criminal action was taken by the authorities.



The principal types of violation verified in 2011 included misuse of Group assets and inappropriate conduct by employees. No cases emerged that involved bribery.

In addition, in order to understand the level of adherence by suppliers to the sustainability standards required by Fiat Industrial, Fiat Group Purchasing⁽¹⁾ monitors the supply chain through a process based on two principal elements: self-assessment questionnaires from suppliers and field audits conducted by Group personnel or external organizations (see also page 168). To the Group's knowledge, there is no use of child or forced labor at the plants of its suppliers. During 2011, Fiat Industrial conducted a study of 99% of its total workforce⁽²⁾ to determine the level of compliance with the Code of Conduct with

regard to the use of child labor. Under the code, "Fiat Industrial Group does not employ any form of [...] child labour, namely it does not employ people younger than the permissible age for working established in the legislation of the place in which work is carried out and, in any case, younger than fifteen, unless an exception is expressly provided by international conventions and by local legislation."

The study found that none of the companies mapped employ individuals under the statutory minimum age set by local legislation for employment or for apprenticeships. It was also shown that no minor under the age of 18 employed by a Group company on a regular employment contract or as an apprentice is exposed to hazardous working conditions⁽³⁾.

⁽¹⁾ A Fiat Group company that also conducts purchasing activities for all of Fiat Industrial's sectors to enable the global management of suppliers.

⁽²⁾ Study conducted on the total workforce as at 31 October 2011.

⁽³⁾ For the purposes of the study, hazardous working conditions include: work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads; exposure to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to health; work under particularly difficult conditions (long hours or work at night).

BUSINESS ETHICS AND ANTI-CORRUPTION GUIDELINES

Fiat Industrial Group participates actively in the fight against all forms of corruption, adhering fully to national and international laws and the principles of fairness, transparency and integrity. To ensure the highest standards are met, these principles have also been set out in detail in the relevant guidelines and, together with the requirements of local law, they are to be adhered to by all employees, agents, suppliers and other individuals and entities that have a business relationship with the Group.

The guidelines specifically address:

- the prohibition of cash gifts to public officials, politicians or military personnel in order to obtain economic advantages for Group companies
- the need to include clauses in outsourcing and joint venture agreements that specify the consequences of violating anti-corruption laws
- the prohibition of gifts and benefits-in-kind for the purpose of gaining preferential treatment
- the possibility of making donations for charitable purposes only and the requirement that contributions to political parties must be approved by top management
- full compliance with laws applicable to the export of goods and services.

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

The Code of Conduct also regulates relationships with public and private organizations of various types. Any lobbying activity must be carried out in strict observance of the law and regulations and in accordance with the principles of fairness, transparency and integrity, as required by the Fiat Industrial Business Ethics and Anti-corruption Guidelines, and must be authorized at the appropriate level within each Group company.

Fiat Industrial Group dialogues and collaborates with numerous organizations. It is an active member of the principal trade associations and regularly participates in round-table discussions at both the national and international level, in the firm belief that responsible corporate citizenship encompasses a duty to contribute to public policy development.

Dialogue focuses on issues of an economic nature, such as the performance of Group companies, issues related to growth and development and, more generally, labor policies (flexibility, training, pension systems) and specific needs associated with manufacturing and commercial activities (technical, commercial and tax regulation). In particular, as a member of various associations, Fiat Industrial is committed to contributing to the **development**



of regulations and standards for the capital goods sector and for all that concerning the mobility of people and goods.

Fiat Industrial is registered in the new EU Commission and European Parliament Joint Transparency Register for organizations and self-employed individuals engaged in EU policy-making and policy implementation. The purpose of the register is to ensure that lobbying practices are transparent and legally compliant as well as consistent with ethical principles, so as to prevent undue pressure and illegitimate or privileged access to information or to decision makers.

In its capacity as a major industrial enterprise, the Group promotes ongoing, proactive engagement with central and local **institutions**, especially in Italy. In 2011, for instance, it continued working in partnership with the Ministry of Infrastructure and Transport on the DICIOTTO project, which involves testing of a tractor/semitrailer system, up to 18 meters in length, with a view to optimizing the transport capacity and eco-friendliness of heavy vehicles, while satisfying strict safety standards.

At the European level, Fiat Industrial is a member of **trade associations** such as the European Automobile Manufacturers' Association (ACEA) and the European Committee of Associations of Manufacturers of Agricultural Machinery (CEMA). Through the ACEA, which interfaces on a constant basis with major European institutions, Iveco contributes to the definition of regulations and directives concerning CO₂ emissions for mid-size and heavy-duty commercial vehicles by leading international working groups and developing tests for application in the definition of methodologies.

In Brazil the Group is an active member of the Associação Nacional dos Fabricantes de Veículos Automotores (ANFAVEA), a trade association representing manufacturers of automobiles, industrial vehicles and agricultural and construction equipment. The association conducts research on industry and market issues, and coordinates and voices the interests of its members.

Besides its membership of trade associations, Fiat Industrial collaborates with **public entities, universities and other organizations**. Through such collaboration, the Group is involved in experimental activities and laboratory testing aimed at defining the content of specific legislation or regulations. An example is given by the projects coordinated by Iveco, with the support of the engineering departments of partner universities in Italy, under the Industria 2015 program promoted by the Italian Ministry of Economic Development, which identifies strategic

areas for driving the future growth and competitiveness of Italian industry. Lobbying activities **on social issues** in some countries, such as the United States, are managed separately by Group companies, which deal directly with institutions, government and trade unions. CNH has robust processes to ensure that the company conducts lobbying activities with respect to governmental authorities in the United States in accordance with laws and applicable government ethics and disclosure rules.

In other countries, such dealings are carried out through the industrial and employers' associations to which Group companies belong, such as the Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA) in Germany and the Mouvement des Entreprises de France (MEDEF) in France. These associations act to protect the interests of their members and represent them in social dialogue, both at the national and local levels, with the key political and administrative institutions, trade unions and other social parties.

In Italy, Fiat Industrial has decided to withdraw its membership from Confindustria as of 2012 and negotiate its own labor contract. Through agreements forged directly with its social partners, the Group will compete internationally on a more level footing with its competitors, at a time of such particular difficulty for the world economy.

In addition, Business Europe – the confederation of European businesses which, through its 41 member federations from 35 countries, represents more than twenty million companies of all sizes – is a recognized partner that participates in social dialogue at the European Union level.

Finally, any relationship between Fiat Industrial and **political parties** and their representatives or candidates is conducted according to the highest standards of transparency and integrity. Financial contributions by the Group are only allowed where permitted by law and must be authorized at the appropriate level within each Group company. In 2011, no contributions were made to political parties. Any political association or financial contribution made by Group employees is considered as personal and completely voluntary. This includes contributions made through a United States Political Action Committee (PAC). In accordance with US law, CNH provides support to the Case New Holland Excellence in Government Committee (PAC) which collects voluntary personal contributions from its employees for donation to political parties or candidates. Information relating to those contributions is available on the website of the US Federal Election Commission (www.fec.gov).

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RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT MODEL

In accordance with regulatory instructions requiring companies to adopt suitable corporate governance models, and to respond to market demands for greater transparency and disclosure of business risks, Fiat Industrial has long adopted an Enterprise Risk Management (ERM) system.

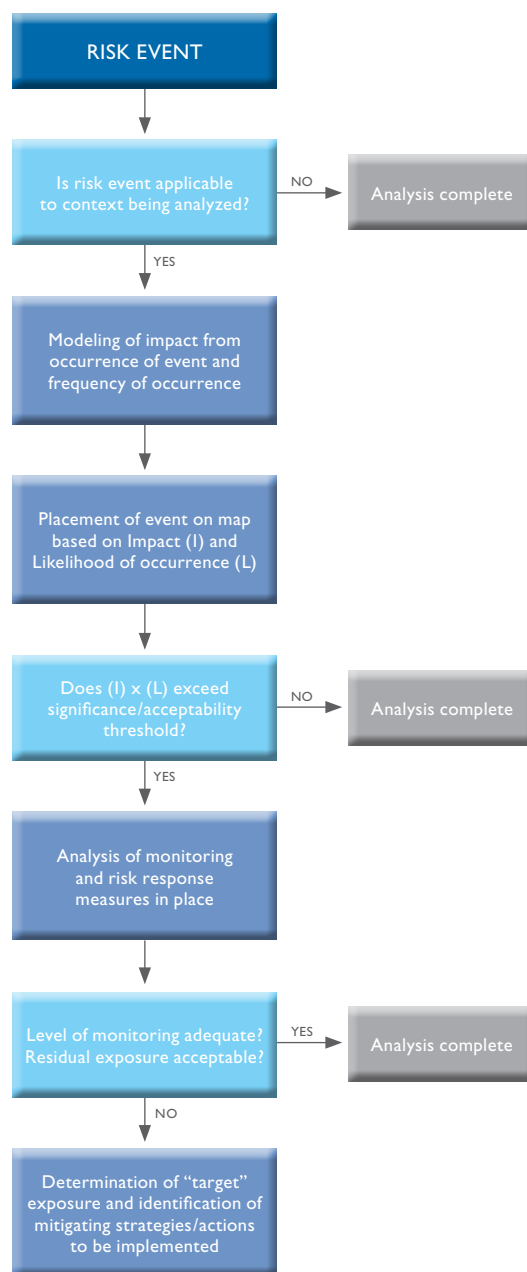
The adoption of an ERM process was also driven by the motivation to take a systematic approach to identifying the risk profile of business operations, thus enabling the assessment of risks and opportunities to be integrated into the management of business performance. Moreover, the process reflects the Group's commitment to sustainability, as the internal auditing cycle regularly assesses potential risks connected with the environmental and social impacts of the Group's business.

Fiat Industrial has carried over the ERM methodology in place at Fiat Group prior to the demerger, which defines a risk as any event that could negatively or positively impact the company's ability to achieve its objectives.

The model was developed internally by Fiat in 2004 and has since been adopted by all the sectors now part of the new Fiat Industrial Group. It enables the timely identification of risks and an assessment of their significance, with action plans set forth to mitigate or eliminate them where possible. Adapted from the framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) to the specific needs of the Group, the model was revised recently to reflect experience acquired over the years and indications of best practice that emerged from a comparison with other industrial groups. In particular, **risk drivers were remapped** to better respond to new requirements or emphasize significant issues (climate change, macroeconomic developments, joint ventures, etc.). This update was managed and coordinated by central group functions and was extended to all operating sectors and companies applying a top-down approach.

Audits starting in early 2012 will incorporate a new driver for water-related risks, to **assess risk areas tied to water scarcity and sustainable water management**, with the aim of identifying and anticipating local needs and preventing any adverse impacts on manufacturing processes and company reputation.

Some fifty risk drivers have now been identified, which are broken down further into 85 potential events. Risk levels, based on the likelihood of occurrence and the potential impact on profitability, business continuity and reputation (or a combination of these elements) – which, analyzed jointly determine the significance of a risk – remain unchanged. For events that



exceed a predetermined significance threshold, existing measures are analyzed and future containment measures, action plans and individuals responsible determined.

This process, which is aided by a dedicated information system, is based on a bottom-up approach that, beginning with individual business units, enables an assessment and summary report to be generated for each sector, including any containment measures to be put in place. The Chief Financial Officer and Chief Executive Officer of each sector are required to approve those reports, while central Group Control is responsible for their coordination and consolidation into the **Group Risk Report**. This document is submitted annually to the Internal Control Committee, which assists the Board of Directors in determining the adequacy and effective functioning of the Internal Control System.

Certain specific risks⁽¹⁾ are monitored by dedicated organizational units. For example, risks associated with the potential impact of the Group's industrial activities on the environment and climate are monitored and proactively managed by the Environment Health and Safety (EHS) unit for each sector, also in accordance with the Environment pillar of World Class Manufacturing. Plant managers are responsible for the operational aspects at sites worldwide, with activities coordinated by sector EHS structures (see also pages 87, 126). In addition, for the management of events that could potentially impact the **continuity of operations** or the integrity of physical assets (in particular, the Group's 64 plants), a central role is played by Risk Management S.p.A., a Fiat Group company which manages the control of pure risks (fire, explosions, natural disasters) and insurance coverage of those risks also on behalf of Fiat Industrial.



⁽¹⁾ For additional information on the management of financial risks, please refer to the Annual Report and the sustainability section of the Fiat Industrial website.

MANAGEMENT OF PURE RISKS

Fiat Group has a thirty-year background in risk management, concentrating its activities at its own specialized risk center responsible for the processes of identification, quantification, analysis and technical and financial treatment of risks and monitoring of relative changes.

The demerger of Fiat Group into two separate industrial groups did not change the Pure Risks Management Policy, which continues to be managed by the Risk Management team that guarantees alignment with the most rigorous international prevention standards, combining them with Fiat Industrial's specific characteristics and strategies.

Fiat Industrial's Pure Risk Management Policy⁽¹⁾ covers interventions for prevention and for the protection of its material assets, as well as for the continuity of production in accordance with the strictest international standards of reference in order to minimize insurance costs.

Systematic prevention is performed based on a management process that identifies potential risks, assessment of their severity, preparation of proper tools for their monitoring and definition of the most efficient initiatives to be created. These standards are already applied during the planning of new initiatives. For already existing operational units, the standards are an objective to be met gradually.

Risk Management is the Fiat Industrial center responsible for the pure risk management process and provides the necessary supporting methodologies for making the best choices, while cross-functional and cross-sector working groups define objectives and methodologies on the issue of prevention and the specific risk categories in accordance with industrial strategies.

Considering the necessity for strong central coordination in the management of pure risks in a global group like Fiat Industrial, the company relies on an internal task force composed of the central risk management and sector risk managers. Further support is provided by a sufficient number of local specialists that aid in reconciling the specific characteristics of different countries and cultures with the necessity to be uniform and aligned with the international prevention standards chosen by the Group. To ensure maximum transparency and credibility, a strategic choice was made to outsource field audits to an international risk consulting agency, belonging to a major international insurance group and one of the primary providers of coverage to Fiat Industrial.

The audit schedule for the scope of analysis (105 sites that account for 93% of the total insured value)⁽²⁾ is spread out over a three-year plan that enabled

analysis of 48% of sites in 2011 and 100% over the last three years.

Another 130 projects and initiatives followed around the world, guaranteeing the greatest alignment with the international prevention standards to which the Group refers.

The prevention measures put into place and the investments in protection



⁽¹⁾ Pure risks are risks resulting from natural causes or accidental or malicious acts that may result not only in damage to goods or facilities but also lead to a short or long-term interruption of operations.

⁽²⁾ Calculation based on replacement value of property insured and cost associated with interruption of activity.

made in 2011, for a total of worldwide investments of €10.2 million,⁽¹⁾ led to a reduction of potential losses amounting to €0.58 billion⁽¹⁾ with a global efficiency index of 1.75, in compliance with the highest international standards.⁽²⁾

The training program for raising the awareness on prevention issues continued in 2011 with seminars in Italy, Brazil and Poland, increasing the number of plant specialists trained in the last five years to 132. Together, all of this field work performed during the year enabled the elimination of 88 non-compliances due to human factors, raising the portion of Group sites certified as entirely in line with the most rigorous international prevention standards to 52%.

Another important measure is the monitoring and thorough study of each accident or near miss. In fact, when an event occurs, it is very important to investigate its causes immediately and identify the favorable and unfavorable aspects that contributed to minimizing or amplifying its effects in order to identify the best corrective actions, with subsequent rapid passing on of the information to all Group sites. This is achieved through the drafting of so-called loss lessons that are distributed to all Group sites worldwide through the Risk Management community intranet.

In 2011, one accident and eight near misses were studied, from which 443 non-compliances/recommendations were developed.

All these activities and the results achieved in 2011 – 49% of the insured value certified as Highly Protected Risk (HPR) or almost highly protected (nearly HPR) – were appraised and recognized by the International Insurance market, to which Fiat Industrial turns for the coverage of its pure risks, thus affirming that prevention is an integral part of the corporate culture on all levels. In fact, it is entirely integrated in daily activities, the development of new projects, and is strongly backed by senior management.

In addition to these well-established activities, in 2011 with the Risk Management Lab the prevention team continued to dedicate considerable resources to developing innovative prevention methods capable of guaranteeing the ability to identify, analyze and properly manage new potential pure risk elements for the Group within a rapidly changing market. In 2011 the *VISIO@RISK* project was completed, becoming a communication platform within the Group for sharing risk analyses and natural event maps. In association with AXA Matrix and the University of Naples, a three-year project was commenced for the development of an innovative methodology for **quantitative probabilistic risk assessment** that allows estimation

of risk through a separate study of the **region's vulnerability to earthquakes** with regard to structural weaknesses and the potential economic impact in terms of direct and indirect damage.

The objective is to obtain a quantification of the potential seismic risks of an industrial site by developing scenarios of potential damage in order to define the best mitigation strategies and intervention priorities based on two possible levels of analysis according to the type of structural and geotechnical information available.

In the second half of 2011, a pilot analysis program was completed in select Italian industrial sites which testified to the validity of the project.

In 2012, this methodology was applied to select Fiat Industrial sites in Italy. To be prepared for handling potential risks brought on by **climate change**, in 2010 Risk Management created Group guidelines that ensure that the entire organization is aware of such risks and is equipped with the proper countermeasures.

In 2011, the climate change project proceeded with the creation of an interdisciplinary working group and the organization of a dedicated workshop with the objective of making an initial list of potential new or increased risks related to climate change and of assessment priorities.

This is a highly complex issue that may be addressed only by finding a common denominator among different professional experiences, corporate functions and schools of thought.

A renowned Italian climatologist set out to ensure greater efficiency at the workshop by providing a scientific framework, and a film crew filmed the entire event so that it could be made available to Group employees on the intranet portal.

The working group identified the priorities for assessment, such as heat waves, hail, rain, tornadoes and hurricanes, floods and rising sea levels on which the Group will work next year in order to develop the proper analysis and monitoring methodologies.

In 2011, the pilot project of the innovative methodology studied and developed in 2009 and 2010 for analyzing insurable environmental risk was completed. This pilot project included the execution of on-the-spot inspections at three select Italian sites to check both the methodology and instruments used.

The results obtained with this pilot were extremely positive and Risk Management is now ready to extend analysis to a large number of both Italian and foreign sites.

⁽¹⁾ Figures relate to the period from 1 September 2010 to 31 August 2011 (Insurance Year).

⁽²⁾ In the management of major industrial risks, efficiency indices equal to or less than 3 are considered good and are analogous to an investment of €3 in order to eliminate potential losses of €100.

SUSTAINABILITY GOVERNANCE

At Fiat Industrial, the integration of economic decisions with those of a social and environmental nature constitutes a commitment which is fundamental to the long term creation of value.

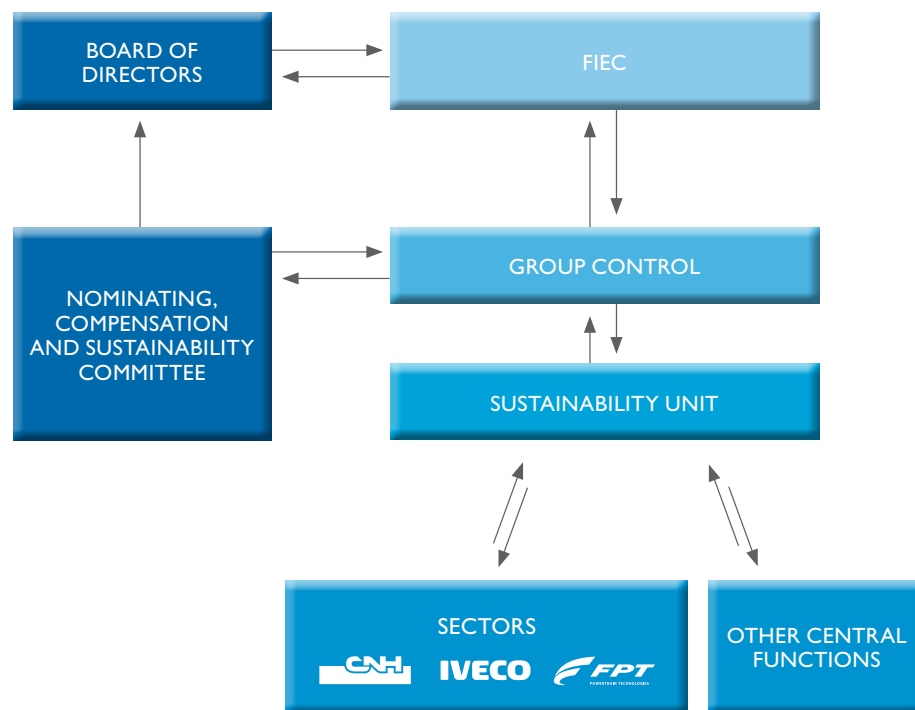
To fulfill this commitment, Fiat Industrial has adopted a robust model of sustainability governance. From day one, Fiat Industrial's operational approach has been based on sustainability best practice and on operating methods and organizational structures already in place at Fiat Group prior to the demerger, adapting them to its own specific business and organizational requirements. Firmly rooted in the corporate culture of Fiat Group, the model is the outcome of years of development, involving best practice benchmarking and the implementation of recommendations from major rating agencies.

RESPONSIBILITY FOR SUSTAINABILITY

Sustainability is an intrinsic part of Fiat Industrial Group corporate governance and is spearheaded by senior management.

The **Nominating, Compensation and Sustainability Committee** is a subcommittee of the Board of Directors. It evaluates proposals related to strategic guidelines on sustainability-related issues, presenting opinions to the board as necessary, and reviews the annual Sustainability Report.

The **Fiat Industrial Executive Council (FIEC)** is the highest decision-making body after the Board of Directors. Composed of the Group's Chairman, the CEOs of Fiat Industrial Group sectors and the various heads of key functions, it defines strategic approach, evaluates the congruity of the



Sustainability Plan with business objectives and is periodically informed of the Group's sustainability performance. All FIEC members are invited on a regular basis to attend the meetings of the Board of Directors.

The **Sustainability Unit**, a part of Group Control, which reports directly to the Group's Chairman, plays an operational role. The Unit is responsible for regularly updating the sustainability management system and keeping abreast of developments in the sustainability issues covered, while implementing the recommendations of sustainability experts, rating agencies and investors and benchmarking the competition. The Sustainability Unit plays a key role in promoting a culture of sustainability within the Group; it facilitates the process of constant improvement and contributes to risk management and the enhancement of reputation with stakeholders. It also works with each of the sectors to adapt key performance indicators, monitors the achievement of Sustainability Plan targets and formulates proposals for new targets. The Sustainability Unit is responsible for preparing the annual Sustainability Report and managing the sustainability section of the Group website, and completes the questionnaires required by rating agencies; it also responds, together with Investor Relations, to the queries of socially responsible investors (SRI) and supports sectors in their dealings with stakeholders on environmental and social issues.

Specifically, the Sustainability Unit facilitates and coordinates ongoing exchange on sustainability issues among the main central and sector functions (Business Development; Corporate Communications; Engineering & Design, Group Control; Human Resources – including Industrial Relations; Institutional Relations; Internal Audit; Manufacturing; Purchasing; General Counsel, and Treasurer), so as jointly to assess operational decisions concerning sustainability and proposals for submission to the Fiat Industrial Executive Council.

Group representatives in each sector are a key part of the sustainability governance system. These figures cover operating roles and responsibilities with regard to specific issues and are involved in the reporting process and in the identification of improvement proposals. Group representatives are a direct link between the Sustainability Unit and the Group's businesses, acting as an intermediary between the two from both a technical and organizational point of view.

In order to tackle the challenges of sustainability more effectively, some of the sectors appointed a **sector Sustainability Manager**, tasked with coordinating and promoting responsible action within their respective organizations, guaranteeing a link between the sector and the Sustainability Unit, and managing the activities of internal committees composed of representatives from the various sector departments. This was the case in Iveco, for instance, which in 2011 established a Sustainability Committee headed by the sector CEO, which is tasked with assessing and approving key social and environmental initiatives.

In 2011, social and environmental targets were included among the Performance & Leadership Management objectives for a majority of second-level managers under the sector CEOs. The goal for 2012 is to extend such targets to all managers responsible for projects included in the Sustainability Plan.

THE SUSTAINABILITY MANAGEMENT SYSTEM

The sustainability management system consists of the following series of tools:

- a set of approximately **200 Key Performance Indicators** (KPIs), designed to provide maximum coverage of all the main environmental, social and governance aspects of sustainability, in line with GRI-G3.1 standards and the requirements of major sustainability rating agencies
- the **Code of Conduct** and **policies** (see also pages 53-54) approved by the Board of Directors, which set forth the Group's approach to key issues
- the **Sustainability Plan**, which identifies action priorities and confirms the commitments undertaken
- the **Sustainability Report**, which annually discloses the Group's performance with regard to sustainability issues, expanding on and complementing the disclosures made in the Annual Report and the Corporate Governance Report
- the **Group website**, which includes a **dedicated top-level sustainability section** presenting the contents of the most recent Sustainability Report and ongoing updates throughout the various reporting cycles.

PROCESS FOR THE SUSTAINABILITY PLAN

The commitments, actions and targets in the Sustainability Plan are initially defined on the basis of the areas for improvement identified by the Sustainability Unit in collaboration with the sectors and central functions (planning phase). In support of that activity, throughout the year the Sustainability Unit monitors performance of best competitors and assessments by the principal sustainability rating agencies, international organizations and socially-responsible investors with whom the Group has a relationship. The Sustainability Plan draft is then submitted for approval by the Fiat Industrial Executive Council, which evaluates its consistency with Group strategy and makes appropriate recommendations. Once approved by the FIEC, the Plan is submitted to the Nominating, Compensation and Sustainability Committee a subcommittee of the Board of Directors. Responsibility for individual projects and achievement of agreed targets in the Sustainability Plan rests with the various sectors or central functions which have the resources, tools and know-how necessary for their implementation (management phase). As a further guarantee of adherence to the commitments made, the Sustainability Unit is periodically updated on the status of projects and, in turn, updates the FIEC (control phase).



SUSTAINABLE INNOVATION

For Fiat Industrial Group, innovation is the key to reconciling environmentally sustainable processes with economically sustainable solutions, to offer a vehicle lineup at the leading edge of environmental, safety and efficiency standards while assuring low vehicle operating costs.

Through continuous research, Fiat Industrial seeks to anticipate any potential environmental issues in its manufacturing processes and ensure that its product lineup is always one step ahead of regulatory standards.

In 2011, in an effort to set forth a common strategy for innovation throughout Fiat Industrial and facilitate the transfer of know-how across the sectors, thus multiplying the consequent benefits, the Group launched the **Industrial Innovation Technology Committee 3x3**, which will formally begin work in 2012.

The goals of the Industrial Innovation Technology Committee 3x3 are to:

- **define strategic guidelines** regarding Fiat Industrial product innovation
- identify potential **synergies among the three sectors**
- **coordinate relevant** CNH, Iveco, FPT Industrial **innovation projects** in order to guarantee coherence and consistency with the corporate targets.

Its main tasks include:

- identifying and analyzing current company roadmaps
- assessing long-term market needs and verifying customer value
- monitoring available technology and trends in order to define medium and long-term competitive gaps and core areas of innovation and formulate a **Fiat Industrial Innovation Technology Plan**.

In 2011, **expenditure on Research and Development** totaled approximately **€742 million**, equal to 3.2% of net revenues for the Group's Industrial Activities. In total, R&D activities involve some **5,000 specialized personnel at 51 centers**.

Public funding for Research and Development

Fiat Industrial Group worldwide (€ million)

	2011	2010	2009
R&D spending ⁽¹⁾	742	652	538
	2011	2010	2009
Grants	2	7	5
Loans	6	10	14
of which subsidized loans	6	10	14
Total	8	17	19



⁽¹⁾ Includes capitalized R&D and R&D charged directly to the income statement.

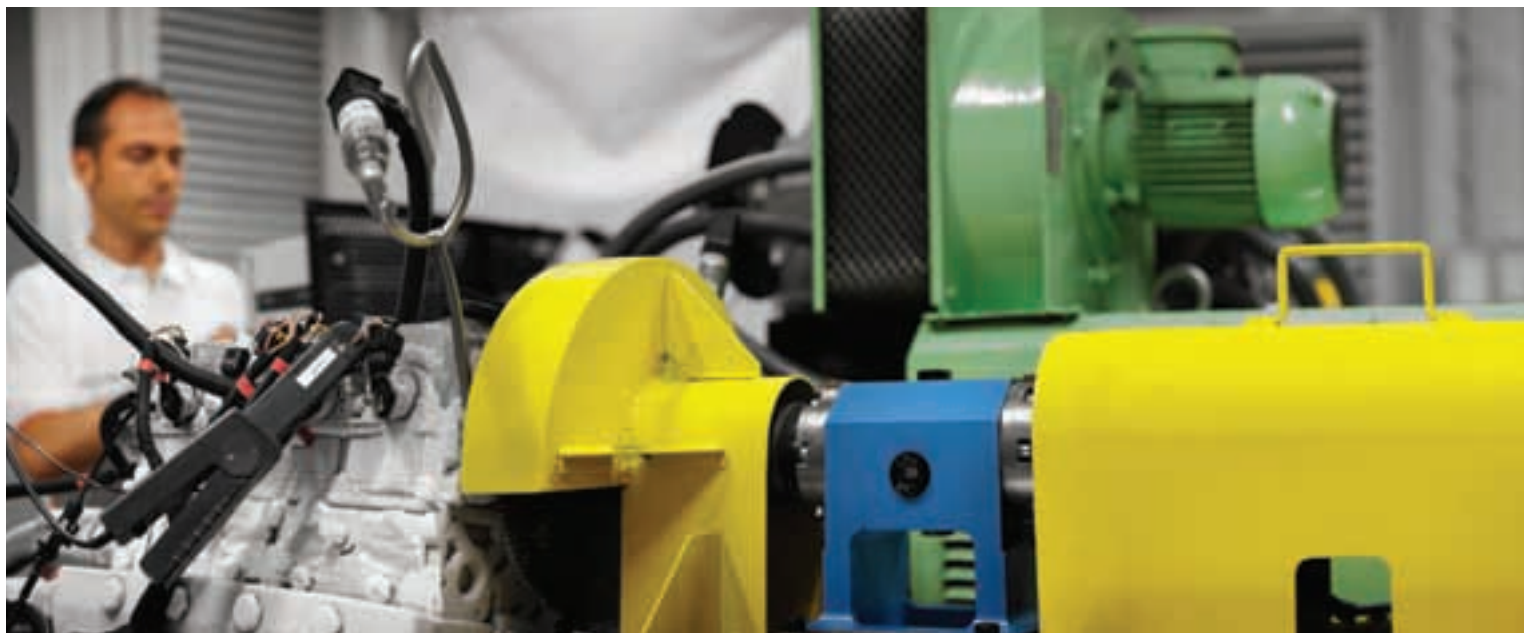
The Group's research is concentrated in the following areas:

- products:
 - ▢ reduction of polluting emissions
 - ▢ alternative fuels and renewable energy sources
 - ▢ improvement in working conditions
 - ▢ safety system
- production processes, with focus on ergonomics, logistics, quality and energy efficiency (World Class Manufacturing)
- working methodologies, with focus on virtual analysis, quality improvement solutions and reduction of time required for product development.

In 2011, Fiat Industrial Group pursued research and innovation projects aimed at promoting sustainable mobility on several fronts with the support of the Centro Ricerche Fiat (CRF). Following the demerger of activities from Fiat S.p.A., CRF remained within Fiat Group post demerger. However, to guarantee continued support to Fiat Industrial Group, a number of researchers working on specific projects were transferred to Fiat Industrial and service agreements were entered into in relation to contributions to the research and development activities of individual sectors.

The **Centro Ricerche Fiat** (CRF) was established in 1978 as a center for innovation and development. Internationally recognized today

as a center for excellence, the mission of the CRF (headquartered in Orbassano, near Turin, Italy) is to utilize innovation as a strategic lever for the business operations of Fiat and Fiat Industrial. With approximately 1,000 employees, the CRF draws on a broad array of technical skills in addition to a series of state-of-the-art laboratories for testing powertrain systems and electromagnetic compatibility, and conducting NVH analyses and driving simulations. The CRF has achieved significant results over the years, with 2,860 patents filed or pending at the end of 2011, and has developed a global network of more than 1,760 industrial partners, universities and research centers that further strengthen the CRF's innovation strategies, facilitate local implementation of projects and enable development of specialized know-how. CRF had more than 19 projects approved internationally in 2011 under the EU's Seventh Framework Programme for 2007–2013, bringing the total active projects under this program to 133. Its status as a well-established European research center, together with its reputed know-how and extensive presence throughout Italy, have also led to its participation in many public-private partnerships (PPPs) set up to focus public and private research on areas of common interest and on industrial applications both in Italy and Europe (Green Car Initiative and Factories of the Future). Particularly active in the area





of sustainable mobility, the CRF studies innovative solutions through a 360 degree approach to mobility, encompassing vehicles, components, energy, safety, telematics, innovative materials and related technologies and mechatronics, as well as innovative concepts in engine technologies, alternative propulsion systems and transmissions. The CRF's activities are focused in the following three macro areas: environmental sustainability, social sustainability and economically-sustainable competition.

Another important focal point for research is the **Research and Development Center in Arbon** (Switzerland) where the FPT Industrial products of tomorrow are developed. Employing two hundred expert researchers, it was here that solutions were tested, enabling FPT Industrial engines to reduce their emissions and become Euro VI and Tier 4B compliant ahead of the regulatory standards.

FPT Industrial engines are tested in Arbon with a view to maximizing engine power density, duration and reliability while minimizing consumption. The Center is equipped with state-of-the-art facilities for visual testing, physical testing and simulations. Virtual testing in Arbon means that new

engines can be developed in less than 36 months. The Center also has a department dedicated to road testing vehicles.

For diesel engines, new solutions are tested to improve engine efficiency, with the goal of constantly reducing consumption and emissions. Another area of focus is the study of second generation biodiesel, a high quality synthetic fuel by far superior to ordinary diesel. Second generation biodiesel can be converted from certain types of plants but also from biomass, bringing the added benefit of recycling waste.

OPEN INNOVATION

Fiat Industrial Group's innovation process is based on the generation and exchange of ideas which are stimulated continuously through a range of initiatives and tools. Creativity is encouraged at every level and in every area of the organization and from all stakeholders, even those not specifically dedicated to innovation. One example is the collection of suggestions from employees for improvements in manufacturing processes, an element of World Class Manufacturing.

Another example of this philosophy of sharing know-how is the **Open Innovation Initiative** promoted by Iveco, whose aim is to create a global network of international partners from a variety of professional spheres to improve the effectiveness and efficiency of the idea generation process. The concept of open innovation is based on the recognition that knowledge is much more widely distributed and accessible today than in the past. Consequently, companies can no longer be competitive or successful by relying on internal know-how or traditional channels alone. Rather, they need to open up and seek new ideas and know-how wherever these exist, without limiting themselves to any one geographic area or sector. This represents a new way of doing business, where previously unavailable resources are shared and mass collaboration is leveraged. When faced with a particularly complex internal problem, Iveco taps into its global Open Innovation network, consisting of over five million potential solution providers from a wide range of sectors that are located in 135 countries worldwide. The result is a dramatically increased capacity for problem solving that opens the way for innovative and distinctive solutions. In September 2010, Iveco also launched Brainwave, a system for generating and managing ideas (based on the Web 2.0 platform) that stimulates creativity and promotes a culture of innovation. This collaborative workshop enables Iveco to post queries on specific research topics and get feedback from the community of users, which proposes ideas, discusses and votes on them, and promotes



their development. The best ideas are then submitted to a formal evaluation based on the established innovation process, and valid ideas are transformed into real projects. Initially opened to all Iveco salaried employees in Italy, in 2011 about 3,100 employees participated actively in Brainwave, originating 326 ideas.

In CNH, an ongoing Award Program is in place to **encourage all employees to submit innovative ideas**. The program offers specific incentive schemes for employees who are mentioned as inventors on patent applications or patents.

CNH patent applications and patents are tracked in a patent database, which is held and managed centrally by the CNH Intellectual Property Department. Dedicated teams receive an invitation on a regular basis to evaluate the recently published applications or patents. This again stimulates the generation of new ideas which improves products.

CNH Innovation Portal is available on line.

If employees have a valuable idea, they can file their Invention Disclosure through the Innovation Portal. It is then processed by the CNH Intellectual Property Department and associated Review Teams. The employee is able to follow-up every step of this process on the Innovation Portal. In this way the Innovation Portal gives a face to the spirit of transparent and cooperative innovation inside CNH.

PARTNERSHIPS AND PROJECTS

Fiat Industrial collaborates with approximately thirty universities in North America (USA and Canada), Europe (Italy and Belgium), Asia (China), Latin America (Brazil).

Fiat Industrial is a **member of the European Automobile Manufacturers' Association (ACEA)**, with which it collaborates on various environmental projects.

Through the ACEA, which interfaces on a constant basis with the principal European institutions, Fiat Industrial contributed to the **definition of Regulations and Directives on CO₂ emissions** and international transportation and trade policies, in an effort to ensure that regulations are more balanced and sustainable for automakers and EU member states. In addition, in the medium and heavy commercial vehicle segments, collaboration continued between the ACEA and the European Commission to define a **methodology for the measurement of CO₂ emissions**. Iveco contributed actively by leading international working groups and developing tests for application in the definition of the above methodology. For the development of the ACEA project, Iveco made

use of the Brainwave platform, through which 65 ideas were collected in English from a total of 534 people involved over a period of three weeks. Fiat Industrial believes that **engagement with suppliers** is a fundamental lever for the development of innovative solutions (see also pages 168-169). CNH has always considered the **customer's opinion as a fundamental basis for developing new projects** and for defining a customer-oriented brand strategy. To meet these targets, at the end of 2007, Voice of the Customer, a dedicated Market Research Department, was created for collecting input from customers that can be used in future product development (see also page 159).

Fiat Industrial Group has a **long tradition of involvement in national and international working groups** through the collaboration of each of its sectors, and for a number of years has played an active role in the European Commission's Framework Programmes. Examples are given by CityLog and CityMove, two projects for both urban and intercity transport aimed at the integration of solutions to enhance and improve safety, productivity, energy efficiency and environmental footprint. The Hybrid Commercial Vehicle (HCV) project, instead, seeks to promote the development and introduction of concrete solutions for light commercial vehicles and urban buses equipped with second-generation hybrid diesel/electric propulsion systems.

At the national level, Fiat Industrial promotes a range of initiatives, including those presented as part of the Industria 2015 program, through which the Italian Ministry for Economic Development has established strategic policies for the development and competitiveness of the manufacturing system of the future.

Fiat Industrial put forward several projects, most notably in the strategic area of sustainable mobility, and three of those proposals were selected as eligible for cofinancing: LIVE (eco-compatible light commercial vehicles), VECTOR (optimized multi-role medium commercial vehicles), and AUTOBUS (innovative buses for urban mobility). Iveco is the coordinator of all three projects.

Work also continued in partnership with the Ministry of Infrastructure and Transport on the DICIOTTO project, with the active participation of Iveco. DICIOTTO involves the testing of a tractor-semitrailer system of up to 18 meters in length, with a view to optimizing the transport capacity and eco-friendliness of heavy vehicles, while satisfying strict safety standards. The project involves the on-road testing of a total of thirty 18-meter combined tractor-semitrailers for a period of three years. In 2011, 16 of the vehicles were tested for a total of 1.5 million kilometers; another 1.6 million kilometers of testing is scheduled for 2012. The outcome to date has been satisfactory under all aspects.



INDEXES, RATINGS AND INVESTORS

SUSTAINABILITY INDEXES AND RATINGS

In 2011, in its first year of trading on financial markets, Fiat Industrial immediately affirmed its credentials as a sustainability leader, as recognized by leading rating agencies and international organizations.



In September 2011, Fiat Industrial entered, ranking as Industry Leader, in:

- Dow Jones Sustainability World Index
- Dow Jones Sustainability Europe Index.



The company received a score of 81/100 compared to an average of 49/100 for all companies in its sector (Industrial Engineering), evaluated by SAM, an investment group specialized in sustainability investing.

The prestigious Dow Jones Sustainability World and Europe indexes only admit those companies judged best-in-class in the sustainable management of their businesses.



With forty years of expertise in index construction and maintenance, MSCI is a leading provider of investment decision support tools to clients worldwide,

ranging from large pension plans to boutique hedge funds. MSCI is dedicated to supporting the increasingly complex needs of the investment community.

MSCI ESG Indices are designed to help clients incorporate environmental, social and governance (ESG) factors into their investment decisions.

Fiat Industrial is included in the following indices:

- MSCI WORLD ESG
- MSCI WORLD ex USA ESG
- MSCI EAFE ESG
- MSCI EUROPE ESG.



The STOXX Global ESG Leaders indices are sustainability indices based on a fully transparent and rule-based selection process. They offer a representation of the leading global companies in terms of environmental, social and governance criteria, based on ESG

indicators provided by Sustainalytics. The ESG Global Leaders index family consists of: STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders and STOXX Global ESG Governance Leaders. In addition, the rating model is based on KPIs for 3.0 standard by DVFA, the Society of Investment Professionals in Germany, and EFFAS, the European Federation of Financial Analysts Societies.

Fiat Industrial is included in the following indices:

- STOXX Global ESG Environmental Leaders Index
- STOXX Global ESG Social Leaders Index
- STOXX Global ESG Leaders Index.



In 2011 Fiat Industrial was included in the ECPI index family managed by ECPI, an ESG rating company that has been producing specialist indices

since 1997 for investors that incorporate non-financial factors into their investment decisions.

Fiat Industrial is included in the following indices:

- ECPI Developed Ethical + Equity
- ECPI Ethical EMU Equity.

FTSE | ECPI ITALIA SRI INDEX SERIES

Milan stock exchange, produced by FTSE, a British company owned by the Financial Times and the London Stock Exchange, and ECPI.

Fiat Industrial is included in the following indices:

- FTSE ECPI Italia SRI Benchmark
- FTSE ECPI Italia SRI Leaders.

CARBON DISCLOSURE PROJECT

Following its participation in the review conducted by the Carbon Disclosure Project, Fiat Industrial entered the Carbon Disclosure Leadership Index (CDLI) of the Italy 100 Report, ranking first in the Industrials sector with a score of 84/100 for its disclosure of issues linked to climate change and a B rating (on a scale from A-best to E-worst) for its climate change mitigation initiatives.

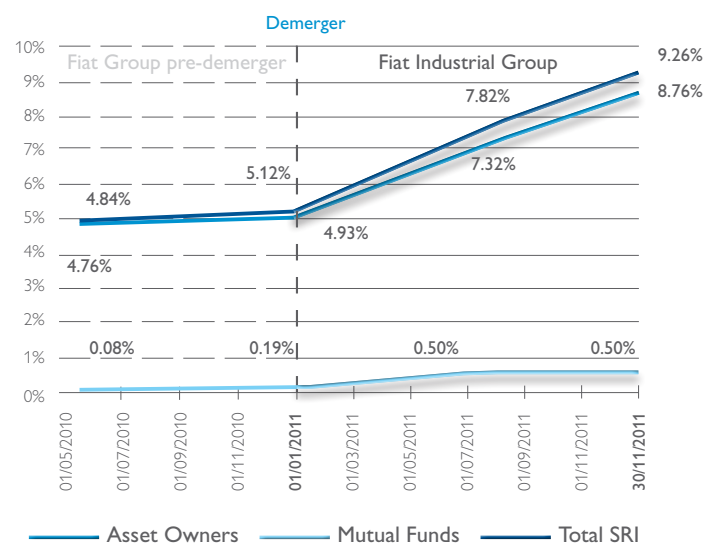
FIAT INDUSTRIAL AND SOCIALLY RESPONSIBLE INVESTORS

Fiat Industrial's firm commitment to sustainability is underscored by the number of socially responsible investors that choose to invest in the company's stock on the basis of environmental, social and governance factors that they take into consideration alongside more traditional financials.

Fiat Industrial is also included in the FTSE ECPI Italia SRI Index Series composed of a basket of Italian companies listed on the

As at 30 November 2011, 9.3%⁽¹⁾ of floating Fiat Industrial shares were held by 32 SRI asset owners⁽²⁾ and 29 SRI mutual funds.⁽³⁾ The figure betters the comprehensive average of 6.8% held by socially responsible investors in the benchmarking survey conducted at the same date on the combined free float of Fiat Industrial and four competitors.

The result shows a constant upward trend, also when compared to Fiat Group stock pre-demerger:



Source: Vigeo

⁽¹⁾ Analysis conducted by Vigeo SA. The Vigeo analysis covers the largest global asset owners, mainly pension funds (national, occupational, company specific, local governments), but also foundations and other institutional owners. Among them, an asset owner is identified as an SRI if at least one of these conditions is met: it adopts SRI principles in its investment policy (voting, engagement, activism, screening), it has dedicated SRI mandates, it uses SRI benchmark. The analysis also covers green, social and ethical mutual funds operating worldwide. A fund has to meet all the following conditions in order to be eligible for the analysis: it uses ethical, social or environmental screening for stock and bond issuer selection (negative screens and/or best-in-class), it is marketed as SRI and it is available to the public (retail funds).

⁽²⁾ Large financial organizations investing their own assets, pension funds, foundations, public funds and insurances, endowments or sovereign funds. These do not include assets managed by management firms on behalf of their clients.

⁽³⁾ The term is used in the same sense as for the European Fund and Asset Management Association (EFAMA) Statistical Releases: publicly offered open-end funds investing in transferable securities and money market funds. However, the data are not completely comparable, as this report includes some life insurances and pension funds complying with Vigeo definitions (cf. Green, Social and Ethical Funds in Europe – 2011 Review).





ENVIRONMENTAL DIMENSION

- 75 Our products
- 87 Manufacturing processes
- 105 Logistics processes
- 109 Non-manufacturing processes



OUR PRODUCTS

Fiat Industrial is a global leader in the capital goods sector. Through its various businesses, it designs, manufactures and sells trucks, commercial vehicles, buses, special vehicles, tractors, and agricultural and construction equipment, in addition to engines and implements for those vehicles and engines for marine applications. Ongoing research into innovative solutions enables the various sectors of Fiat Industrial to manufacture products that respect the environment and

satisfy the demands of people who require reliable, safe and comfortable vehicles and engines with competitive global operating costs. Efforts to minimize fuel consumption and polluting and CO₂ emissions, maximize efficiency and safety and improve management of the entire vehicle life cycle are pivotal to the Group's commitment towards the sustainability of its products (see also pages 27-29).

COMBATING CLIMATE CHANGE

Mobility has traditionally been synonymous with freedom and progress and it is closely tied to the economic progress of every country and continent. Over the past 50 years, there has been constant growth in the movement of people and goods.

Climate change and the energy crisis mean, however, that the concept of mobility needs to be rethought. Today, industry is being called upon to make its contribution toward stabilizing the level of greenhouse gases in the atmosphere and to take an active role in the research and development of solutions for a more sustainable mobility and lower impact manufacturing processes.

Fiat Industrial Group believes that effective, long-lasting results can only be achieved through an integrated approach that also involves energy producers, consumers and government. As such, in its product and process development activities, the Group is committed to further reducing CO₂ emissions, as well as promoting use of energy from alternative and renewable sources.

Reducing polluting emissions also plays a key role in meeting the Group's commitment to minimizing the environmental impact of its products, as stated in the Fiat Industrial Group Environmental Guidelines approved in September 2010.

POLLUTING EMISSIONS

As part of an environmental policy aimed at progressively reducing pollution, Fiat Industrial Group puts the maximum effort into developing devices that reduce emissions.

Underpinning the Group's performance in this field is the engine research conducted by FPT Industrial, whose solutions for conventional engines have enabled Fiat Industrial to meet and, in some cases, get ahead of regulatory standards, such as the Euro VI regulation for road transport and Tier 4B/Stage IV standards for industrial vehicles. The solutions identified, which vary based on engine class, power output and specific mission, include:

- **Selective Catalytic Reduction (SCR)** – an exhaust emission after-treatment system which converts nitrogen oxide (NO_x) into nitrogen (N₂) and water (H₂O), as happens naturally in the atmosphere, thanks to the chemical reaction with a Water-Urea Solution (DEF or AdBlue). Developed by FPT Industrial, the system is designed for easy installation, so as to eliminate any need for extensive changes to vehicle architecture
- **Exhaust Gas Recirculation (EGR)** – a system for cooling and recycling exhaust gas. EGR reduces the intake of oxygen in the combustion chamber, lowers combustion temperatures and, as a result, restricts the formation of nitrogen oxide (NO_x).

Advanced research by FPT Industrial has led to the development of **SCR Only** technology, which satisfies Tier 4B/Stage IV standards two years ahead of their introduction, without the need for additional emission treatment systems. FPT Industrial has opted for a strategy of minimizing the amount of particulate matter produced in the primary combustion chamber, thus boosting engine efficiency. SCR Only technology then steps in to reduce engine-out NOx emissions through the exhaust system; this way engine performance is optimized, while improving fuel efficiency and performance. The system uses a separate Diesel Oxidation Catalyst (DOC) unit. The temperature of the AdBlue injection module, located immediately afterwards, is controlled by the coolant from the engine. The whole system is fitted with a network of integrated sensors to control the NOx and any excess of NH₃ (ammonia) emitted. The use of this system allows NOx to be cut by more than 95%.

These solutions have permitted CNH and Iveco to comply with various regulatory standards. For agricultural and construction equipment, for instance, **Tier 4A/Stage IIIB** went into effect in 2011, requiring manufacturers to reduce particulate matter (PM) emissions by 90% and NOx emissions by 50% compared to the previous Tier 3 standard. The upcoming **Tier 4B/Stage IV** standards will require another major reduction in NOx emissions, reducing them by 90% compared to Tier 3.

CNH offers the widest range
of **Tier 4A/Stage IIIB**
compliant products

In 2011, CNH brought to term the activities enabling each of its brands to offer solutions satisfying the new emission standards. Today CNH brands offer the widest range of Tier 4A/Stage IIIB compliant products:

- 80 agricultural equipment models
- 75 construction equipment models.

In 2011, these solutions brought about a 3-5% reduction in fuel consumption in engines compliant with Tier 4A/Stage IIIB regulations for agricultural

and construction equipment. Further efficiency improvements have been made on several vehicle sub-systems, which, added to the engine improvements, result in a total fuel consumption reduction of 10% on several tractor and combine models, which corresponds to an equivalent reduction of CO₂ emissions.

Thanks to the exclusive SCR Only technology, Iveco and FPT Industrial have announced that all new registrations will comply with upcoming **Euro VI** standards, which take effect as of 1 January 2013. The new technology will be introduced on the two new Cursor and Tector engine ranges for heavy commercial vehicles and buses. With SCR Only technology, the new engines will preserve Iveco's leadership on the fuel economy front, while improving the environmental footprint of its vehicles.



The introduction of the Euro VI regulation represents a milestone in the development of world emissions standards since for the first time a **World Harmonized Test Cycle** (WHTC) is used for engine certification. The WHTC is a new emission testing system proposed by the Global Technical Regulation (GTR) and developed by UN ECE GRPE Group. The system harmonizes previous standards with the introduction of two test cycles, one with a cold start and one with a hot start.

Iveco is also dedicated to the development of low-emission vehicles, in particular to meet the specific needs of local public transport, where air quality is of prime importance. For years, Iveco has been a leading producer of natural gas buses that comply with **Enhanced Environmentally-Friendly Vehicle (EEV)** emission limits, the **strictest emission standards in Europe**. Iveco is also able to satisfy these standards for its diesel-powered vehicles.

CO₂ EMISSIONS

No single solution exists for minimizing emissions. Rather, emission reductions can only be achieved through a combination of conventional and alternative technologies, which is why Fiat Industrial is working to:

- optimize the ecological performance of conventional engines
- increase use of alternative fuels
- develop non-conventional propulsion systems
- design systems to cut emissions
- raise customer awareness (see also pages 154, 161).

The Group is convinced of the importance of cooperation among all players for addressing environmental issues in general, and climate change in particular. Accordingly, a number of collaborations are in place with various institutions and organizations to help identify a methodology for measuring CO₂ emissions. In particular, Iveco contributes actively by leading international working groups and developing tests for application in the definition of the above methodology (see also page 57).

Development of propulsion systems

Iveco

AVAILABLE	MEDIUM TERM	INNOVATION
Diesel		
MULTIJET (light/medium commercial vehicles)	MULTIJET (heavy commercial vehicles)	ADVANCED TURBO
TURBO BRAKE	SUPER ENGINE BRAKE	MULTIAIR
SELECTIVE CATALYTIC REDUCTION (SCR) (medium/heavy commercial vehicles)	SELECTIVE CATALYTIC REDUCTION (SCR) (light commercial vehicles)	
DIESEL PARTICULATE FILTER (DPF) (light commercial vehicles)	DIESEL PARTICULATE FILTER (DPF) (medium/heavy commercial vehicles)	
VARIABLE GEOMETRY TURBINE	START & STOP	
TWIN TURBO	MULTIJET II (light commercial vehicles)	
	HIGH-PRESSURE COMMON RAIL	
Alternative Fuels and Propulsion Systems		
NATURAL GAS	BIOMETHANE (Europe)	NATURAL GAS MULTIAIR
ELECTRIC	100% BIOETHANOL (Latin America)	LITHIUM-ION ELECTRIC
DIESEL/LITHIUM-ION ELECTRIC HYBRID		HYDROGEN/NATURAL GAS BLENDS (experimental fleets)
		2nd GENERATION BIOFUELS

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

FPT INDUSTRIAL AND CLEAN BOATING

The same attention to the environment is dedicated in Marine Pleasure and Professional engines, where low exhaust emissions and noise levels are ensured, without affecting performance or the pleasure of sailing.

The top range engine for the Pleasure range, the C90 650, is equipped with Electronic Common Rail (ECR), one of the most advanced technologies improving efficiency and reducing environmental impact. Designed to fulfill the specific demands of high performance and low environmental, gaseous and acoustic impacts, FPT Industrial Marine engines are compliant with all the main emissions regulations (IMO MARPOL-2003/44/EC – 2004/26/EC – CCNR – EPA).

ALTERNATIVE FUELS

Fiat Industrial Group is also committed to expanding the use of alternative fuels and increasingly focusing its research activities on a range of eco-friendly fuels appropriate to the socio-economic and energy situation of each market.

NATURAL GAS

Natural gas propulsion is the most effective near-term solution for reducing pollution in towns and cities and cutting CO₂ emissions. Natural gas (or compressed natural gas – CNG) is the **only real current alternative** to gasoline and diesel and the **cleanest fuel available** today. In fact, natural gas:

- produces the lowest levels of toxic emissions, from particulate matter (cut to practically zero) through to aromatic compounds such as benzene
- minimizes emissions that are most harmful to air quality (such as nitrogen oxides)
- reduces CO₂ emissions
- has the potential to become a renewable fuel source in the form of biomethane.

Since 1995, Iveco has also focused heavily on natural gas propulsion, and is now European leader in CNG research and in the sale of natural gas vehicles, with an overall market share of approximately 10%.

In Europe, Iveco boasts the **most complete range** of natural gas trucks, vans and buses in the market. All of these vehicles are **monofuel** and employ a stoichiometric combustion process, enabling them to achieve consistent high performance and bringing pollutant emissions well below

the Euro V emission limits, and very near those set by the upcoming Euro VI standard. The entire range of natural gas engines is also **compliant with the EEV standard** for Enhanced Environmentally-friendly Vehicles – the strictest in Europe – and can run on biomethane generated from waste treatment. CNH has also been involved in ongoing research into natural gas, as it believes that monofuel natural gas tractors are in many ways the best choice for agricultural applications, as they produce 25% lower CO₂ emissions



and 95% less nitrogen oxide when compared with diesel combustion. In 2011 Steyr unveiled a prototype for the first ever production **tractor powered by natural gas**, the Steyr Profi 4135 Natural Power, equipped with a turbocharged monofuel CNG engine made by FPT Industrial. Market launch is scheduled for 2015.

The technologies developed for natural gas are also an ideal starting platform

for the **gradual introduction of hydrogen vehicles** for the transport industry. Iveco has successfully applied such technology to its range of transport vehicles. With little intervention required in the engine electronic control software, its CNG engines can be powered by a mixture of 70% methane and up to 30% hydrogen, which achieves a reduction in CO₂ emissions by up to 11% compared to a vehicle powered only by natural gas.



NEW HOLLAND NH²™ HYDROGEN PROTOTYPE

As part of the Industria 2015 program in Italy, New Holland Agriculture was awarded financing under the “Nuove tecnologie per il Made in Italy” (new technologies for Italian products) for the Energy Independent Farm project and its NH²™ tractor. The project, already recipient of the Gold Medal at the 2009 SIMA Innovation Awards, involves a number of partners, including the Centro Ricerche Fiat, and centers around the ability of farms to produce electricity from natural, environmentally-friendly sources, store the energy in the form of hydrogen and reuse it in a convenient and practical way. Compared to the first generation NH²™, the new model has fuel cells that deliver double the power, increased from 50 to 100 kW. The number of on-board electric motors remains the same, one for traction and one to operate the PTO and auxiliary circuits, but their rated power and torque are doubled. Performance levels of the new NH²™ are substantially equivalent to those of a tractor of similar size with a conventional engine. However, it offers one enormous advantage: the tractor produces zero harmful exhaust emissions. The new hydrogen-powered NH²™ tractor is a fully-equipped vehicle for agricultural duty. It will be ready to go on service at La Bellotta in Italy, the first Energy Independent Farm, as of 2012. A second-generation prototype of the hydrogen tractor was also developed in 2011, with operative testing scheduled to begin in 2012.

BIOFUELS

Through FPT Industrial, Fiat Industrial Group is investing heavily in technologies capable of optimizing the use of available renewable resources. The Tier 4A/Stage IIIB compliant engines produced by FPT Industrial, for instance, are capable of running on blends of up to 20% biodiesel (B20) complying with regulatory standards.

Iveco vehicles are also already compatible with the use of biofuels, such as biomethane (produced from organic waste and vegetable matter), while diesel-powered units can run on blends of up to 5% biodiesel without modification.

Iveco is also focusing its research on the use of **second-generation biofuels**, which, although availability is currently quite limited, are extremely promising and represent the future of biofuels. These include Hydrotreated Vegetable Oil (HVO) made from non-edible sources, and Biomass-to-Liquid (BTL), a fuel obtained from the chemical conversion of gasified biomass.

Not only are these second-generation renewable fuels derived from a wider range of raw materials (algae, jatropha and waste, etc.), they also offer better performance than fossil fuel diesel and can reduce greenhouse gas emissions by as much as 95%.

THE IVECO TRAKKER BIFUEL DIESEL-ETHANOL PROTOTYPE

In 2011, Iveco was awarded the *Prêmio Top Etanol* for the alternative fuel technology featured on the Trakker Bifuel diesel-ethanol prototype, the first of its kind in the world, which was unveiled during the year in Brazil. The award was presented to Iveco in Sao Paulo during the Ethanol Summit 2011, an international seminar promoted by the Brazilian Sugarcane Industry Association (UNICA) to discuss new technologies and policies to further improve the sugarcane business, a booming industry in Brazil.

The technology was developed by Iveco in collaboration with FPT Industrial and Bosch. The truck uses a 360 hp Common Rail Cursor 9 engine that can run on an ethanol and diesel blend.

The prototype is being tested by Raízen, a joint venture between Cosan (Brazil's largest sugarcane producer) and Shell. First field results show that the vehicle can run on an average fuel mix of 40-60% ethanol-diesel, with lower fuel costs when compared to a conventional diesel engine.

NON-CONVENTIONAL PROPULSION

The key focus for Fiat Industrial Group's design engineers is to reduce CO₂ emissions by developing systems that minimize gasoline and diesel consumption, which also means **developing alternative propulsion solutions, particularly for vehicles used in a predominantly urban setting**.

Through its subsidiary Altra (a center of excellence in the development of vehicles with alternative propulsion), Iveco has extensive experience in the production of electric and hybrid propulsion systems for commercial vehicles and city buses.

ELECTRIC

Iveco is a pioneer in electric technology, having designed and built the first electric Daily in 1986, and has now expanded its range to include vans and city buses.

Today, the New Daily Electric uses powerful electronic controllers with in-vehicle communication using the CAN network and sodium/nickel chloride batteries to achieve a high level of reliability and to adapt perfectly to daily operation under urban conditions, such as door-to-door deliveries and urban passenger transport.

The zero-emission vehicle is designed, manufactured, sold and serviced



totally by Iveco. An energy storage battery in combination with electronic inverter powers the asynchronous three-phase traction motor that directly drives the vehicle and recovers its kinetic energy when braking. The Daily's batteries do not produce gas emissions or require maintenance and are fully recyclable. In addition, they are extremely light and so do not impact payload capacity. The vehicle has a drive range of 130 km. Finally, **a total of 74 electric city buses have been sold in Europe to date.**

HYBRID

Iveco has been a leader in the hybrid sector since 1994, when it produced the first hybrid Turbocity. Today, there are 166 hybrid Iveco vehicles on the road in Europe. In the meantime, sales have continued of the **Eurocargo Hybrid, the first hybrid diesel-electric-powered vehicle** to be sold in Europe.

166 Iveco hybrid vehicles on the road in Europe

With a parallel diesel/electric powerplant, the Eurocargo provides the best balance between transport requirements (payload capacity and maneuverability) and environmental impacts. Optimized efficiency is achieved through a regenerative braking system, Start&Stop function and downsized diesel engine. During acceleration, power from the diesel engine can be boosted by energy from the batteries. When the vehicle is traveling at a steady speed, the batteries are not used because power from the generator is sufficient to maintain velocity. During braking, the electric motor recovers kinetic energy to recharge the batteries. When the vehicle



stops, the diesel engine switches off and exhaust emissions are suspended, providing further fuel savings and significantly cutting atmospheric and noise pollution. For restart, as soon as the driver engages the accelerator, the batteries feed the generator that switches the diesel engine on, and the vehicle sets off. Depending on driving conditions, hybrid propulsion can **cut fuel consumption and CO₂ emissions by up to 30%** for urban missions, compared to vehicles with conventional diesel engines.

Finally, diesel-electric series hybrid traction is ideal for passenger transport in urban areas where emission restrictions apply. Iveco has applied the technology to buses used on standard urban routes, where engine power can be calibrated to maximize energy savings. Iveco 6-meter, 7.4-meter and 12-meter hybrid buses have been operating in French, Italian and Spanish cities for years now.

OTHER SYSTEMS

The efficiency of auxiliary systems is another factor that contributes to improving fuel economy, and hence reducing CO₂ emissions, as by improving productivity they reduce fuel consumption.

For construction equipment, for instance, research on consumption reduction is focused on the use of powerful hydraulic systems.

In 2011, the hydraulic system for the Case C series crawler excavator was completely redesigned to boost the controllability of the machines and their hydraulic efficiency, thus improving their productivity. The high hydraulic efficiency, together with the new engines, has resulted in up to 10% higher productivity in terms of cubic meters per hour. The introduction of a new

ECO operating mode further enhances the engines' fuel economy, reducing fuel consumption by 10% compared to the B Series.

Transmissions are another important driver in reducing fuel consumption and CO₂ emissions.

Case IH was awarded a silver medal at Sima for the world's first continuously variable **Power Take Off (PTO)** transmission for tractors. This innovative system enables infinitely-variable adjustment of PTO speed and therefore the drive to mounted and trailed equipment can be adjusted continuously to match the current operating conditions, thus enabling significant fuel savings. Continuously variable PTO drive technology is a part of the EfficientPower system, which harnesses the benefits of various technologies – such as in the tractor's powertrain and control system – to improve productivity and comfort, significantly increasing cost effectiveness as a result.

Case IH's Diesel Saver™ Automatic Productivity Management (APM) system won the 2011 Rain Bird Engineering Concept of the Year award. Presented annually by the American Society of Agricultural and Biological Engineers (ASABE), this prestigious award recognized the Diesel Saver system for its innovative capacity to provide fuel savings. The Diesel Saver APM system automatically adjusts both the gear setting and engine speed to the most fuel-efficient mode for a given load. This results in up to a 25% improvement in fuel economy and power performance, even in changing field conditions. Diesel Saver APM is one of the key technologies that drives the Case IH Efficient Power family. It is a fully integrated powertrain management system that provides maximum efficiency with minimum fuel consumption non-stop, while also reducing noise and operator fatigue. The Diesel Saver APM system is standard equipment on Case IH Efficient Power family tractors, including the Steiger®, Magnum™ and Puma®.

CUSTOMER AWARENESS

Fiat Industrial looks beyond the life cycle of its products, adopting an integrated approach that also focuses on the way people use vehicles and equipment, because it recognizes the important contribution they can make to reducing CO₂ emissions (see also page 154).

With a view to minimizing the emissions of company fleets, Iveco created **Blue&Me Fleet**, a telematic fleet management solution and customer assistance package developed on the Fiat Group Automobiles Blue&Me and Qualcomm FleetVisor platforms. The device provides Iveco customers optimized vehicle usage and route planning capabilities, which play an increasingly important role in shrinking the environmental footprint and



improving operating costs. The on-board computer communicates with the vehicle's electronic control unit to get information on fuel consumption, trip distance, speed, total mileage and other technical data to provide precise information on individual driving style.

As part of the Clean Energy Leader strategy, in 2011 New Holland Agriculture developed two projects to help customers learn more about their environmental footprint: CarbonID™ and ECOBraud.

CarbonID™ is an online calculator for farmers and contractors. Customers can choose to calculate their environmental footprint taking as their basis

annual fuel consumption or hours of work. By inserting other information, such as horsepower, the price of fuel and AdBlue additive, and average work rate, the calculator computes the cash saving achieved, too.

ECOBraud is instead a new sustainable viticulture program, aimed at increasing productivity and profitability while reducing the environmental impact of viticulture. Its use is estimated to deliver a reduction in the carbon emissions of vineyards by up to 40%, which will directly contribute to a 10% reduction in the overall carbon footprint of each and every bottle of wine produced.

RECOVERY RECYCLING REUSE

Efforts to reduce the environmental footprint of end-of-life vehicles are spread out over their entire life cycle, from the design of parts and the purchase of components that are recyclable to the promotion of their remanufacturing and reuse, to the assistance offered customers in scrapping products beyond repair. To this end, preference is given to eco-compatible materials and substances (lower environmental impact materials, biopolymers and recycled materials) and design solutions are studied to facilitate vehicle recovery.

In July 2010, recovery and recycling regulations were extended to light commercial vehicles, thus affecting some of the product ranges produced by Fiat Industrial. **European Directive 2005/64/EC (Reusability, Recyclability, Recoverability)** sets minimum levels for the recoverability (95%) and recyclability (85%) of new type-approved models. In relation to these requirements, Iveco has reached a recoverability rate for its light commercial vehicles of 95%.

Levels of recoverability and recyclability are analyzed using a special IT system,

the **RRR project**, which processes data from the **International Material Data System (IMDS)**, an online database that can be used by the entire supply chain to enter basic information on the composition of their products (see also page 166).

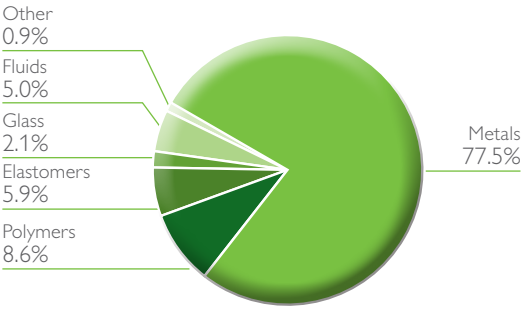
The RRR Project is an extremely versatile system that enables simulations to evaluate the impact on vehicle recoverability of a change in materials or design solution, continuously monitoring Group's compliance with European Directive 2005/64/EC.

Finally, the Group is strongly committed to the recycling and recovery of the materials contained in its vehicles at the end of their life cycles, when they become **end-of-life vehicles (ELV)**.

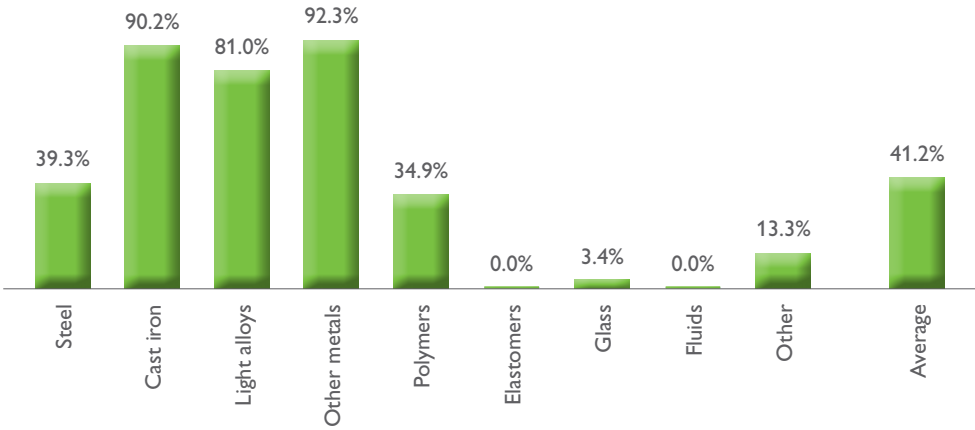
An agreement is in place between Iveco and Fiat S.p.A. for the scrapping of end-of-life Daily vans through a network of approximately 300 approved dismantling agents in Italy, who are trained to recycle metals and separate polymers into their different categories so they can be reused.



Composition of Iveco Daily Cab by material⁽¹⁾
(% total vehicle weight)



Percentage of recycled materials⁽¹⁾
Iveco light commercial vehicles range (% total raw material used)



REMANUFACTURING OF ENGINES AND OTHER PARTS

Remanufacturing of certain parts and components is a Fiat Industrial Group strategy for prolonging the life of vehicles. By reconditioning and readapting parts, remanufacturing extends the component life cycle.

At its Garchizy plant in France, for instance, FPT Industrial remanufactures engines and parts, bringing them back to their initial state and giving them a second life. The plant only remanufactures engines and parts sourced from authorized Iveco and CNH dealers. Remanufacturing processes are performed in accordance with ISO 9001/2000 and ISO 14001 standards, thus assuring the flawless quality of the final product. On its part, in 2008 CNH set up the CNH Reman joint venture with Springfield Remanufacturing Corp. for the remanufacturing of components distributed in North America. Approximately 450 components were remanufactured in 2011; the goal for 2013 is to exceed the target of 3,000 remanufactured parts since the start of the joint venture.

⁽¹⁾ Average for Iveco existing range of type-approved vehicles in 2011, based on EC Directive 2005/64.



MANUFACTURING PROCESSES

Progressive reduction of the environmental footprint left by manufacturing processes is an essential commitment for Fiat Industrial, aware that the imperative of bringing business growth hand in hand with respect for the environment is a mission possible.

The exemplary environmental performance seen in 2011 is the direct result of the involvement of people, the know-how developed, the availability of analytical tools and financial commitment. In 2011 Fiat Industrial spent a total of **€35 million in environmental performance improvement** (+24% over 2010), broken down in the following manner: €23 million for waste disposal and emissions treatment and €12 million for prevention and environmental management expenses. The cost breakdown by sector was: €10.7 million by CNH; €17.8 million by Iveco; €6.8 million by FPT Industrial.

ENVIRONMENTAL MANAGEMENT SYSTEM

Fiat Industrial sees environmental stewardship as an operational strategy that makes the difference in securing its position as a global market leader. It holds the conviction that the key to a company's success is inherently linked to operating in perfect harmony with the social and environmental spheres.

As one of the world's principal producers of capital goods, the Group is aware of the responsibility it bears in contributing to the sustainable development of society. It therefore issued its own **Environmental Guidelines**⁽¹⁾ in 2010, a document outlining commitments that uphold environmental protection and providing indications on how new products are to be developed, manufacturing activities managed and objectives reached. The scope of application of the Environmental Guidelines encompasses all stages of the product life cycle – from design to manufacture and from use all the way up through the end of the life cycle. Among the approaches listed, particular emphasis is given to reduction in the use of energy, raw materials, hazardous substances and polluting emissions, as well as to responsible water management, limitation of waste generation and conservation of natural habitats and biodiversity. In regards to these aspects, Fiat Industrial has set ambitious reduction targets for each sector (see also page 182-188), firmly persuaded that constant improvement is the only path to achieving outstanding results.

ORGANIZATION

The effective implementation of a policy centered around environmental protection is ensured, for each sector, through an **Environment, Health and Safety (EHS) unit**, which is responsible for dealing with environmental issues and other issues related to occupational health and safety. The purpose of these structures is to operate so that the targets of individual sectors are implemented locally, at each single plant, ensuring uniformity and seamless compatibility with the specific aspects of the different businesses.

Cross-sector performance comparisons and periodic verification of alignment with Fiat Industrial's environmental targets are carried out periodically by the sector EHS heads. The Environmental Plan instituted in 2010 was confirmed in 2011, renewing the targets therein on the main approach to be taken to environmental interventions (atmospheric emissions, water resources, biodiversity, waste) for 2012–2014.

The company's cross-sector working groups proceeded in 2011 as well, continuing to develop methodologies and analyze specific issues of common interest, examples of which include:

- the drawing up of the guidelines on proper use of water resources
- the definition of a set of hazardous substances
- the distribution of environmental information kits
- the definition and dissemination of guidelines dedicated to the design and purchase of new equipment with minimal noise pollution.

Within the scope of organizational and management activities aimed at performance improvement and the development of a solid environmental culture, continued development of the Standard Aggregation Data (SAD) **software program** is also worthy of mention. Thanks to this application, reporting may be performed while contemporaneously monitoring and improving the progress of indicators. Of equal importance, the IT platform that Fiat Industrial shares with Fiat Group permits access to a set of training tools that includes documents concerning ISO 14001 certification processes (guidelines, general and operational procedures, reporting manuals, etc.). Approximately 350 individuals

⁽¹⁾ Available in the sustainability section of www.fiatindustrial.com.

from Fiat Industrial worldwide have access to the platform, created for the purpose of improving environmental management at Group plants through uniformity of content.

PROCESS CERTIFICATION

Fiat Industrial subjects its **Environmental Management System** to certification in conformance with the ISO 14001 standard, deeming uniform organization and processes to be paramount to the fulfillment of environmental objectives. From this standpoint, a standard for documents such as guidelines and general and operational procedures was set, thus rendering rules and regulations uniform and adaptable to all plants.

55 plants
ISO 14001 certified

In 2011 Fiat Industrial reached its established objectives by certifying all 38 European plants and 17 out of 22 plants outside Europe. Specifically, for each individual sector the status quo at 31 December 2011 was:

- CNH: all 12 plants certified in Europe (one European plant is out of the scope ISO 14001 certification) and 12 of 16 certified to date outside the EU
- Iveco: all 19 plants certified in Europe and 3 of 4 certified outside the EU
- FPT Industrial: all 9 plants certified (of which 7 in Europe).

Fiat Industrial calls for certification of processes in conformance with the ISO 14001 standard by the end of 2012 for all Group manufacturing plants existing in 2011.

Fiat Industrial considers environmental protection a priority, just as it does the health and safety of human beings. This is why every plant has implemented procedures that define roles, responsibilities and approaches for preparing for and facing emergency situations in their ISO 14001-certified Environmental Management System. Such procedures lay down the criteria for performing the proper checks on processes and identifying potential risks so as to prevent accidents and initiate emergency plans aimed at minimizing potential impacts, internal and external, to manufacturing sites. For these purposes and as early as 2009, Fiat Industrial standardized – within cross-sector working groups – the proper procedures in this area with documents created for the Environmental Management System of the Group's plants.

TRAINING

All those directly involved in environmental management and prevention and mitigation of the impact of manufacturing activities are enrolled in a training course so as to ensure they are sufficiently aware and competent in the field of environment. During 2011 a total of approximately **31,500 training hours on environmental issues** were provided for approximately 18,500 employee participants.

In 2011, a training kit was distributed to the personnel directly dealing with environmental issues. Among the issues covered, there were kits concerning: water sources, Volatile Organic Compounds (VOC) and waste.

WORLD CLASS MANUFACTURING

World Class Manufacturing is a structured system uniting the most effective known methodologies in the sphere of manufacturing – which include Total Quality Control (TQC), Total Productive Maintenance (TPM), Total Industrial Engineering (TIE), Just in Time (JIT), etc. – geared towards raising the entire logistics and manufacturing cycle of plants to levels of excellence.





Acting responsibly

Economic dimension

Environmental dimension

Social dimension

However, unlike other systems, actions for constant improvement are guided by Cost Deployment that precisely identifies all plant losses and waste of materials, orients the activities of the other corporate functions that must fight and eliminate the origin of waste of materials, evaluates the feasibility of projects and takes stock of, and certifies, their outcome. WCM is an interdisciplinary system that encompasses all corporate areas from safety to the environment, spanning from quality, logistics, work-life effectiveness and human resources to process and product engineering (with activities tied to the reorganization of workstations, installation of new machinery and launch of new products). In order to reach ever more challenging objectives, involving all levels of the corporate hierarchy and

being able to count on highly motivated individuals has become essential. For this purpose, the use of visual management tools has taken root; these are designed for the sharing of information and the gathering of suggestions. At the end of December 2011, 54 plants were involved in the program (30 CNH, 6 FPT Industrial and 18 Iveco). Of these plants, eight sites (2 CNH, 2 FPT Industrial and 4 Iveco) gained the bronze level and two sites (Bourbon Lancy of FPT Industrial and Valladolid of Iveco) achieved the silver level. Each performance level (bronze, silver, gold and world class) is certified by external audits, conducted by teams overseen by representatives of the WCM Association, and may be achieved if and only if the minimum performance levels associated with the activity of each pillar, called gates, have been reached.

Appendix

MONITORING SYSTEM AND ENVIRONMENTAL PERFORMANCE

A streamlined and efficient management of environmental aspects is interdependent with a solid and efficient environmental performance monitoring system.

Through predetermined Key Performance Indicators, such a system must permit: systematic monitoring of the trends shown by data gathered from each single manufacturing site; measurement of the rate of effectiveness of actions initiated to reach targets; and the scheduling of new activities aimed at constant improvement including through open dialogue both internally and externally to Fiat Industrial.

In 2011 the Standard Aggregation Data (SAD) monitoring system, a software program that was already fully up and running in 2010, enabled Group sectors to fully establish and to extend reporting activity to new indicators and standardized environmental objectives, such as KPI and target values related to waste generated, that are clearer and more effective than the absolute values, which are influenced by the production volumes. The definition of new standardized KPI and their monitoring has made it possible to continue pursuing objectives in the Fiat Industrial **2010–2014 Environmental Plan**, aimed at reducing the impact of manufacturing processes (atmospheric emissions, water management, waste management, protection of biodiversity). The introduction of the new standardized indicators has made it necessary to identify specific parameters for each sector – therefore they are not directly comparable among one another. Consequently, in this report the data relative to Fiat Industrial are shown as absolute values, while the standardized data are listed separately for each sector.

ATMOSPHERIC EMISSIONS

In all of its manufacturing processes, Fiat Industrial pursues the objective of reducing its environmental footprint, particularly that left by atmospheric emissions, by applying the best available technologies while keeping up to speed with technological advances. This objective touches on all stages of the manufacturing process, including related indirect services such as energy generation. This is why Fiat Industrial constantly monitors the main atmospheric emissions that may be generated from the manufacturing processes of combustion or from use of equipment containing substances harmful to the ozone layer.

VOLATILE ORGANIC COMPOUNDS

Of all manufacturing processes, painting has the greatest environmental impact. As a consequence, Fiat Industrial is deeply engaged in reducing Volatile Organic Compounds (VOC) emissions from this process. Throughout the years, Fiat Industrial Group has continued reducing atmospheric emissions of VOC from painting equipment at its plants. With an average value of 67 g of VOC per m² painted in 2009, the Group significantly reduced its emissions in 2011 to a value of approximately 53.8 g/m² (-20% over 2009).

Emissions of Volatile Organic Compounds

Fiat Industrial Group worldwide (g/m²)

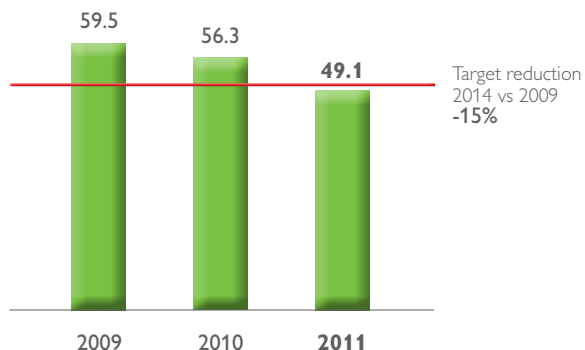
	2011	2010	2009
Average VOC emissions	53.8	62.5	67.0



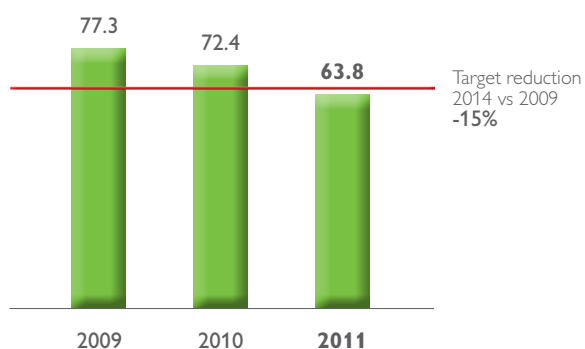
Emissions of Volatile Organic Compounds by sector

Fiat Industrial Group worldwide (g/m³)

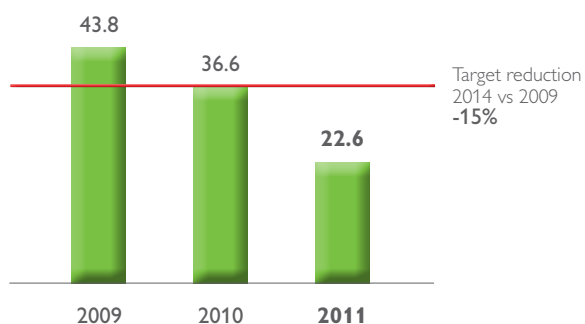
CNH



Iveco



FPT Industrial



Direct emission of NO_x, SO_x and Dust

Fiat Industrial Group worldwide (tons)

	2011	2010	2009
NO _x	439	421	368
SO _x	63	69	65
Dust	6.3	6.9	6.6

EQUIPMENT CONTAINING OZONE DEPLETING SUBSTANCES

Fiat Industrial is engaged in reducing the impact from the use of Ozone Depleting Substances (ODS) present in some equipment used for cooling, air conditioning and climate control which are potentially harmful to the ozone layer. For this reason, equipment containing and using these substances is monitored, in order to avoid leaks. By use of the Standard Aggregation Data monitoring system, Fiat Industrial performs an inventory of plants and equipment containing ODS, aiming to proceed with the plan for targeted actions and interventions that will mean the replacement of these substances at all plants worldwide by 2014 with more environmentally-compatible gases and/or alternative technologies.

During 2011 monitoring of equipment containing ODS was refined, highlighting the quantity of ODS present in office air conditioners in comparison to the overall total. The study was also extended to include the quantity of ODS used in scheduled maintenance activities.

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

WATER MANAGEMENT

Conservation of water resources is considered by Fiat Industrial as one of the key factors to take into account in the environmental management of manufacturing processes. Attention dedicated to this issue – one of the foundations of the Group's Environmental Guidelines – is shown by a precise analysis of water consumption in defining short to mid-term improvement targets and the development of actions whose main objectives are reducing water requirements and maintaining high quality standards for discharge.

Specifically, water management is optimized thanks to:

- a detailed analysis of water requirement, consumption profiles and plant rules and management for withdrawal and distribution of water resources
- assessment of the manufacturing processes with the greatest impact on water resources and definition of interventions that boost efficiency
- fostering the recycling of water resources in individual manufacturing processes and its reuse in cascade in multiple processes
- elimination of leaks and waste of materials
- raising the awareness of all personnel on careful use of the resource, both for potable water and for that used in manufacturing processes.

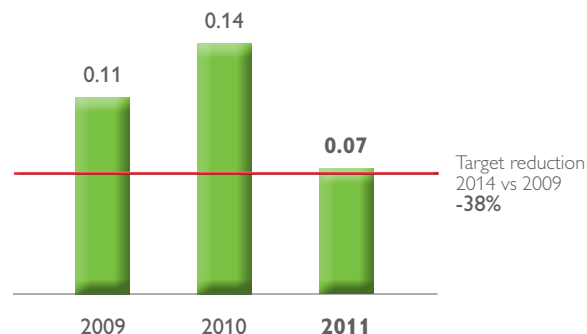
Valuable water resources are also protected through an attentive evaluation of each plant's standardized withdrawal indicators, resulting in the definition of an action plan for improving the indicators at all manufacturing sites. Special attention is dedicated to plants existing in geographic areas where water is a scarce resource. To these ends, in 2011 Fiat Industrial continued its cross-sector action embarked on a few years ago that performs the same functions as Fiat S.p.A.'s EHS, with the objective of defining a map of the availability and exploitation of water resources in the countries where Group plants are situated. The analysis revealed that three plants are located in areas vulnerable to this issue, one Iveco and two CNH (see also page 94). Implementation of relative best practice and employment of designated analysis tools (for example, checklists and internal benchmarking) enabled drawing up of specific action plans aimed at reducing water withdrawal.

-36% over 2010 in **water consumption** per production hour at CNH and Iveco plants

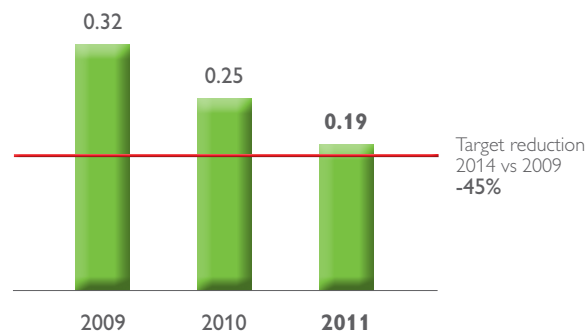
Water withdrawal⁽¹⁾ by sector

Fiat Industrial Group worldwide (m³/production unit)

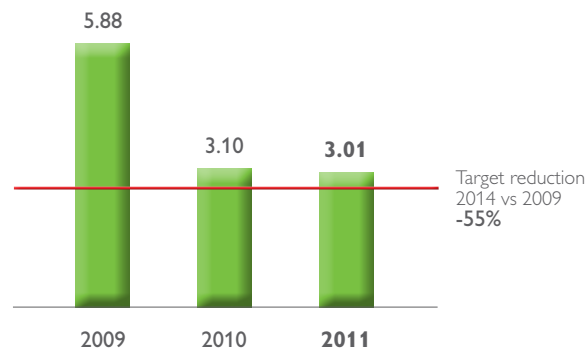
CNH



Iveco



FPT Industrial



⁽¹⁾ Production unit represent the principal driver of production volumes for each sector: hour of production for CNH and Iveco; unit produced for FPT Industrial.

In 2011, Fiat Industrial sectors improved their standardized water withdrawal indicators on the whole over 2009, reducing them to 36%, 41% and 49% for CNH, Iveco and FPT Industrial respectively.

Water withdrawal per production unit

Fiat Industrial Group worldwide (thousands of m³)

	2011	2010	2009
Plants	61	63	65
Withdrawal			
Groundwater	5,278	5,090	5,944
Municipal water supply	2,357	2,091	2,192
Surface water	30	42	44
of which salt water	-	-	-
Other	9	13	24
Total water withdrawal	7,674	7,236	8,204
Discharge			
Surface water	1,338	1,503	1,718
of which salt water	-	-	-
Public sewer systems	3,901	4,311	4,613
Other destinations	47	399	40
Total water discharge	5,286	6,213	6,371

In 2011 the working group also drew up **guidelines for proper water management** which reassert the importance of dedicating attention to conserving water resources and are a further confirmation of the Group's commitment to improving environmental performance.



WATER MANAGEMENT GUIDELINES

With the release of its Water Management Guidelines in 2011, Fiat Industrial intends to standardize principles and methodologies for reaching the objectives published in the Sustainability Report and to spark a process of constant improvement through their dissemination. The guidelines allow for the classification of plants by prioritizing the need for intervention, correlating the KPI (m³ of water/hour of production) for plants with the maps of availability and exploitation of water resources in the world, and then developing an action plan for reducing water consumption.

The definition of specific plans of action for reducing certain consumptions also initially calls for an in-depth analysis of processes. This phase is performed by using a specific tool that enables the acquisition of detailed information on the single process stages, characteristics of the water distribution networks, level of maintenance and of monitoring of consumption, and of all elements necessary to creating a knowledge base for outlining improvement plans, also through internal benchmarking.

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

The same level of attention dedicated to conserving water resources is given to the preservation of the bodies of water that receive process water effluent. In regards to this concern, Fiat Industrial has set strict and ambitious internal threshold limits in terms of the quality of water discharges from its manufacturing plants. These levels are defined through the three parameters held to be the most representative of water quality in relation to the Group's manufacturing processes (BOD, COD and TSS). They may be reached by carefully guiding both processes themselves and the operation of waste water treatment plants, which within Fiat Industrial treats approximately 80% of

discharged water. Each Group sector has set different quality standards for its effluent process water in function of the particular characteristics of its products and processes: Iveco has resolved to keep the values of the three abovesaid parameters below 50% of the discharge limit set by regulations on the subject through the year 2014; similarly, FPT Industrial levels will remain under 60%, and those of CNH within 90%. Group results obtained in 2011 are fully in line with preestablished levels. Further proof of Fiat Industrial's commitment to respecting the environment is shown by the fact that in 2011 there were no spills that may be considered as having an environmental impact.

Top three plants located in water stressed areas⁽¹⁾

Fiat Industrial Group worldwide

Sector and plants	2011 water intensity ⁽²⁾ (m ³ /COGS)	2009 fresh water consumption (m ³ /h)	Reduction target (2014 vs 2009)	Measures taken
CNH - New Delhi (India)	0.00068	0.16	-3%	■ monitoring of water consumption and maintenance intervention in the most critical areas
CNH - Plock (Poland)	0.00066	0.07	-3%	■ monitoring of water consumption and maintenance intervention in the most critical areas
Iveco - Vysoke Myto (Czech)	0.00041	0.07	-41%	■ water consumption optimization ■ water savings visualization improvement ■ water losses internal reporting and maintenance intervention ■ monitoring of water consumption ■ economy water spigots implementation

Water sources significantly affected by water withdrawal and or discharge at plants

Fiat Industrial Group worldwide

Sector and plant	Water source	Size of water source	Use	Protected water body	High biodiversity value water body	Water withdrawals accounting for more than 5% of annual average volume	Water discharges accounting for more than 5% of annual average volume
FPT Industrial- Bourbon Lancy (France)	Withdrawal of industrial water from ground water and discharge to river (Loire)	Loire average flow (last 10 years) = 136 m ³ /sec	Withdrawal for manufacturing process	yes	yes	no	no

⁽¹⁾ Water-stressed area: area with water disposal < 1,700 m³/person per year, source FAO.

⁽²⁾ Water-intensity: fresh water consumption m³/Cost of Goods Sold (COGS).

WASTE MANAGEMENT

Fiat Industrial's attention towards environmental issues is also demonstrated by its waste management, another of the key factors on which the Environmental Guidelines are founded. The special attention invested in the issue spans the entire waste cycle, with the objective of minimizing the environmental impact in each stage. All plants operate based on constant improvement of their processes in order to reduce the amount of waste generated and to manage it from the standpoint of recovery and reuse. Bearing witness to the Group's commitment, objectives were set by each sector for improving 2009 values by 2014, both for reduction of waste generated per production unit and for improvement of their percentage of recovery.

Waste generation and management

Fiat Industrial Group worldwide (tons)

	2011	2010	2009
Plants	61	63	65
Waste generated			
Non-hazardous waste	257,487	221,388	163,133
Hazardous waste	36,381	31,254	30,854
Total waste generated	293,868	252,642	193,987
of which packaging	79,220	62,419	55,350
Waste disposed			
Waste-to-energy conversion	10,843	7,529	5,499
Treatment	33,816	34,597	30,452
Sent to landfill	15,977	14,451	14,049
Total waste disposed	60,636	56,577	50,000
Waste recovered			
Total waste recovered	233,232	196,065	143,987
waste recovered	79.4%	77.6%	74.2%
waste sent to landfill	5.4%	5.7%	7.2%

Hazardous waste management by sector

Fiat Industrial Group worldwide (tons)

	Fiat Industrial	CNH	Iveco	FPT Industrial
2011				
Plants	61	29	23	9
Waste transported outside to suppliers of waste management service, in the same country	36,381	16,566	7,365	12,450
Waste transported outside to suppliers of waste management service, abroad	-	-	-	-
Total hazardous waste transported	36,381	16,566	7,365	12,450
Total treated hazardous waste	-	-	-	-
Total hazardous waste produced	36,381	16,566	7,365	12,450



Acting responsibly

Economic dimension

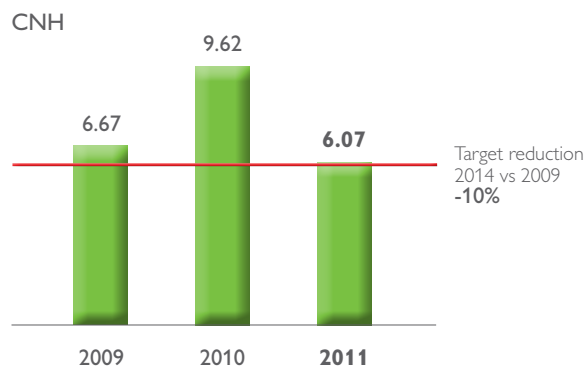
Environmental dimension

Social dimension

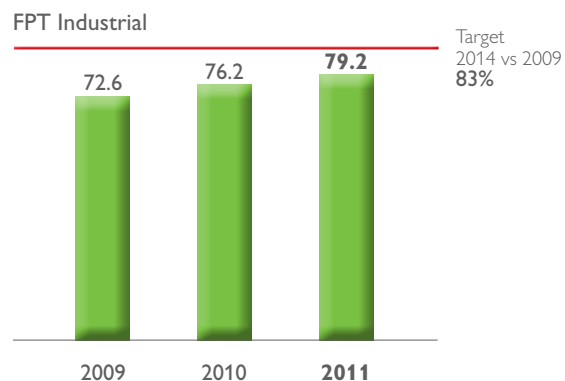
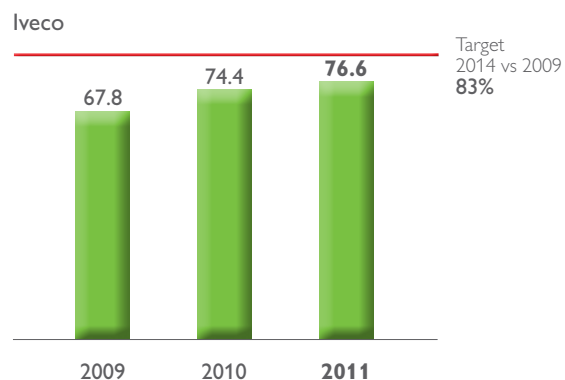
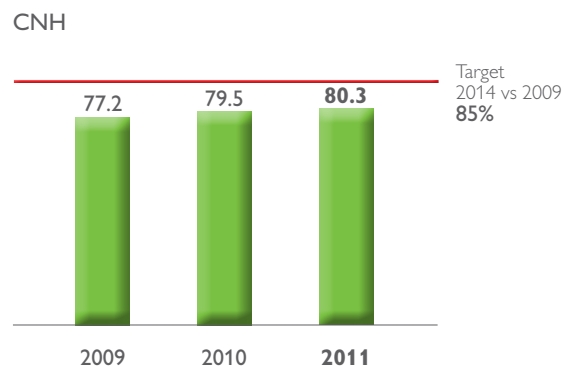
Appendix

Waste generated⁽¹⁾ by sector

Fiat Industrial Group worldwide (tons/production unit)

**Waste recovered by sector**

Fiat Industrial Group (% of waste recovered on waste generated)

⁽¹⁾ Production unit represent the principal driver of production volumes for each sector: hour of production for CNH and Iveco; unit produced for FPT Industrial.

With reference to the standardized indicator, Group sectors that had strongly felt the brunt of the drop in production volumes during 2010 got back on track towards the set targets in 2011.

As for the percentage of recovery of waste generated, in 2011 the Group yielded an average of 79%, a sign of progress in the right direction for reaching its target by 2014.

The principles governing waste management are:

- reduction of the amount of waste generated and of its hazardousness starting with the production line material sourcing stage (for example: reduction of disposable packaging and of chemical products containing substances hazardous to the environment)
- enhancement of separate waste collection starting in the place where the waste was generated to increase the portion designated for recovery/reuse
- initiation of disposal – should recovery/reuse not be an option – according to the following order of priority:
 - waste-to-energy conversion
 - treatment
 - landfill, as a last resort
- adoption of training and awareness programs on habits and procedures for daily management of different categories of waste.

In 2011 analyses also continued, enabling the mapping of plants based on the amount of waste generated and the percentage of waste recovered. This activity sought to identify the best-in-class plants in the area of recovery and to gain on their experience for the improvement of the performance of other plants.

In looking to broaden the range of environmental aspects considered, and in compliance with that required by the Global Reporting Initiative's protocols, in 2011 another indicator was assessed, the EN24 "Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally".

The appraisal revealed that all hazardous waste within the scope of the Group is shipped and disposed of within the respective countries where it is generated and that the Group does not treat hazardous waste internally.

PROTECTING BIODIVERSITY

Protecting biodiversity is an important part of sustainability and is a strategic element for Fiat Industrial, which has reasserted its deep commitment within the Environmental Guidelines. All Fiat Industrial sectors pursue the intent to protect biodiversity in the respective territories where their manufacturing sites are located. Starting in 2010 – declared International Year of Biodiversity by the United Nations General Assembly – within the scope of a cross-sector project, Fiat Industrial sectors have developed and applied the **Biodiversity Value Index** (BVI) methodology, thanks to the scientific collaboration of the Department of Life Sciences and Systems Biology of the University of Turin and a professional consultancy firm.



The biodiversity index derives from an assessment process that takes the following indicators into consideration:

- API (Anthropic Pressure Index) which consists in quantifying the environmental impact generated from the production facility in question, surrounding industries, agricultural enterprises, urban areas and infrastructures
- BI (Biodiversity Index) which consists in analysis of biological indicators of aquatic and terrestrial ecosystems present in the at-risk area.

The BI also contemplates protected species included in the relevant national and/or international lists (e.g., the IUCN red list and EC Directive 2009/147/EC concerning conservation of wild birds).

The combination of the two values within a specific assessment framework enables the classification of the site from the standpoint of biodiversity and the identification of possible prevention and restoration projects that would lead to achievement of stabilization or improvement objectives for the biodiversity values. During the stage of analysis and identification of any improvement actions, the involvement of local authorities that manage the at-risk area is part of the process. During 2011 Fiat Industrial began the process of extending the application of the Biodiversity Value Index. The first plant involved was the FPT Industrial plant in Bourbon-Lancy (France), where biodiversity assessments will be completed in 2012.

The index will also be applied outside of Europe for the first time. For this purpose, the methodology applied will be adjusted to the individual geographic regions and specific ecosystems. The first plant involved will be CNH site in Curitiba (Brazil), which will apply methodology specifically tailored to South America.

Throughout the year, the foundation was laid for the extension of method application to other sites as well, where the application of the method is scheduled during the years 2012 and 2013.

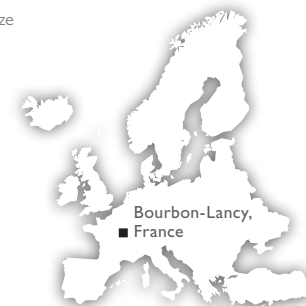


A Name: Vallée de la Loire between Iguerande and Decize
Type: Bird Directive Site (SPA)
Internal Extension to Bs: 20 km²

B Name: Vallée de la Loire between Devay et Digoin
Type: Habitat Directive Site (SCI)
Internal Extension to Bs: 4.4 km²

C Name: Vallée Alluviale de la Loire
Type: Habitat Directive Site (SCI)
Internal Extension to Bs: 5.4 km²

■ Special Protection Area (SPA) ■ Buffer state (Bs)
■ Site of Community Interest (SCI) ■ Departments



Plants near, bordering or within protected⁽¹⁾ or high biodiversity areas

Fiat Industrial Group worldwide

Sector and plant	Type of activity	Total surface area of plant (m ²)	Position in relation to protected area	Note
CNH - Curitiba (Brazil)	Tractors, combines and components production	792,824	adjacent to / containing portions of the protected area	In 2011 CNH - Curitiba Plant kicked off the project on biodiversity. In 2012 the study will be implemented and the guidelines will be applied.
FPT Industrial - Bourbon-Lancy (France)	Industrial engines production	210,090	adjacent to the protected area (500 m away)	In 2011 FPTI - Bourbon Lancy Plant implemented a study for biodiversity. First phase, related to anthropic pressure index, is ended and in 2012 this activity will involve the Biodiversity Index. KPIs and related targets will be defined in 2012.

⁽¹⁾ A protected area (national, regional, site of Community interest, special protection zone, oasis, etc.) is a geographically defined area that is designated, regulated or managed to achieve specific conservation objectives. An area of high biodiversity value is an area that is not subject to legal protection, but is recognized by a number of governmental and non-governmental organizations as having significant biodiversity.

OTHER INDICATORS

Fiat Industrial also focuses its attention on other indicators, foremost of which are the reduction of hazardous substances and noise emitted to the external environment from its equipment and manufacturing processes.

POLYCHLORINATED BIPHENYLS (PCB)

PCB are chemical substances that have long been known worldwide as among the most long-lasting organic pollutants in the environment and therefore hazardous not only to the environment but also to human health. These substances were mainly used as additives to diathermic oils in electric equipment like transformers and condensers. Regulations have evolved over time, prohibiting their production and introduction onto the market, finally rendering them subject to usage restrictions.

The sectors Iveco, FPT Industrial and CNH made a decision – in keeping with the Group’s operational guidelines – to eliminate these substances already starting in the 1990s, and thus far ahead of regulatory requirements, by progressively replacing the equipment that contained them.

At the beginning of 2011, in observance of the Environmental Plan, Iveco finished the replacement schedule. Fiat Industrial therefore met its obligation to eliminate PCB from its equipment by the close of 2011. Also in 2011, an analysis was performed to identify a set of substances of particular influence on health and the environment in order to define specific actions to be implemented in 2012 geared towards reducing their use.

EXTERNAL NOISE PRODUCED BY PLANTS

Fiat Industrial sectors touched by change in regulations or affected by new analysis activities on external noise updated their 2010 maps of areas of presence confirming two plants located in areas vulnerable to this issue. The cross-sector working group launched in 2010 completed preparation of guidelines dedicated to the design and purchase of new equipment with minimal acoustic impact. Additionally, in 2011 this document was transmitted to the technical bodies that deal with new factory openings and purchasing functions, in order to incorporate it in specifications for the supply of goods and services.



Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

ENERGY MANAGEMENT AND COMBATING CLIMATE CHANGE

Energy is one of the most challenging issues before the international community today. This is why a growing number of companies, investors and governments now face a crossroads in their strategy: aggressively compete for limited resources or move towards an economy that limits the use of fossil fuels and enables sustainable and profitable development, reducing dependency on dwindling raw materials. Fiat Industrial has chosen the latter approach, in a desire to aim at economic growth that is also sustainable from an environmental standpoint by limiting the use of available resources.

Specifically, within the scope of the Group Environmental Guidelines, Fiat Industrial has set the following energy objectives:

- reduce energy consumption through more efficient production processes and products
- limit emissions of greenhouse gases and other pollutants, not only by cutting down on the energy employed, but also through implementation of innovative technical solutions and direct and indirect promotion of renewable energy sources.

Managing greenhouse gas emissions, and – as an initial measure – energy consumption, are steps that may not be omitted in reaching significant results in sustainability.



ENERGY MANAGEMENT SYSTEM

In seeking a systematic approach to continued improvement of its performance in the area of efficient and sustainable energy use, in 2011 Fiat Industrial launched a certification procedure for manufacturing processes in accordance with the EN 16001 standard.

Following issuance of the ISO 50001 international standard, Fiat Industrial felt the need to make the objective it had initially declared bolder and more up-to-date, bringing the Energy Management System (EMS) and certification procedure into compliance with the international standard the same year of its release. The standard proposes an energy management system that enables the development and implementation of an energy policy, objectives and action plans covering legal prescriptions and information on significant energy consumption. This format improves the organization's performance and makes a positive contribution to the protection of energy resources. Consequently, in keeping with the Fiat Industrial Environmental Guidelines, an **Energy Policy** was drawn up, offering a variety of targets and specific programs.

Due to the need to standardize a set of rules, uniform standard procedures were defined which may be adapted to the Group's various plants. The importance of this initiative is rooted in **ISO 50001 certification**, which will bring the number of plants certified from seven in 2011 to over thirty plants worldwide by 2013, in which over 90% of Group energy consumption occurs. Specifically, certification within Iveco was extended to all plants in Europe in 2012 and will become global in 2013. FPT Industrial will follow in these footsteps after its engines plant in Turin (Italy) obtains certification for the first time. Finally, CNH laid out a certification plan with an international scope right from year one, with four sites certified in New Delhi (India), Racine (USA), Zedelgem (Belgium) and Modena (Italy).

The advantages deriving from ISO 50001 certification mainly consist in exploitation of a systematic approach to **constant improvement** of energy performance, resulting in a more **efficient** and **rational** use of energy, thus capable of bringing not only the expected **financial gain** but also a **reduction of greenhouse gas emissions**.

Fiat Industrial believes that a sound EMS must be founded on the equilibrium between three distinct elements: commitment, analytical ability and raising the awareness of individuals. This is why every operational resource holds a fundamental role in determining the system's effectiveness and in its monitoring. Consistently with ISO 50001 standards, and to enable the efficient application of the processes established, Fiat Industrial promoted extensive **training** activities for employees directly dealing with energy management.



The courses geared towards illustrating the standard's fine points and educating people on smart use of resources – by avoiding wastefulness to obtain a clear energy-related and financial return – meant the provision of over 1,000 training hours for a total of approximately 700 participants group-wide.

PERFORMANCE MONITORING

Efficient energy management is necessarily linked to an effective energy monitoring system.

The growing need to share and centralize energy data, improve budget management and monitor Energy Performance Indicators (EnPIs) was met thanks to the adoption of various monitoring systems both for energy management and use to the point that now certain processing areas are made subject to the assessment of individual machine consumption – in keeping with the WCM philosophy.

As for management, adoption of the **Energy Monitoring & Targeting** system (EMT) has made it possible to analyze consumption, highlight the energy saved

or that may be saved and identify deviations through statistical and expectations analyses. Consistently with the ISO 50001 certification procedure it initiated, Fiat Industrial has laid out a schedule for extending the EMT system, the key tool within the Energy Management System. Accordingly, the number of plants where the EMT is implemented will be brought from 33 plants in 2011 to 44 in 2013. The common denominator of planning is to take action for the most energy-consuming sites, which together exceed 90% of the Group's consumption. Together with careful performance monitoring, and to reach the set objectives of the 2009–2014 Energy Action Plan, an IT platform was created for each sector to identify solutions to energy-related challenges through mutual efforts and exchange among plants. This led to the identification and creation of over 225 improvement projects on technical and management aspects while increasing the awareness and involvement of individuals. Investments made by the Group for improving overall energy performances totaled approximately 20% of energy costs and enabled a reduction of Fiat Industrial energy consumption by over 160,000 GJ.

Listed below are some of the principal operations for managing energy consumption and increasing efficient use of equipment:

- high-efficiency lighting systems (LED, T5 fluorescent lights or dimmers) for production facilities, offices and external areas, combined with light intensity regulators and motion sensors (in all sectors)
- high-efficiency engines, electric motor inverters and variable speed air compressors (in all sectors)
- intelligent stand-by equipment on machining centers and transfer lines (in FPT Industrial)
- systems for recovering heat from output fumes or air compressors (in Iveco and CNH)
- the use of radiant panels for rendering the heating of large buildings more efficient (in Iveco) and the management of space heating in the workshops through precise analyses of consumption and temperature (in FPT Industrial)
- painting floor room air recovery (in Iveco)
- application of nanotechnologies in painting (in Iveco and CNH)
- hardware and software innovation on machines that process metal components (in CNH).



ENERGY CONSUMPTION AND CO₂ EMISSIONS

The generation of 1 kWh of electricity may be carried out by using different energy sources, and each source may be characterized by a specific emission factor indicating how many kilograms of CO₂ are emitted into the atmosphere in the generation of the kWh.

The carbon dioxide (CO₂) present in the atmosphere is the main cause of the greenhouse effect that directly influences the increase in Earth's temperature and the relative climate change. To best monitor this issue, in 2011 detailed reporting by source for direct and indirect energy consumption with relative CO₂ emissions continued. Furthermore, for each source, the breakdown between renewable and non-renewable energy is shown. The standards defined by the GHG Protocol were employed in the calculation of CO₂, while the emission factors published in November 2011 by the International Energy Agency were used for calculating the indirect emissions.

ENERGY CONSUMPTION

In 2011 Fiat Industrial's total consumption of energy was 8,375 TJ, approximately 5% greater than the previous year; this increase was mainly due to the rise in production volumes experienced by all sectors.

Direct and indirect energy consumption

Fiat Industrial Group worldwide (TJ)

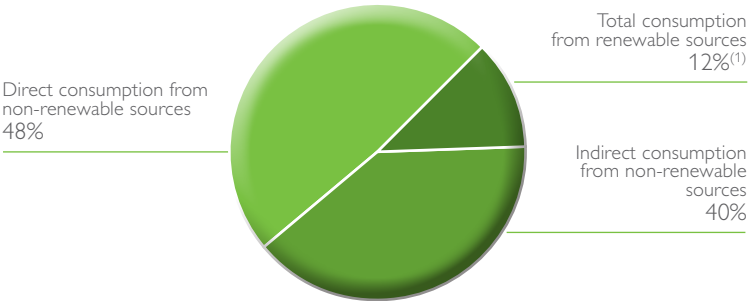
	2011	2010	2009
Electricity	3,087	2,804	2,483
Natural gas	3,635	3,561	3,149
Other fuels	456	464	402
Other energy sources	1,197	1,132	1,010
Total energy consumption	8,375	7,961	7,044

Concerning energy performance, which was measured by energy consumption per unit value (units produced for FPT Industrial and hours of production for Iveco and CNH), Fiat Industrial closed the year with 2011 results that went far beyond expectations thanks both to the positive effect given by the actual volume consumed and a reduction in the set quota of energy consumption attributable in part to the energy-saving interventions made, as well as a more efficient employment and management of energy itself. The scope of reporting did not vary in comparison with the previous years, except in the case of FPT Industrial which excluded the Barcelona site due to its closure and inserted the joint venture in China with the Chongqing plant (Cursor and F1 engine production). The sector's overall annual energy consumption performance was -24% for the small engines and transmissions division and -17% for the large engine division, over the 2009 baseline, adjusted to take into account the abovementioned variations in scope. As for the other sectors,

CNH performance for the Energy Performance Indicator improved by 18% over 2009 and Iveco's performance by 25%. Specifically, over the course of the year an energy **task force** was formed within Iveco and FPT Industrial with the specific goal of reducing energy consumption and improving its monitoring. Looking to the mid to long-term scenario, further increase in the cost of energy is foreseen, and the task force will also have to improve the earnings performance of the company by reducing energy expenditure (for sector performance see pages 185, 187-188).

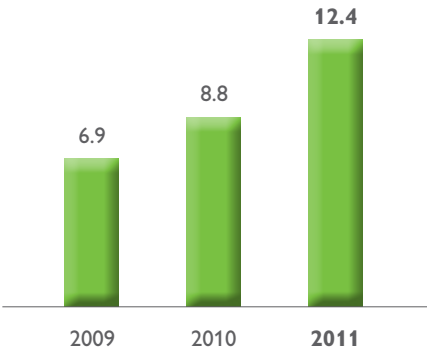
Energy consumption by source

Fiat Industrial Group worldwide



Total energy consumption from renewable sources

Fiat Industrial Group worldwide (%)



⁽¹⁾ Direct consumption of renewable sources was negligible (1.56%).

⁽²⁾ For details on each sector see the sustainability section of the Fiat Industrial website.



CO₂ EMISSIONS

Fiat Industrial CO₂ emissions totaled 598 million tons, therefore remaining unchanged on the whole in comparison to the previous year, mainly thanks to a larger portion of the Group's energy requirement being covered by **renewable** energy sources.

Direct and indirect CO₂ emissions

Fiat Industrial Group worldwide (thousands of tons)

	2011	2010	2009
Direct emissions	228	223	200
Indirect emissions	370	379	347
Total CO₂ emissions	598	602	547

The improved performance in CO₂ per unit produced in comparison to the baseline for the sectors was 35% for Iveco, 23% for CNH, 29% for the small engines and transmissions division of FPT Industrial and 27% for its large engines division. Such significant results were reached mainly because of a reduction in energy consumption per unit value, but also because **renewable energy sources** were widely opted for, coming to **represent 12%** of the total amount of energy that the Group consumed in 2011. This positive trend in favoring renewable sources was reaffirmed through Fiat Industrial's major efforts as it aspires to reach 13% in 2012 (with specific target for in each sector)⁽²⁾ to nearly double the percentage reached in 2009 (for sector performance see page 186).

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

PERFORMANCE OBJECTIVES

The objectives of the Fiat Industrial **2014 Energy Action Plan** are broken down in the following manner:

- CNH: -15% in energy consumption per unit value and -15% in CO₂ emissions in comparison with 2009
- Iveco: -30% in energy consumption per unit value and -35% in CO₂ emissions per unit value in comparison to 2009
- FPT Industrial - Small engines and transmissions division: -25% in energy consumption per unit value and -30% in CO₂ emissions in comparison with 2009
- FPT Industrial - Large engines division: -17% in energy consumption per unit value and -27% in CO₂ emissions in comparison with 2009.

As a consequence of the excellent results achieved over the year and with reference to the favorable forecast for production volumes, in 2011 CNH and FPT Industrial set individual percentage reduction objectives that raised the bar over those initially set.

PARTICIPATION IN EMISSIONS TRADING PROGRAMS

Much of the energy used at Group plants comes from third-party power generation plants or directly from the national electricity grid.

The only site that qualified for the European emissions trading system (EU-ETS) is the Iveco Vysoke Myto site (Czech Republic). The energy generated in 2011 at the plant totaled approximately 94,000 GJ, resulting in a credit relative to CO₂ emissions for the year. Instead, for 2008-2012 on the whole status

under the system is balanced out, placing itself at nearly 53,000 tons of CO₂. As for the CRC Energy Efficiency Scheme, the UK's emissions trading system, the only Group site that qualified is the CNH Basildon plant, one of the Group's most energy-consuming facilities within Europe. Standing by the commitments made, the site completed the scheduled registration procedures, commencing with its first year in the reporting and assessment system (CRC - Performance League Table) and also signing the Evidence Pack and specific energy saving measures.



TECHNOLOGICAL AND PROCESS SOLUTIONS IN FOSTERING LOW ENERGY CONSUMING PLANTS

In focusing on painting, the most energy-consuming manufacturing process, a new technological solution – both for the reduction of energy consumption and the improvement of the quality of the working environment – was introduced.

Based on the experience gained in its ongoing quest for the optimal balance between manufacturing quality/efficiency, saving on costs and environmental impact, Fiat Industrial has identified the application of nanotechnologies in the painting process as a Best Available Technology (BAT), especially for the sheet metal pretreating phase.

This application allows replacement of the phosphatization process previously employed, which required a 40-50°C operating temperature, with a process requiring room temperature and fewer process steps. In addition to the mainly thermal and electric energy saved for a 30% reduction in comparison to the previous set-up, the new solution also makes it possible to drastically reduce the sludge for disposal. After the first four Iveco and CNH sites, the adoption of nanotechnologies will proceed in 2012 involving another six plants.

LOGISTICS PROCESSES

As a worldwide operator of plants and distributor of products, Fiat Industrial knows that the efficiency and environmental sustainability of logistics processes are key factors in creating value. In order to strengthen these priorities and effectively coordinate all efforts for the improvement of logistics processes, Fiat Industrial has shared Green Logistics principles with its sectors, disseminating them in 2011. Its content aims to harmonize all Group initiatives on the basis of sustainable behaviors and aid the individual sectors to collaborate effectively with suppliers in constant monitoring of the indicators and reaching their own objectives.

The Group's primary targets in this area relate to **cutting CO₂ emissions associated with the handling** of components and finished goods and **minimizing the use of non-reusable packaging**.

The chosen approach is based on four paths of action:

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

Fiat Industrial also sees supplier involvement as a crucial element in the effective application of a sustainable logistics system.

The Green Logistics Principles complete the **World Class Logistics standards**, which are based on the World Class Manufacturing program, meant to define integrated logistics processes at plants as well as in planning for the supplier network, to meet the requirements of safety, ergonomics, eco-compatibility and transport flow optimization.

THE GROUP'S LOGISTICS FLOWS

Inbound transport of components and materials to Group plants is either handled by external transport providers engaged by Fiat Industrial or managed directly by the material suppliers themselves. **Outbound transport** of finished goods to the sales network is handled by external transport providers. For spare parts, managed by CNH and Iveco Parts & Services, inbound transport (to warehouses and distribution centers) is either handled by external providers engaged by Fiat Industrial or managed directly by suppliers themselves. Outbound transport of spare parts (to dealers)

is handled by specialized transport providers for CNH and by external companies managed by a logistics operator for Iveco.

MONITORING ENVIRONMENTAL PERFORMANCE OF LOGISTICS PROCESSES

Throughout 2011 each Group sector completed the adoption of a set of environmental KPIs for CO₂ emissions and the use of non-reusable packaging based on the indications provided by the GRI-G3 guidelines and in accordance with the specifics of its own logistics within Europe, and commenced the relative monitoring. The launch of this activity will increase the level of coverage and specific information on processes, enabling the establishment of further improvement objectives in 2012.

On the whole, **CO₂ emissions** recorded in 2011 relating to logistics processes managed directly by Fiat Industrial in Europe totaled 125,600 tons.

CO₂ emissions in logistic processes⁽¹⁾

Fiat Industrial Group Europe (thousands of tons)

	2011
Inbound	65.6
Outbound	54.8
Spare Parts	5.2
Total	125.6



⁽¹⁾ Calculation of the CO₂ based on the criteria in "the Greenhouse Gas Protocol - revised edition" for road transport and the "IFEU Heidelberg" environmental method for sea and rail transport.

INCREASE IN LOW-EMISSION TRANSPORT

The Group contributes to cutting CO₂ emissions linked to the transportation of finished goods by continuing to promote the use of low-emission road vehicles. Starting in 2011 contractual clauses were progressively introduced by all Group sectors requiring that fleets of external transport providers consist of at least 50% of vehicles that are Euro IV compliant. Furthermore, monitoring of emissions standards met by vehicles on a significant sample of materials and components suppliers was launched, enabling the extension of the emissions standards for the transport directly managed by the sectors to transport not managed directly. Of the total outbound transport of Iveco and CNH in Europe, 94% of the means of transport employed in 2011 were Euro III compliant or higher.

For the region of North America, CNH continues to engage its logistics partners in the **SmartWay Transport program**, promoted by the Environmental Protection Agency (EPA); participation in the program will be a factor considered in the evaluation of potential suppliers. The company's objective to have 80% of its transport providers participating in the initiative by the end of 2011 (compared to approx. 70% in 2010) has been fully met.

CNH has decided to move up one of its objectives, and in 2012 will extend monitoring of CO₂ emissions from transport with the relative KPIs to all regions.

USE OF INTERMODAL SOLUTIONS

Inbound and outbound transport of materials can require a significant percentage of road transport, depending on geography, infrastructure and production volumes. Even where such constraints exist, Fiat Industrial sectors have long been committed to **promoting the use of alternative modes of transport**, in order to reduce traffic congestion levels and consequently contribute to reducing the emission of CO₂ into the atmosphere.

In 2011, despite the given market conditions, all measures available for continuing the use of intermodal solutions were put into place, implemented both for inbound and outbound transport.

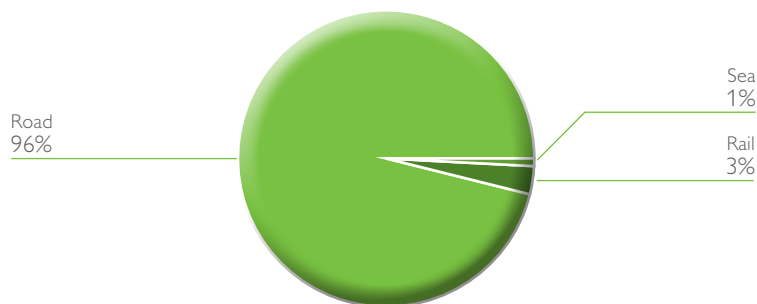
In the area of finished goods distribution, CNH launched a new intermodal rail route for tractors produced in Italy and delivered to clients in Scandinavia, leading to a reduction of CO₂ of 200 tons.

In 2011, the Lecce (Italy) plant underwent a major transformation that resulted in the launch of production of new TLB models; for this reason, the starting up of inbound/outbound rail traffic towards the Parma (Italy) logistics platform was pushed back to the first quarter of 2012. Iveco redefined certain distribution routes from Spain to France and from Italy to Russia, increasing transport capacity by sea and cutting approximately 175 tons of CO₂.



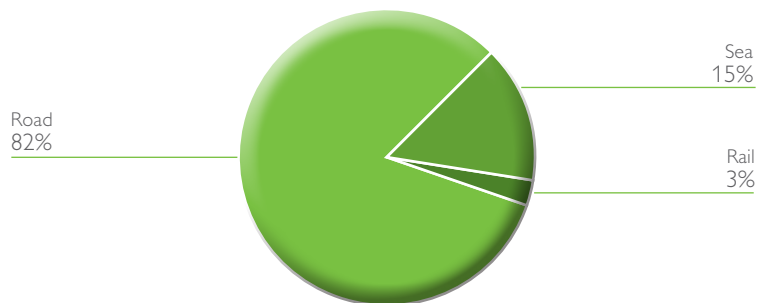
Inbound transport by mode

Fiat Industrial Group Europe



Outbound⁽¹⁾ transport by mode

Fiat Industrial Group Europe



⁽¹⁾ Percentages are based on the principal mode of transport used for each vehicle.

OPTIMIZATION OF TRANSPORT CAPACITY

Fiat Industrial has reaffirmed its commitment to optimizing transport capacity to reduce both costs and environmental footprint. **Streamlined Delivery** is one of the projects for making this objective a reality: it consists in outsourcing the organization of the collection of material destined to Fiat Industrial manufacturing sites to a pool of logistics providers, in place of delivery through transportation by individual suppliers. The Streamlined Delivery project has reached a coverage of 82% for CNH and 80% for Iveco (in terms of revenues). During 2011 the project was also launched by FPT Industrial reaching a coverage of 12%. In 2012 Iveco will extend the project to the Irisbus plants and FPT Industrial expects to reach a coverage of 25% of revenues.

In 2011, the combined inbound and outbound transport concept for cabs and tractors implemented at Basildon in the UK for transportation to the St. Valentin plant in Austria was repeated, yielding benefits in terms of reduced CO₂ emissions totaling 380 tons.

During 2011, the **World Material Flow** (WMF) program for CNH in North America was inaugurated to consolidate the components produced in this region for delivery to manufacturing plants in Latin America and for the industrial joint venture with Kamaz in Russia (beginning in April 2012).

The continued optimization of maximum container utilization through CNH's WMF program cut 600 tons of CO₂ thanks to special solutions (i.e., double layer stuffing) and the operations of the logistics provider.

A new SAP environmental management system that covers the entire administrative and logistics process of the WMF was developed in parallel for CNH and Iveco, enabling precise monitoring and optimizing shipments for the individual manufacturing plants.

Currently, the new system has been activated in CNH's nine American manufacturing plants and in Iveco's consolidation centers in Italy and China.

REDUCED USE OF PACKAGING AND PROTECTIVE MATERIALS

The Logistics department at Fiat Industrial looks out for opportunities to reduce the use of packaging materials and disposable protective materials, while maintaining corporate standards and satisfying quality requirements. In 2011, through the Fiat Group company i-FAST Container Logistics S.p.A., which is also responsible for efficient management of standard shipment containers, work with suppliers continued to **gradually replace disposable cardboard packaging with reusable containers.**



Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

Also during the year, Fiat Industrial launched monitoring of cardboard packaging disposed in European manufacturing plants, and of wood packaging disposed for FPT Industrial.

With regard to specific containers and pallets for international shipments of materials from Italy managed by the World Material Flow (WMF) unit, Iveco has continued its commitment to progressively reducing wood packaging, even though replacement with metal crates or specially-equipped containers requires investments and greater maintenance costs, and is conditioned by fluctuations in activity volumes.

During 2011 optimization of packaging in shipments to Latin America proceeded, **where further reduction in the use of wood crates** was recorded

(-11% over 2010, from 14.3 to 12.7 kg of wood packaging per cubic meter shipped) for a reduction of approximately 450 tons in the wood shipped.

In 2011, the average consumption of cardboard boxes for Fiat Industrial Group totaled 7.2 kg per unit produced, a statistic calculated on transportation in Europe.

During 2011, monitoring of cardboard and wood used for consolidating materials shipped by sea in North and South American plants began and will be continued into 2012.

The Group is continuously seeking solutions to minimize the quantity of disposable packaging and, where this is not possible, it ensures that standard recovery processes are applied.



NON-MANUFACTURING PROCESSES

Fiat Industrial is fully committed to respecting the environment, taking into account the activities not directly related to manufacturing, such as the daily commuting of its employees, business trips, IT infrastructure and the operations of its dealer network.

INTERNAL MOBILITY

Fiat Industrial believes it is important to manage employee commuting by encouraging the use of mobility solutions with a low environmental impact. The various sectors collaborate in this activity, working together with other companies, even those not belonging to the Group, but which have operations on the same premises, and interacting with local authorities.

Mobility Managers were instated for organizational purposes, usually present within the human resources function, as in the case of Iveco, which even established a **Mobility Management Committee** with the objective of defining the initiation of sustainable mobility activities. In 2011, Iveco and FPT carried out a survey at Turin sites by distributing questionnaires to all employees. The survey had a 48% response rate with 5,600 surveys completed and met with 1,500 suggestions. The analysis of these responses led to the preparation of a prioritized Commuting Plan, which was then presented to the local authorities.

The **easygo project** encompasses all of the initiatives related to mobility in the Turin area. One of the first initiatives was developed at the Mirafiori plant with the collaboration of public institutions and public transportation companies. It was designed for around 4,000 daily visitors and approximately 18,000 Italian employees, a small portion of which are CNH employees. The principal elements of the project, whose development was also based on feedback from employees, relate to the following areas:

- public transport: reorganization of special lines, intensification and reallocation of scheduled services during specific time slots, introduction of new shuttle services prior to and following shifts
- car pooling: establishment of a web platform that enables employees to find co-workers interested in car pooling to and from work



- easy cycling: installation of new parking spaces for bicycles and improvements to cycle paths in and around the complex.

In addition, to improve the flow of traffic and safety conditions in and around the Mirafiori complex, traffic lights, lighting, pedestrian crossings and stopping/parking zones have been upgraded. Moreover, a dedicated

Internet portal will be created, through which Fiat Industrial employees can join the car pooling service, get information about public transportation and bike paths. A special email address was launched as well to allow employees to indicate areas for improvement and disruptions to service. The principal benefits expected from the project include not only the environmental impact, but also improved conditions for employees resulting from the decrease in the costs and time of commuting, the reduced risk of accidents, lower stress and, finally, more social interaction between co-workers. In 2011, it was estimated that an average 14,100 tons of CO₂ were emitted as a consequence of employee commuting, equivalent to a reduction of 4% over 2010.

BUSINESS TRAVEL AND TELEWORKING

In 2011, Fiat Industrial started a pilot project to monitor CO₂ emissions from business travel by plane from Italy and from the USA and Canada. Emissions from flights accounted for about 12,000 CO₂ tons in 2011.

The emissions were offset entirely thanks to an automatic service (available through the travel agency) that is activated upon each travel purchase. The offset amounts are then shown on the bill.

With regard to teleworking, to reduce business travel and its relative environmental impact, audio conferencing and instant messaging systems were extended to reach 26,000 users, with an average of 16,000 conference calls and 68,000 instant messages per day. In 2011 the Group invested in the introduction of videoconferencing, installing six rooms equipped with high quality telepresence videoconferencing systems; during the year the facilities were used for over 200 hours/month (Q4/2011 data). The initiative is expected to deliver a reduction of approximately 10% in business travel. Additional videoconferencing facilities will be installed in 2012 across Group sectors.

GREEN ICT

Following the demerger of the Group at the end of 2010, in 2011 Fiat Industrial launched its own Green ICT plan aimed at reducing energy consumption and associated CO₂ emissions. The plan carries over from 2010 and is aligned with efforts at Fiat Group. For office systems, the program to replace hardware with equipment with **more efficient power supply systems** continued (approx. 6,800 personal computers and 560 technical workstations), resulting in a reduction of around 70 tons of CO₂ over 2008. Completion of the program is scheduled for 2012. In addition, approximately 7,200 monitors were replaced in 2011 with new EnergyStar and EPEAT Silver/Gold rated units. All the computers



and monitors were sourced under a supply contract awarded in 2010 through a competitive tender in which express environmental protection and Green ICT requirements were included in the tender specifications for the first time. The requirements included the provision of a statement assuring that all hardware supplied carries environmental certification; indications of the steps taken by the supplier to manage environmental risk, reduce CO₂ emissions and improve its energy efficiency; and a commitment by the supplier to eliminate toxic chemicals such as brominated flame retardants (BFR) and polyvinyl chloride (PVC) from hardware supplied.

Lastly, as part of the project to optimize printing systems over the period 2009-2011, another 430 new, **more energy-efficient, multi-functional printers** were installed. Besides the improvement in performance that they deliver, new-generation printers of this kind consume up to 35% less energy in stand-by mode than older printers (source: Xerox Italia).

Since 2009, a total of 2,200 units have been replaced worldwide, with a reduction in annual consumption of more than 3,030 MWh (equivalent to approx. 1,570 tons of CO₂). The installation of an additional 280 units is planned for 2012.

In the Data Center area, which includes the computer systems that host applications and IT services for Group sectors, activities to **reduce,**

consolidate and virtualize servers continued. In particular, around 76 physical servers were eliminated and 87 virtual servers created, generating a reduction in annual consumption of 690 MWh over 2010 (equivalent to approx. 347 tons of CO₂). In 2011, the consolidation of Active Directory Servers led to a reduction in physical servers and the creation of 32 new virtual servers.

REDUCING DEALERS ENVIRONMENTAL IMPACT

Fiat Industrial is committed to reducing the environmental impact of its activities. Everyone at the Group strives toward this goal daily and the dealer and service network is also being increasingly involved.

Iveco's *New Dealer Identity* project is a case in point, aimed at renovating and modernizing dealerships and service centers, while reducing the environmental footprint of the network. Renovations involve the use of durable, long-lasting materials and components that minimize both maintenance requirements and energy consumption – especially through the use of LED lighting, which consumes more than 55% less electricity than conventional lighting solutions. Since the start of the project, a total of 85 dealerships have received a full or partial face-lift to display the new Group identity. By the end of 2012, work will be carried out on an additional forty sites, bringing the total number of renovated premises to 125.

BRAZIL'S FIRST ECO-DEALER

In December 2011, Iveco opened its first eco-dealer in Brazil, marking the hundredth Group dealership in the country. The new environmentally sustainable dealership is the first of its kind in Brazil and, considering the numerous solutions that went into its construction, it is perhaps the most ecological in the world.

The new eco-dealer is located in Jundiaí, approximately 80 kilometers from Sao Paulo. The building's optimal exposure to sunlight for a long part of the day enables the dealership to produce electricity from solar energy. The roof of the building is also surfaced with grass, rolled out over several layers of recycled material and a layer of asphalt, which helps lower the indoor temperature of the showroom by up to six degrees Celsius, thus reducing the need for air conditioning. The grass surfacing also enables rain water to be collected, which is channeled through special pipes into a 15,000-liter water tank.

The 18,000 square meters of land occupied by the Iveco dealership are also paved with special concrete slabs that absorb rain water. Minimizing waste and reusing materials were the golden rules underlying the construction of the building, which was also designed with the needs of the disabled in mind.

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

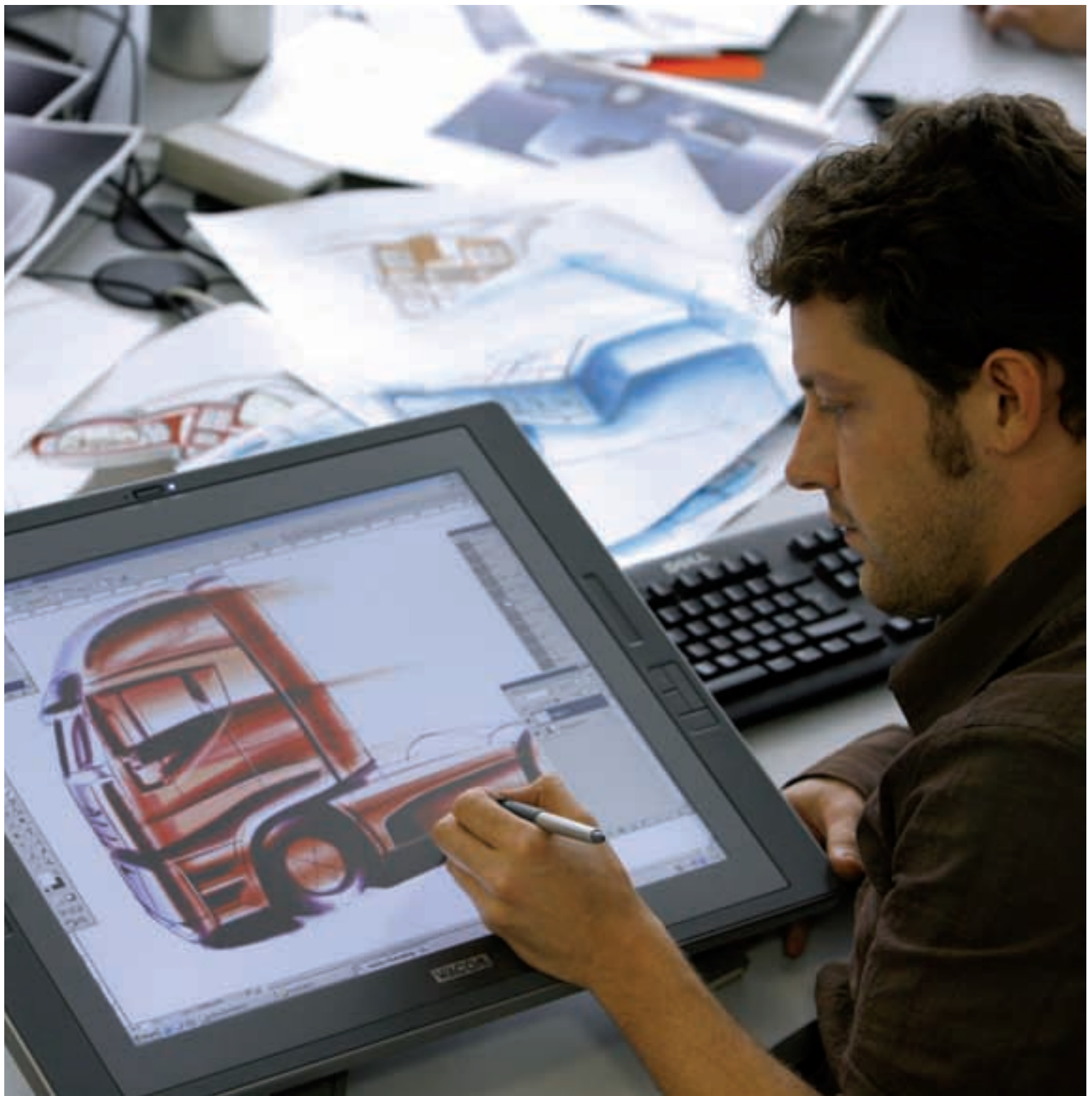
Appendix



A close-up, artistic photograph of a human eye. The eye is looking slightly to the left. The entire image has a strong golden-yellow or sepia tint, giving it a historical or classical feel. The background is a mottled blue-grey color. The text 'SOCIAL DIMENSION' is overlaid in the upper left quadrant in a white, sans-serif font.

SOCIAL DIMENSION

- 115 Our people
- 151 Dealer and service network
- 157 Customers
- 162 Product safety
- 165 Suppliers
- 171 Local communities



OUR PEOPLE

Talent is the lifeblood of any organization, and in fact Fiat Industrial Group views employees as its top resource. The Group strives to provide its employees with growth opportunities that continuously capitalize on diverse experiences, backgrounds and skills. To attract, develop and retain the most talented individuals, the Group offers challenging, rewarding careers where employees never stop learning – strengthening their personal and professional capabilities, as well as the Group's potential to excel. In addition, Fiat Industrial continues to invest in forming a safe and healthy workplace where everyone's differences are respected and that individuals feel proud to be a part of.

EMPLOYEES IN NUMBERS

As at 31 December 2011, Fiat Industrial Group had 66,998 employees, an increase of 4,875 over the 62,123 figure at year-end 2010. This increase is representative of the company's growth in nearly all countries where the Group is present, with a peak of 23% over 2010 in Brazil in association with higher production volumes.

Employees by region and category⁽¹⁾

Fiat Industrial Group worldwide

2011	Total	Hourly	Salaried	Professional	Manager
Europe	41,520	27,461	6,663	6,786	610
of which Italy	18,645	12,275	2,161	3,778	431
North America	10,976	6,465	1,416	2,888	207
Latin America	9,927	7,412	1,430	1,028	57
Asia	3,536	2,026	1,002	494	14
Rest of the world	1,039	513	304	215	7
World	66,998	43,877	10,815	11,411	895

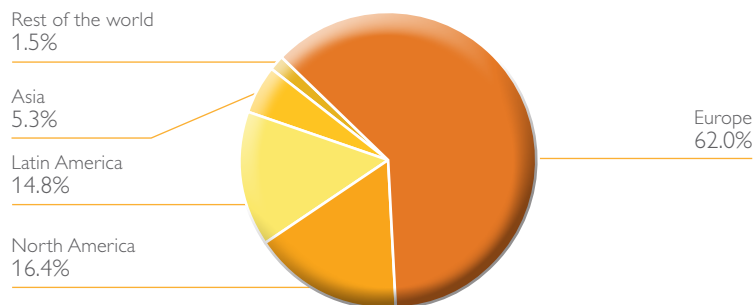


2010	Total	Hourly	Salaried	Professional	Manager
Europe	40,603	27,659	6,334	6,098	512
of which Italy	18,139	12,625	1,940	3,242	332
North America	9,733	5,570	1,267	2,689	207
Latin America	8,197	6,124	1,174	847	52
Asia	2,613	1,577	626	397	13
Rest of the world	977	474	280	217	6
World	62,123	41,404	9,681	10,248	790

⁽¹⁾ Employees are divided into four main categories: hourly, salaried, professional and manager. Professional encompasses all individuals that perform specialized and managerial roles (including "professional" and "professional expert" under the Fiat Industrial classification system). Manager refers to individuals in senior management roles (including those identified as "professional masters", "professional seniors" and "executives" under the Fiat Industrial classification system).

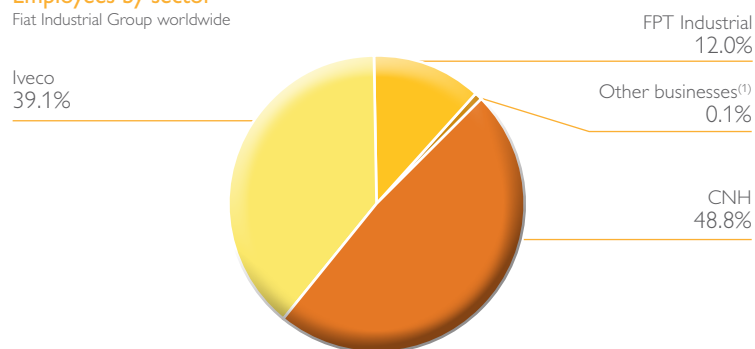
Employees by region

Fiat Industrial Group worldwide



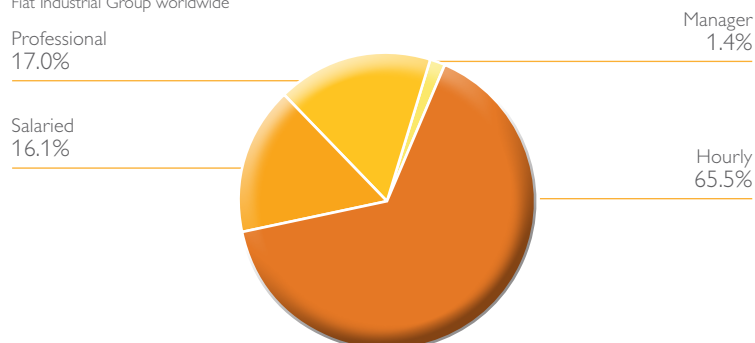
Employees by sector

Fiat Industrial Group worldwide



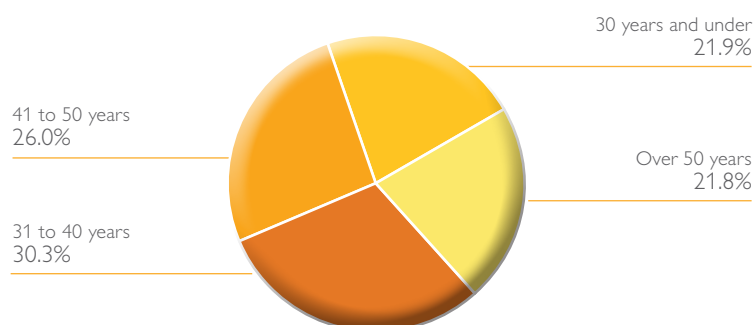
Employees by category⁽²⁾

Fiat Industrial Group worldwide



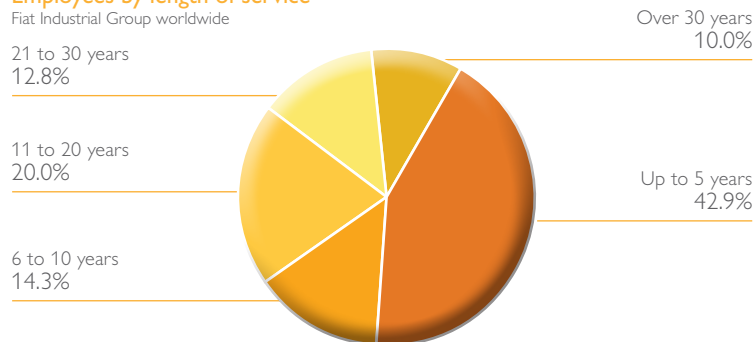
Employees by age

Fiat Industrial Group worldwide



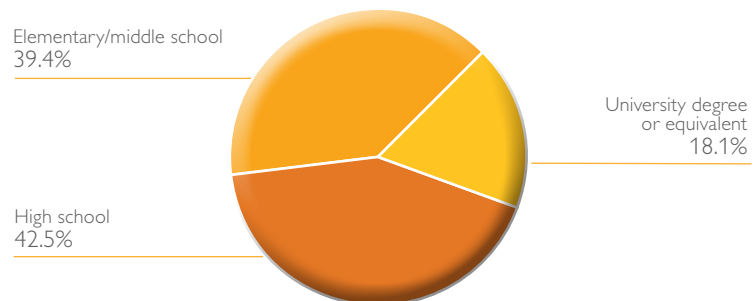
Employees by length of service

Fiat Industrial Group worldwide



Employees by level of education⁽³⁾

Fiat Industrial Group worldwide



⁽¹⁾ Other businesses includes holding and other companies.

⁽²⁾ Employees are divided into four main categories: hourly, salaried, professional and manager. Professional encompasses all individuals that perform specialized and managerial roles (including "professional" and "professional expert" under the Fiat Industrial classification system). Manager refers to individuals in senior management roles (including those identified as "professional masters", "professional seniors" and "executives" under the Fiat Industrial classification system).

⁽³⁾ The population mapped corresponded to 80% of Fiat Industrial Group workforce.

A majority of 62% of personnel are employed in Europe – where the workforce is concentrated in Italy (28% of the total) and France (9% of the total) – while 16% and 15% work in North America and Latin America respectively.

The sector with the highest percentage of employees is CNH, with 49% of the Group's total headcount, followed by Iveco with 39%.

Worldwide, the highest concentration of Group employees is in the 31 to 40 age group, and 43% of the workforce has been employed for five years or less.

Worldwide, the number of employees of all age groups (except the over 50 category) grew in comparison to 2010, in particular the thirty and under age group stood out with a 29% increase. Consequently, the percentage over the total workforce of employees with a length of service not exceeding five years increased the most with respect to other service periods.

A total of 61% of employees⁽¹⁾ have a medium/high level of education (18% hold a university degree or equivalent and 43% have a high school diploma). The remaining 39% finished junior high school/elementary school.

Although Fiat Industrial Group has not established a formal policy to guarantee

hiring of nationals or favor individuals from communities in its areas of operation, where possible, preference is given to national residents. This ensures a stronger tie between the business and the community, enabling a better understanding of local needs and the development of local human capital.

In 2011, Fiat Industrial conducted an analysis of managers in 25 different countries which showed a significant percentage of managers of local nationality in each of the Group's main regions of operation: approximately 83% in Europe (up from 79% in 2010), 94% in North America (up from 92%), 70% in Latin America (up from 67%), 50% in Asia (up from 46%), and 57% in all other regions (up from 33%).

A total of 96% of the Group's current employment contracts are unlimited-term and 99% are full time. Fixed-term contracts were kept to a minimum, representing approximately 4% of all contracts.

Throughout the year, 1,450 contracts were changed into unlimited-term contracts.

Around 1% of the Group workforce is employed part-time, of which approximately 77% are women (for additional details see page 192).

Managers of local nationality by region

Fiat Industrial Group worldwide (%)

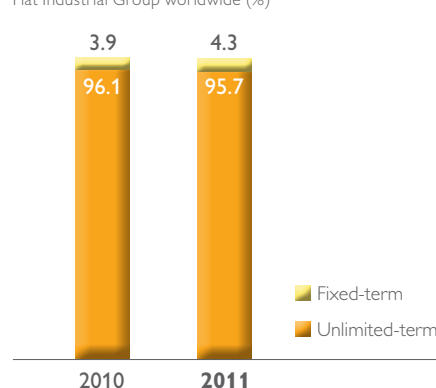
	2011	2010
Europe	83	79
North America	94	92
Latin America	70	67
Asia	50	46
Rest of the world	57	33



⁽¹⁾ The population mapped corresponded to 80% of Fiat Industrial Group workforce.

Fixed-term and unlimited-term contracts

Fiat Industrial Group worldwide (%)



Employee by contract and employment type

Fiat Industrial Group worldwide

	Total	Unlimited-term		Fixed-term	
		Part-time	Full-time	Part-time	Full-time
Europe	41,520	392	39,959	-	1,169
North America	10,976	2	10,917	-	57
Latin America	9,927	-	8,314	-	1,613
Asia	3,536	-	3,536	-	-
Rest of the world	1,039	16	1,003	-	20
World	66,998	410	63,729	-	2,859

TURNOVER

During 2011 **approximately 9,800 people were hired**; this growth was primarily driven by the number of new workers hired in Latin America and North America in association with higher production volumes. Among newly hired employees, 5% were recent graduates, demonstrating the Group's commitment to investing in the workforce of tomorrow. About 30% of the new hires were employed under fixed-term contracts.

In addition, a net increase of around 1,600 employees was attributable to changes in the scope of operations associated with: the acquisition of full control of L&T Case Equipment Private Limited in India by CNH and the line-by-line consolidation of Iveco Finance Holdings Limited by Iveco (following agreement for orderly termination of the joint venture with Barclays); insourcing of some Iveco dealers in Europe and Australia; and transfer by Fiat Group companies of R&D activities and personnel to Fiat Industrial sectors in Italy, as well as activities and staff from Fiat Powertrain (Fiat Group) to FPT Industrial.

During the year, approximately 6,500 people left the Group. Collective redundancies relating to the reorganization or rationalization of operations, including some initiatives launched the previous year, accounted for 10% of this figure. Wherever possible, these situations were managed through the use of temporary social welfare mechanisms provided for by law and with the establishment, in collaboration with trade unions, of social plans aimed at minimizing the impact on employees. Regarding turnover, it is important to note that the scope of Fiat Industrial Group also provides opportunities for transfers between sectors and countries; opportunities for transfer to Fiat Group also exist. In 2011, those that passed from one Group to the other, and Fiat Industrial Group employees that changed country or sector or that changed company under a given sector, totaled over 800 people. To foster cross-sector and intercompany transfers, in 2011 the **Internal Job Posting** program, launched as a pilot project at CNH (North America, Latin America and Europe), was further expanded to cover positions in Italy and Switzerland, with a total of 1,759 positions managed and 3,964 internal applications received.

In addition, during the year Iveco (in France, Germany and Brazil) and FPT Industrial (in the USA and Brazil) also launched a pilot project, with a total of 211 positions managed and 753 internal applications received.

Employee turnover

Fiat Industrial Group worldwide

	2011
Employees at 31/12/2010	62,123
New Hires	9,813
Departures	(6,504)
Δ scope of operations	1,566
Employees at 31/12/2011	66,998

MANAGEMENT AND DEVELOPMENT

One of Fiat Industrial's key challenges is the demand to grow and adapt to a constantly changing environment. The Group realizes that the nature of today's socioeconomic context calls for leaders with the ability to evolve. A solid people management process is the key to success, as it includes employees in the company's business goals, takes advantage of employee talent and fuels the motivation of the workforce.

Fiat Industrial is committed to supporting its employees with training initiatives and recognizing and rewarding their achievements and contribution to business results.

In this manner, the Group not only gauges itself against today's expected levels of global competitiveness, but also gains foresight on potential improvements and succession plans that are essential for the future.

PERFORMANCE AND LEADERSHIP MANAGEMENT

Five key principles underpin the Group's approach to the management and development of human capital:

- meritocracy – as a system that rewards excellence
- leadership – as a key driver in managing change and people
- competition – as a factor to be embraced and relished
- best-in-class performance – as a core benchmark
- accountability – delivering on promises.

These principles are embodied in the **Performance & Leadership Management (PLM) appraisal system**, adopted worldwide to assess Group employees (manager, professional and salaried). It is one of the key processes used by Fiat Industrial Group in the management and development of human resources. Through PLM, specific targets are set to help guide and assess employees in relation to their results, attitudes and behavior.

As part of the program, at the beginning of each year managers sit and discuss individual targets with each team member. Then, at year end, individuals are evaluated on performance (i.e., achievement of business targets) and leadership (i.e., the ability to lead change, work as part of a team and manage people). These two dimensions – performance and leadership – are plotted on a nine-square grid, which indicates a brief assessment of the employee's results. Consistency in the evaluation process is ensured by comparison with the rating of other employees in the same category/role. Calibrations within an expected distribution curve reduce the risk of inequity and align appraisal outcomes through defined criteria. The final results are discussed in a meeting between the manager and the employee, during which an open dialogue on areas identified for

improvement contributes toward validating the employee's performance and strengthening their bond with the organization. Upon completion of the process, employees can access their evaluation online, insert details on their professional aspirations and request specific training to address identified areas of improvement through a variety of actions (such as coaching, exposure to senior management, etc.).

This unique skills mapping and appraisal process, which is the basis for variable compensation, is supported by information systems that enable managers to constantly access the up-to-date information of the people within their organizational unit as well as those even indirectly in their reporting line. In this way, the individual performance of each employee is accessible and can be examined by senior management within the organizational structure.

Performance and leadership of
15,350 employees
assessed using PLM

During 2011, performance and leadership mapping was carried out for around 15,350 employees, including all managers and professionals, and 36% of salaried employees.

The number of salaried employees evaluated has increased year over year, from 34% in 2010 to 36% in 2011. The trend is set to continue, contingent with market and organizational developments.

Fiat Industrial's Chairman firmly believes that an organization's success is based on its resources and spent a day analyzing the results of the PLM process, focusing on senior managers. This analysis led to concrete measures in terms of individual development which, in combination with the evolution of the business, led to significant organizational changes.

This process serves as the basis for all personnel-related management decisions and is a fundamental element in Talent Management and Succession Planning, which together have resulted in key positions being filled largely by internal candidates.

In addition to the PLM evaluation process, **other performance appraisal processes** are in place for individual performance-related compensation around the world. In 2011 other individual performance appraisal systems **applied to more than 5,000 employees** (of which 79% are hourly).

FEEDBACK INTENSIVE PROGRAM

At Iveco, young employees are also recognized through the Feedback Intensive Program (FIP). Two or three years after joining the company, young graduates undergo an assessment of their professional, interpersonal and managerial skills in order to chart their future development path.

The FIP takes place over two days, during which participants are involved in various exercises including group work and individual tasks. On this occasion, the participants are observed by facilitators, selected from among young people belonging to different organizational units within Iveco, who give an assessment at the end of the course and prepare a candidate profile highlighting strengths, motivational orientation and areas for improvement.

The final assessment is then presented to the participant's direct supervisor who works with Human Resources to design an appropriate development plan. This initiative provides clear mutual benefits. On the one hand, the company provides a platform for training and assessment, and on the other, for young employees it is an opportunity for constant improvement oriented toward reaching corporate expectations.



TALENT MANAGEMENT AND SUCCESSION PLANNING

Fiat Industrial Group operates in dynamic, highly competitive industries where success is achieved by ensuring the presence of quality individuals in the organization and by appointing the right people to key positions.

These objectives form the basis of the **Talent Management** program, which identifies the most talented employees and fast tracks their development. The selected individuals are offered professional opportunities that allow them to gain experience in other geographic or business areas and enable the Group to develop effective succession plans that give priority to internal candidates.

The process is conducted in a uniform manner for all countries, business units and levels of hierarchy group-wide. Key individuals, selected on the basis of their professional profile (in terms of performance and leadership) and potential for growth in positions of greater responsibility, are evaluated through a process that directly involves management, from the immediate supervisor to senior management.

The first Talent Review following the demerger from Fiat Group will be held in 2012.

Through guidance and a broader range of career development opportunities, employees have the power to render work organization smoother, reach above and beyond expectations and create strong teams with co-workers.

In 2011 a **Long Term Incentive Program**, to ensure the involvement and

retention of individuals who are key to the Group's continued development, was defined and delivered to 200 CNH top managers worldwide, and in 2012 the plan will also be available for key talent in companies besides CNH.

LOCAL MINIMUM WAGES

In many countries, minimum wage levels are established by law and, in some cases, there are also variations based on regional, national or other criteria.

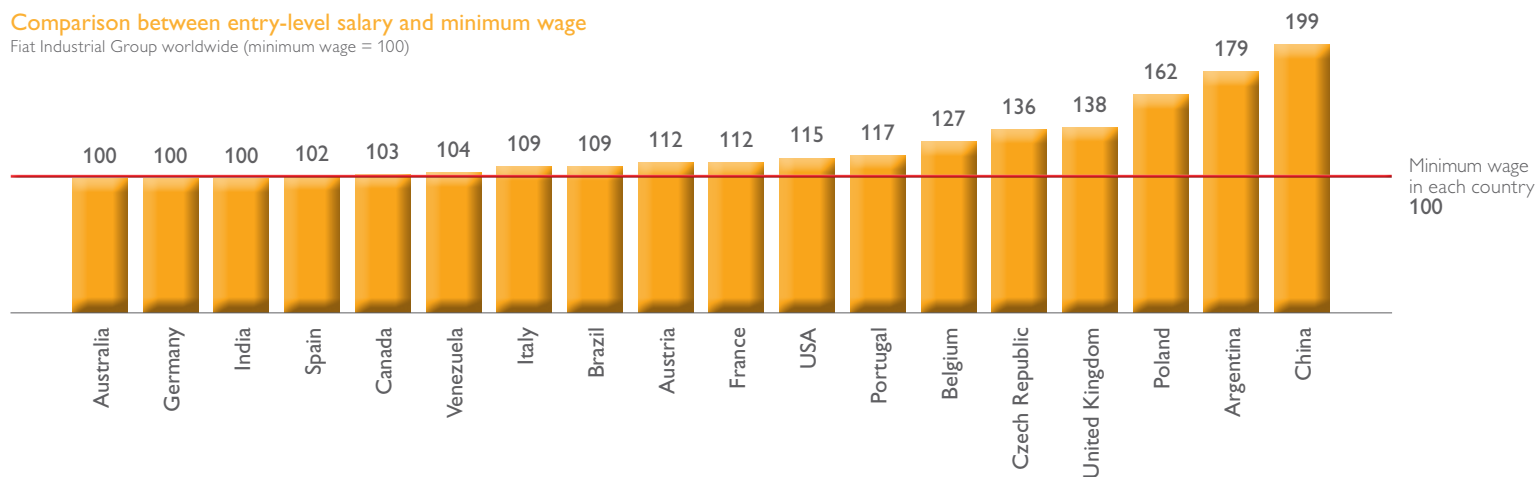
Where no specific law exists, a minimum wage is often established by collective bargaining agreements between employer associations and union representatives. This is the case in Italy, Germany and Belgium, for example, where pay and employment conditions are negotiated at the regional or national level, with the possibility of establishing higher wage levels within the employer company.

Furthermore, minimum wage levels are also established on the basis of specific economic, social and political circumstances and, therefore, do not allow for cross-border comparisons.

In order to evaluate the adequacy of entry-level salaries in each country, in 2011 Fiat Industrial Group analyzed 18 countries accounting for approximately 97% of its employees. The results showed that in 15 of these countries (accounting for approximately 92% of the Group's total employees), entry-level salaries⁽¹⁾ are at least equal to, if not higher than, the statutory minimum or non-company collective labor agreements.

Comparison between entry-level salary and minimum wage

Fiat Industrial Group worldwide (minimum wage = 100)



⁽¹⁾ In accordance with the GRI-G3.1 guidelines, entry-level salary is defined as the minimum compensation paid to a full-time employee hired at the lowest pay scale/employee grade, on the basis of company policy or agreements between the company and trade unions. For each country, results are based on the company with the lowest ratio of entry-level salary to minimum wage. Figures reported are as at 31 October 2011.

EMPLOYEE BENEFITS

Benefits provide employees with a value that goes beyond their salary and cash incentives, and can be a meaningful part of the total reward package they receive. For this reason Fiat Industrial Group offers a competitive range of benefits that, as a general rule, are available to all employees regardless of whether they have a fixed-term or unlimited-term contract or work full or part time. Benefits differ based on an individual's grade and country of employment and on the basis of local policies.

In October 2011, the Group conducted an analysis on a sample of 98% of the workforce on the availability and use of various company benefits (supplementary health plan, financial support for accident-related permanent disability, life insurance, and employee cafeteria or lunch vouchers), the results of which are provided in the table below.

Principal employee benefits

Fiat Industrial Group worldwide (%)

Financial benefits	Employees entitled to benefit
Pension plans	83.9
Supplementary health plans	80.9
Life insurance	57.5
Financial support for disability/invalidity	56.6
Employee cafeteria or lunch vouchers	60.5
Other ⁽¹⁾	7.2
Social benefits	Employees entitled to benefit
Child care ⁽²⁾	11.6
Gym/fitness ⁽³⁾	17.5
Wellness and nutrition programs ⁽⁴⁾	31.3
Other (e.g., flexible working scheme, emergency care/first aid, referral programs, leave of absence or other flexible benefits)	27.0

Approximately 84% of employees are eligible for **supplementary pension plans**. Of these workers, 72% actually participate, making up 60% of the total mapped population.

Supplementary pension plans fall into two categories:

- defined contribution pension plans, for which contributions (by employees, the company or both) are fixed at the outset, and benefits depend on the total sum allocated to the fund supporting the plan and the financial returns of the fund itself

- defined benefit pension plans, in which the future benefits paid out to employees are fixed at the outset, and contributions may vary over time to guarantee payment of the pre-defined benefits.

Most existing pension plans at Group companies are defined contribution plans.

Health plans are also available for Fiat Industrial Group employees, and about 55% of the total workforce was found to have joined such a plan (see also page 140). **Child care** services are in place to help employees achieve work-life effectiveness by responding to their needs (see also pages 136-137, 140-141). Finally, the Group promotes a healthy lifestyle through comprehensive **wellness programs** and facilitates access to dedicated sports facilities (see also pages 138, 141).



⁽¹⁾ Includes benefits such as company cars, housing, interest free loans.

⁽²⁾ Includes kindergarten, free gymnasium for children, assistance with homework, summer camps/holidays, other services dedicated to child care.

⁽³⁾ Includes free gymnasium access, gym/fitness courses and other sports initiatives.

⁽⁴⁾ Includes nutrition coaching, no smoking training, medical check-up, medical screening, other wellness programs.



TRAINING

Fiat Industrial Group believes that the training of individuals is key to the management and development of know-how. Training is the vehicle by which both the knowledge necessary in operations and business and the Group's strategy and values are disseminated.

The **Training Manager** for each Group sector performs the role of coordinating, enhancing and innovating the training offered in accordance with the needs of the various corporate bodies. Training opportunities are open to all roles, levels of responsibility, professional families and individuals driven to increase their own level of professionalism in sync with the development of the company, technologies and the evolution of the corporate culture.

In 2011, the Group training process focused on three central pillars:

- constant support for development of capital goods industry know-how
- development of the managerial skills of employees
- alignment of professional skills with strategic, organizational and technological changes.

The effectiveness and efficiency of training activities are monitored and measured on an ongoing basis using a set of KPIs based on the Kirkpatrick scale.⁽¹⁾ Training effectiveness is evaluated on the basis of:

- participant satisfaction with the initiative (reaction)
- improvement in knowledge/individual skills (learning)
- applicability of concepts learned to the participant's work process (behavior).

To verify whether the desired outcome has been achieved, training efficiency is monitored through:

- resources used for each pillar
- hours of training provided for each pillar
- number of hours of training provided by type and by professional level
- comparison of spending levels against best competitors.

MASTER IN BUSINESS ADMINISTRATION

In 2011, in association with the Department of Economics and Business of the University of Turin, Iveco kicked off the first Master of Business Administration for its young and talented employees throughout the world. The objective of the post-graduate degree – legally recognized as a master's degree – is to form professionals highly capable of facing up to the tough competition of markets both global and intercultural. Thirty-one young Iveco employees that come from Italy, China, Brazil, France, Spain and Romania were chosen for a year and a half of courses in subjects related to finance, marketing, human resources, manufacturing, information technology and labor law using case studies from Iveco's business operations. The lessons are organized so as to allow students to continue working on international projects related to their professional families and study for exams.

⁽¹⁾ The Kirkpatrick scale is a methodology for evaluating training courses consisting in different levels of measurement, applicable to any organization.

In 2011 Fiat Industrial increased investment in training by 8% compared with 2010 to €24.7 million. By using a training strategy designed to reduce investment in participant travel expenses, these financial resources then became available for increasing training activities.

€24.7 million
spent on employee training

A total of 1.3 million training hours were provided for around 32,400 individuals, of which 85% were men and 15% were women. Of the total employees benefiting from training activities, 63% were hourly, 36% salaried and professionals, and 1% managers. Each employee received an average of around 19 hours of training, up from the 2010 average of 10 hours. Specifically, hourly employees averaged 18 hours, professionals and salaried employees averaged 22 hours and managers averaged 30 hours. During the year men and women⁽¹⁾ took part in an average of 19 and 21 hours of training respectively.

Also, more than 234,000 training hours on **health and safety** topics were delivered to about 33,700 employees, of whom 73% were hourly. Approximately 31,500 hours of training were also delivered on **environmental** issues (see also pages 88, 126). Investment in classroom, online and on-the-job training focused primarily on the development of job-specific know-how (50%), corporate campaigns (20%), language courses (20%), managerial skills (8%) and other courses (2%). In Iveco in particular, foreign language courses represent a pillar for employee learning.

Most corporate campaigns were delivered online, allowing individuals to pursue training when most convenient for them and minimizing the disruption of their business responsibilities by allowing them to remain at work.

Training expenditure and activities

Fiat Industrial Group worldwide

	2011	2010
Training costs ⁽²⁾ (€ million)	24.7	22.8
Percentage of personnel costs ⁽³⁾	0.7	0.8
Hours of training provided (thousand)	1,305	648
Employees involved (thousand)	32	45

⁽¹⁾ CNH training hours on health and safety and the environment by gender are calculated on the basis of the men/women headcount ratio.

⁽²⁾ Includes both direct and indirect costs.

⁽³⁾ Personnel costs totaled €2,867 million in 2010 and €3,296 million in 2011.

⁽⁴⁾ The surveyed population covered 820 security personnel, including both those employed by Fiat Industrial Group directly and by outsourcers.

The Group ensures the dissemination of the principles set out in the Code of Conduct and good governance practice to all employees, whatever their level or role, including security personnel, through specific periodic courses and other information channels. For example, in 2011 a survey on security personnel⁽⁴⁾ showed that 59% of them had attended courses on human rights. During 2011 the training campaign promoting the principles described in the Code of Conduct, **good governance** practice and **sustainability** carried on, involving approximately 4,700 employees. The course for managers worldwide on the Compliance Program (Italian Legislative Decree 231/2011) and legal risks was completed. The online course on **non-discrimination** in the workplace (ILO Convention 111) was also launched and delivered to 3,846 professionals and 107 newly hired managers, with the objective of training all professionals worldwide by the end of 2012.

The pilot phase for the design and provision of a complete training offering on **cross-culture and diversity awareness** has been brought to a close; more than 500 individuals were involved.

Training on corporate governance, non-discrimination, anti-corruption and human rights

Fiat Industrial Group worldwide

	2011	2010
Hours of training provided (thousand)	11.4	6.4
Employees involved (thousand)	12.4	5.7



INTERNAL COMMUNICATIONS

In 2011, Fiat Industrial invested significantly in internal communications to launch new projects and reinforce existing ones, providing information on strategy and involving employees in the achievement of common objectives. Newsletters, magazines, intranet portals and social networking are the principal tools used to provide a constant stream of information to employees, focusing on the DNA of each sector, within the framework of a shared corporate culture.

Internal communications activities are coordinated centrally to ensure uniformity and promote cross-sector synergies. To this end, an **Internal Communications Committee** has been established consisting of the internal communications managers from each Group sector, who hold meetings every two weeks.

During the year, the Group launched the **newsletter** *The Industry Post*, a streamlined, up-to-date tool that speaks to all Group employees worldwide. It is published ten times a year in nine languages, in both digital and print format, and each issue features *Well!*, the regular health and well-being supplement. Every quarter, each of the three sectors publishes a special issue to report results.

Turning to **magazines**, the Group continues to publish *Illustrato Fiat Industrial*, a bimonthly publication delivered to the homes of 35,000 active and retired employees in

Italy, providing them a regular update on all the latest Group news.

In 2011, the magazine *CNH&ME*, which is distributed in 12 different languages to 30,000 employees of CNH was completely renewed. The decision to shift the center of focus of the publication more closely onto people has been widely applauded by readers, as shown by the numerous messages and letters of praise received from employees throughout the world.

During the year, the Group broadened the reach and effectiveness of the **intranet** platform, targeted at its salaried workforce, making it more interactive so as to encourage more people to get involved, also in in-house



marketing initiatives. Through the intranet, every employee also has continuous access to information on internal procedures, policies and services, as well as real-time updates on company events. A significant effort was performed by FTP Industrial, which has made the intranet available in three languages and customized it for local sites.

Finally, Iveco last year introduced a series of initiatives to bring senior management closer to employees, including the creation of a corporate **blog** – the Global Thinking Blog. The blog offers employees dedicated space on the intranet to freely express their views and opinions.



PEOPLE SATISFACTION SURVEY

Fiat Industrial Group recognizes that people satisfaction surveys are a useful tool not only for measuring the level of employee satisfaction, but also for identifying corrective measures that meet the needs and expectations of the entire organization.

Periodic studies on the work climate are performed both group-wide and within sectors. The latter are carried out independently with internally arranged surveys and methodologies.

At the Group level, in 2010 a people satisfaction survey was conducted in collaboration with the Great Place to Work Institute (GPTW), an internationally recognized organization that assists in evaluating results against national and international benchmarks. The outcome of the survey highlighted two main areas for improvement: **communication between the company and employees and achieving balance between work and private life.**

Following analysis of the outcome, in 2011 ad hoc projects were planned out. Among the initiatives launched in order to aim at better and more frequent communication between the company and employees, one that particularly stands out is Mio.

Mio is a service, available through different channels of communication (phone, web and about sixty help desks), which provides information on the work relationship including, for example: explanatory information on the new first-level collective labor agreement (CCSL) starting in January 2012; clarification of the information found on pay stubs; and support in joining social initiatives.

Among the initiatives designed to implement work-life balance, an exemplary case is the introduction of the driver's license renewal service offered by Iveco and FPT Industrial to all employees at the Turin plant in Italy. The service also allows one to perform transfers of ownership and other useful procedures within the walls of the workplace.

Concerning sectors, within CNH, all 4,122 employees in Latin America were surveyed in 2011, spanning all employment grades, covering these nine categories: Environment and Work Relations, Communication, Relationships, Leadership, Learning and Development, Responsibility and Commitment, Compensation and Benefits, Health, and Company Image. The same survey was administered in 2009. There was improvement in the level of satisfaction in all nine categories, from 69–84% in 2009 to 72–90% in 2011. Furthermore, employees in Purchasing in North America were surveyed to understand key issues resulting in high employee turnover.

One hundred and twenty-four employees were surveyed across all levels on fifty questions across the following six categories: Communication, Leadership and Supervision, Learning and Development, Career and Compensation, Recognition, and Motivation at Work. Employees gave a rating of satisfactory or higher to 85% of the questions. Corrective action teams were formed and actions were implemented for the six areas of high dissatisfaction.



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OCCUPATIONAL HEALTH AND SAFETY

Fiat Industrial Group sees safeguarding occupational health and safety as an absolute priority in running its business, something which makes the difference in securing its position as a global market leader.

HEALTH AND SAFETY MANAGEMENT SYSTEM

In September 2010, Fiat Industrial issued its **Health and Safety Guidelines** which establish the principles and instructions for this field. The main issues addressed by the guidelines include:

- continuous improvement of working conditions
- adoption of a preventive/proactive approach by all employees to reduce risks to a minimum
- active involvement of everyone through widespread information campaigns and training
- increasing the awareness of all employees and company managers on occupational health and safety issues.

Each sector has set ambitious targets for these elements, with the conviction that continuous improvement is the only possible approach to reach excellent results.



ORGANIZATION

The implementation of a policy safeguarding and promoting health and safety in the workplace, in every area of operations and in every country, is ensured by each Group sector through an organizational structure present in each of their operational units worldwide and coordinated by an Environment, Health and Safety (EHS) unit at the sector level, which is responsible for dealing with issues related to occupational health and safety by providing specialized technical assistance to plant managers. The central units of each sector are also in charge of ensuring that the targets of the individual sectors are implemented at plants, ensuring uniformity and seamless compatibility with the specific aspects of the different businesses. The activities are performed at plant and sector level by qualified individuals with suitable professional skills, background and knowledge.

TRAINING

The creation of a well-defined and consolidated health and safety culture, centered around risk prevention and continuous improvement, is developed through information and training at all company levels in order to increase awareness and promote proactive behavior for all employees aimed at early detection of potential risks before they occur.

The number of **training hours** on health and safety provided by Fiat Industrial Group in 2011 totaled **more than 234,000 hours**. A total of about **33,700 employees** were **involved**, including 24,650 hourly employees.

Health and Safety training

Fiat Industrial Group worldwide

	2011	2010	2009
Hours of training provided	234,138	211,167	206,659
Employees involved in training activities	33,745	36,552	32,784

For a better sharing and management of safety training at Fiat Industrial, an important initiative in Italy was the **creation of the national Organismo Paritetico Health & Safety (OPHS)**, which includes the participation of Fiat S.p.A. and Fiat Industrial as well as the trade unions FIM-CISL, UILM-UIL, and FISMIC. As envisaged by relevant national regulations, the main purpose of this bilateral body (company-trade unions) is to promote and deliver training and educational activities related to health and safety, with a specific focus on the roles and skills of the professional figures involved in implementing the OHSAS 18001 management systems.

A decision was made in 2011 to change the *Health & Safety First* training project bringing it into line with new trade union requirements and therefore

redesigning it using the experience of the three Italian pilot plants as a basis, two CNH plants (Modena and Jesi) and one FPT Industrial plant (Torino).

The **new training platform**, called *Health&Safety*, is an ongoing occupational health and safety training system used to:

- set up work processes, methods and tools, to efficiently and effectively manage a training process aimed at complying with legal requirements
- disseminate a health and safety culture in the company focused on actual and not just formal behavior
- optimize training costs/effectiveness by standardizing contents, tools and methods of delivery
- share resources and ensure effective and enjoyable training, using the experience and tools of World Class Manufacturing (WCM) and Health&Safety First.

The Health & Safety First program aims to stimulate aware behavior focused on rules, knowledge and prevention of risks through on-site enforcement of activities for identifying and assessing risks. The project was completed as a pilot in 2011 at FPT Industrial's driveline plant in Turin (Italy) and continued at the CNH plant in Modena (Italy) with the involvement of new teams in addition to those which took part last year. The project has also been started up at the CNH plant in Jesi (Italy).

Some specific initiatives undertaken at sector level are of particular significance, including:

- Iveco launched the *Sulla strada della sicurezza* (on the road to safety) initiative aimed at all plant managers, with skills testing and team building to prevent risks, which was very successful in terms of participation. All of the activities focused on how to safely handle the testing and use of equipment and assess the time to do so, in a similar manner to a process within the production cycle. At the end of each test the groups held a debriefing on the outcomes achieved. This allowed each participant to become aware of the risk and how it is essential to perform the test safely, with knowledge of the instruments
- Iveco also carried out specific training on the *All injuries can be avoided* method with the participation of all plant managers at an international level on specific occupational health and safety issues
- the *Safety Climate Survey* was started at CNH in Basildon (UK) aimed at analyzing the perception and awareness of safe behavior of plant employees and their consequent satisfaction in terms of trust and internal climate
- to reinforce the learning process on the importance of personal protection devices and their correct use, specific guidelines were issued at CNH Brazil. At CNH Latin America, Golden Rules were published: ten fundamental rules to use as a basis for safeguarding health and safety and protecting the environment.



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COMMUNICATIONS

The key role played by internal communications is essential to ensuring the success of accident and illness prevention policies. This acquires an even greater significance in circumstances with a high degree of interaction and when many people are involved and a great number of complex options and alternatives need to be considered.

Within an elaborate corporate structure, internal communication plays a fundamental role. The choices made to render the transmission of information more efficient and effective must be made known and available to all individuals involved. This is the only way in which those who work in different sectors may go forward and operate in sync with the strategic decisions taken.

In this context the **Top Ten Safety** project has continued, which establishes standardized methods for focusing the attention of plant workers on health and safety (i.e., internal communication on accidents, management of visitors and external contractors, factory signs, clothing and personal protection devices). In 2011 the Top Ten Safety project was **extended to all Group plants** in Europe for a total of 30,083 participating employees.

The Group's intranet platform plays a key role in internal communications for safety professionals. It acts as an archive, enabling access to information and training tools including documentation on OHSAS 18001 certification programs (guidelines and general and operational procedures).

CERTIFICATIONS AND AUDITS

Fiat Industrial possesses 57 manufacturing plants worldwide certified to the OHSAS 18001 standard. These results confirm the Group's commitment to continuous improvement through practical implementation of the Health and Safety Guidelines.

57 plants
OHSAS 18001 certified

A strong commitment marks the project aimed at adopting a proactive approach in all activities for reducing risks and accidents to a minimum. Certifications were confirmed by qualified independent audits conducted by external organizations, as described below:

OHSAS 18001 certifications

Fiat Industrial worldwide

	2011	2010
Plant certified (no.)	57	54
Employees working at certified plants	47,040	42,039

By the end of 2012 all Group plants, existing worldwide as of 2010, will be OHSAS 18001-certified; by 2014, OHSAS 18001 certification will be extended to joint venture plants where the Group's interest is equal to at least 50%.

The occupational health and safety management systems (OHSMS) are subject to systematic auditing which is documented and objective, performed



by qualified plant personnel (internal audits) and whomever has an interest in the sector's organization or by qualified independent external organizations (external audits by second and third parties).

OHSMS audits and employees covered

Fiat Industrial worldwide

	2011	2010
Internal audit (no.)	384	200
External audit (no.)	147	134
Total employees covered by audit (thousand)	54,38	42,33
Percentage of the total personnel	81.18	68.14

TOOLS

Activities continued during 2011 aimed at developing and disseminating a tool throughout Fiat Industrial to analyze and manage traceability of events (accidents, first aid and near misses⁽¹⁾), in addition to unsafe acts and unsafe conditions to improve the management procedures for these processes and to be increasingly effective with preventive actions. Specifically, two pilot systems are being tested and developed, one in North America and one in Europe to manage safety data and information (one Iveco plant, one FPT Industrial plant and ten CNH plants).

HEALTH AND SAFETY PERFORMANCE

The sectors have invested significantly over the past year in development and implementation of safety tools, despite the presence of a very difficult worldwide economic situation. In 2011, individual Group sectors spent a total of approximately €83 million, safeguarding the health and safety of their people.

Spending on Health and Safety

Fiat Industrial worldwide (€ million)

	2011	2010	2009
Spending on health and safety ⁽²⁾	82.74	68.65	66.46
Percentage of personnel costs ⁽³⁾	2.51	2.39	2.57

The achieved results and good performance are due to the activities planned and developed at different levels: Fiat Industrial Group, sectors, plants and/or organizational units. The most significant activities included:

- continuous improvement of the OHSAS18001 occupational health and safety management system in manufacturing plants
- application and development of the Safety pillar of World Class Manufacturing with the active involvement of all employees in the continuous improvement process

⁽¹⁾ Near misses: an unplanned event that did not result in injury, illness, or damage – but had the potential to do so.

⁽²⁾ Includes spending on improvements to safety and working conditions (improvements to facilities, worker protection, inspections of plants and the working environment) and to employee health (healthcare costs).

⁽³⁾ Personnel costs totaled €3,296 million in 2011; €2,867 million in 2010; €2,589 million in 2009.



- widespread training on safety culture and communication on safety issues
- continuous improvement of working conditions and the working environment in line with best practices.

SAFETY PERFORMANCE

The actions and efforts undertaken in 2011 made it possible to improve Fiat Industrial's health and safety performance, basically represented by the frequency rates and severity of accidents.



The overall frequency rate of Fiat Industrial for 2011 was 0.55 accidents per 100,000 work hours, which represents a 21% drop compared to the previous year.

Considering the same scope as in 2010, in 2011 Iveco saw a total reduction of 54% in accidents, for a change from 1.02 to 0.55 in the frequency rate. The number of injuries for female workers requiring an absence greater than three days was 4.1% in Iveco and 9.0% in FPT Industrial, on total injuries. The severity rate was 0.18 days of absence per 1,000 hours worked.

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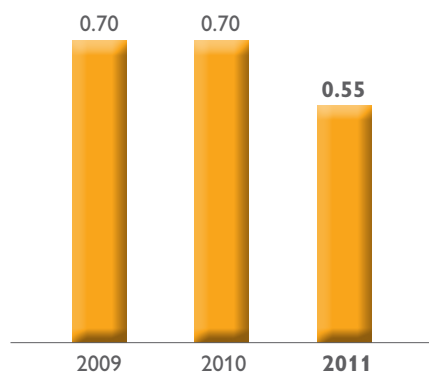
The reporting scope covered 92.9% of Group headcount.

No fatal accidents were reported in 2011 involving employees, contractors or any other people working **at the various Fiat Industrial Group operational sites worldwide.**

The indicators for the Group by individual region are shown at page 194.

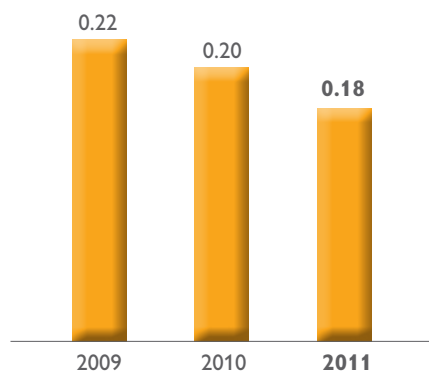
Frequency rate⁽¹⁾

Fiat Industrial Group worldwide (accidents per 100,000 hours worked)



Severity rate⁽²⁾

Fiat Industrial Group worldwide (days of absence per 1,000 hours worked)



The Group monitored 5,461 near misses⁽³⁾ in 2011 which, through their analysis and the adoption of countermeasures, made it possible to reinforce prevention and safety culture concepts based on individual behavior and commitment for a responsible approach to day-to-day activities.

HEALTH PERFORMANCE

Group plants are equipped with health services carried out by actual doctors and nurses and tailored to each site's particular needs so as to assure employees first aid care, both in the event of an injury and if one feels faint while working, as well as to safeguard their health (preventive and regular health monitoring). In a small number of cases – for example at plants with a limited number of employees or at locations where no manufacturing is carried out – the above mentioned activities are often performed at external health centers. The internal health service personnel, as are those that perform their duties in external centers, are seamlessly integrated in the organization, tasks and activities called for by the OHSMS.

In 2011, **approximately 86,000 medical visits were performed**, including periodic and preventive check-ups and treatment requested by employees, data requested from doctors' offices (see also page 194). The working group in which the sectors' specialized physicians take part proceeded throughout 2011 as well, essentially aimed at updating and integrating the way health aspects are managed in connection with prevention in its broader sense. While the focus was mainly on the requirements of Italian regulations, references relevant for international operations were also provided.

OCCUPATIONAL ILLNESSES

Occupational illness (i.e., diseases resulting from gradual and progressive harm to the worker, which occur during, and as a direct consequence of, insured activities carried out by the worker) is also constantly monitored by Group companies for the purpose of identifying working conditions that may have fueled their onset, assessing any residual risks and implementing corrective measures to prevent their recurrence. For the most part, such situations no longer exist within the Group, as they are associated with working methods and environmental circumstances that have long since been eliminated. The system for gathering information on occupational illness in the manufacturing environment distinguishes between case files opened and verified cases of disease. The former are cases being investigated and verified by insurers, in accordance with the applicable local regulations, to verify the existence of the occupational disease and any causal link with the work activities performed. The latter are cases where the insurer, upon completion of its investigation, has confirmed that the above conditions exist.

⁽¹⁾ The frequency rate is the ratio of the number of injuries reported (resulting in more than three days of absence) to the number of hours worked, multiplied by 100,000.

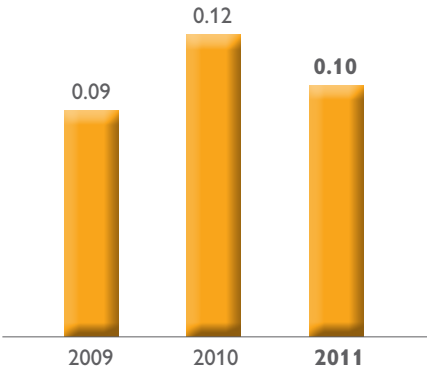
⁽²⁾ The severity rate is the ratio of the number of days of absence to the number of hours worked, multiplied by 1,000.

⁽³⁾ Near misses: an unplanned event that did not result in injury, illness, or damage – but had the potential to do so.

In 2011 **a total of 100 cases of occupational illness were verified** by the relevant insurer in each country.

Occupational Illness Frequency Rate (OIFR)

Fiat Industrial Group worldwide (cases of occupational illness per 100,000 hours worked)



WORK-RELATED STRESS

While work-related stress is not a new risk considering the broad scientific body of literature on the subject, its spread in all work spheres worldwide defines it as an emerging phenomenon. Recent studies in European Union countries have brought out the fact that work-related stress is a widespread health problem. Its further increase in the future is probably due to the evolution of the world of work currently underway, the characteristics of which are: the use of new types of fixed-term contracts, uncertainty and insecurity of jobs themselves, an aging workforce, interferences and imbalance between work and private life (source: European Agency for Safety and Health at Work).

On the other hand, the importance of work-related stress risk is even more evident if we consider that it also acts as an amplifier of traditional risks (chemical, physical and other agents) worsening their effects. To this concern, differences in the gender, age and cultural background of individuals can also turn out to be extremely significant for the effects. To identify, assess and face work-related stress factors, the various methodologies proposed require that companies analyze their organization based on a procedure that scrutinizes all of the abovementioned variables in order to be able to identify the most appropriate and effective measures.

In the last few years, Iveco gained valuable experience in France and Spain, as did CNH and FPT Industrial. A work-related stress risk assessment was also conducted in Italy by a process broken down into a series of steps according to a standardized risk assessment and analysis method that draws from the

suggestions of the National Network for the Prevention of Psycho-social Distress in the Workplace and was adapted to the Group's characteristics and combined with the main elements underscored by the Health and Safety Executive in the United Kingdom and by the Swiss SUVA. In the final quarter of the year, CNH Italy planned and implemented a specific eight-hour training course for all members of the assessment group, involving a total of ninety individuals from all company sites with the purpose of clarifying the concept of work-related stress and methods for analyzing it.

Assessments of the risk of work-related stress take into consideration not only the company working environment but also a series of external environmental factors that may influence the way a worker responds to the stress created by different models of work organization. The influencing factors of particular relevance are one's socioeconomic status, the organizational structure of society, the predominant cultural model and the role of family in society. In this manner, it is estimated that while different stress risk assessments may have been carried out with the same assessment tool and with perfectly analogous models of organization, their results may differ substantially among regions and countries.

Considering the geographical spread of Fiat Industrial plants, it is clearly essential to verify how to adapt the procedure used for work-related stress assessment in Italy to the characteristics present locally at other sites around the world.

In order to guarantee an accurate comparison of findings, the plants chosen under the different sectors should belong to a sole region that is sufficiently uniform in structure and model of society; for this reason, the procedure used in Italy has been sent to the Czech Republic, Poland, Turkey and Brazil (also in its English version) for initial evaluation of its compliance with current regulations in individual countries and of its actual applicability locally, and to gain follow-up feedback.

ERGONOMICS

Ergonomics shares its objectives with occupational health in creating working environments that are designed, created and kept in such a manner that does not provoke harm to workers, but rather allows them to maintain their psychological and physical state and, most importantly, their well-being.

Through its awareness of the paramount importance of applying ergonomic principles in the workplace, the Group has long been proactively monitoring the related issues so as not to limit action to the mere identification of existing problems and their elimination or monitoring, but also to identify potential concerns ahead of time before appearance of unwanted effects. With the gradual shift of the central focus to the design phase of workstations – and work systems in the broader sense of the term in relation to the working environment and equipment including hardware and software components of IT tools, spaces and workstations, mental efforts, work organization, job tasks and duties – the

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Group's research and development structures have begun collaborating with qualified university institutions, extensively using advanced technologies such as simulation techniques and scale or computer models.

Constant monitoring of the status quo, including implementation of initiatives for improvement and keeping a careful watch on the modifications made to machinery and/or in procedures so as to immediately intercept any discrepancies between that which was designed and that which was created, thus make the assessment complete.

EQUAL OPPORTUNITIES

The **Code of Conduct** confirms Fiat Industrial Group's commitment to offer all employees equal opportunities in the workplace and in their professional advancement. The head of each department is responsible for ensuring that, in every aspect of the employment relationship, be it recruitment, training, compensation, promotion or transfer and termination of the relationship, employees are treated on the basis of their ability to meet the requirements of the job. The Group rejects all forms of discrimination, and in particular, discrimination based on race, gender, sexual orientation, social and personal position, physical and health conditions, disability, age, nationality, religion or personal beliefs.

Offering career opportunities and advancement free from discrimination and respecting and enhancing diversity are among the commitments highlighted in the Fiat Industrial **Human Capital Management Guidelines** and **Human Rights Guidelines**.

Considering that Fiat Industrial is present worldwide, there may be significant differences in legislation among countries where the Group is present and also different levels of employee awareness, concern and capability in applying the principles of non-discrimination. The company Code of Conduct and specific guidelines ensure that the same standards are applied worldwide. In fact, as stated in the Code of Conduct, company standards have precedence in jurisdictions where legislation is less stringent.

In addition, the Group seeks to build awareness of the importance of a diverse and inclusive workforce through a variety of actions. Among other initiatives, in 2010 an online course focusing on the principles of non-discrimination was developed in cooperation with the International Training Center of the International Labour Organization (ILO). Courses continued to be rolled out in 2011 for approximately 4,000 employees, with the purpose of teaching employees fair and unbiased behavior by providing practical information and giving concrete examples and suggestions on how to prevent, detect and correct conduct that may give rise to discrimination in the workplace (see also page 123).

MEN AND WOMEN

The promotion of equal opportunities for men and women in the workplace is one of the common objectives held by the Group and employee representatives.

This issue forms part of the social dialogue in each country, which is conducted according to local regulations and practice. Every two years the **Italian** companies of the Group with over one hundred employees submit a report to the trade union representatives and the Equal Opportunities Councilor of the relevant Regional Authority on employment of men and women for the two-year period, as required under the applicable legislation. In Italy, joint committees envisaged under Group company agreements in place until 31 December 2011 included Equal Opportunities Committees at sector level, tasked with monitoring employment conditions for women,



researching and proposing initiatives and examining potential causes of dispute relating to the application of the principles of equal opportunity. Among Fiat Industrial Group sectors, an Equal Opportunities Committee was established at Iveco only.

The new collective labor agreement applicable as of 1 January 2012 in all Fiat Industrial Group companies in Italy (see also pages 142-143), which replaces the national collective labor agreement for metalworkers, requires the establishment of an **Equal Opportunities Commission** at each Group company composed of representatives from the company and employee representatives, with duties similar to those held by its predecessor, the Equal Opportunities Committee. In addition, of the agreements drawn up between the company and trade unions worldwide in 2011, 7% cover the issue of equal opportunities (see also page 149). A survey conducted at Group companies in October 2011 on 99% of the Group's workforce outside Italy showed that approximately 17% of employees are represented by **joint bodies**, consisting of company and worker representatives with authority in the area of **equal opportunities**. It is necessary to point out that within the scope of both agreements with trade unions and joint bodies, the concept of equal opportunities does not refer exclusively to equality among genders.

FEMALE EMPLOYMENT IN NUMBERS

In 2011 the presence of women in the Group's workforce increased by 11% over the previous year, while the overall number of employees increased by 7.8%. Women in Fiat Industrial Group represented 13% of the worldwide workforce.



In all regions, but especially in Latin America where the percentage increased by 68% over 2010, there was an increase in women in the workforce compared with 2010. Despite this increase, in Latin America the proportion of female employees is lower (8%) also due to the predominance of hourly employees – which represent approximately 75% of the region's total workforce – who tend to be men.

⁽¹⁾ Other businesses include holding and other companies.

Iveco (14%) and other businesses⁽¹⁾ (45%) were the sectors that registered the greatest female presence.

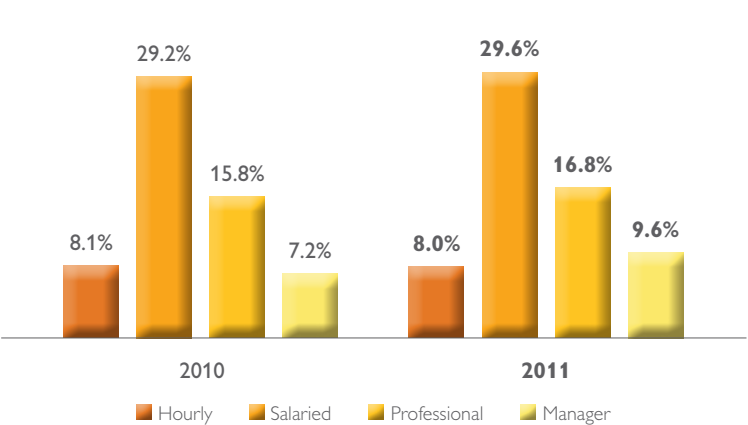
Specifically, the percentage of women employees increased in the thirty and under age group and in the segment of the employee population with less than five years of service in the Group.

Women employees by region
Fiat Industrial Group worldwide

	2011	2010
Europe	12.7%	12.1%
North America	18.8%	20.2%
Latin America	8.0%	5.8%
Asia	10.7%	13.5%
Rest of the world	17.4%	17.8%
World	13.0%	12.7%

The portion of women in the total headcount grew over all professional categories except for that of hourly workers, in which it remained substantially the same. A significant statistic is the increase in women within the manager category from 7.2% in 2010 to 9.6% in 2011. Concerning the distribution by level of education, 73% of women employees have a medium/high level of education (33% hold a university degree or equivalent and 40% have a high school diploma). The percentage of total part-time contracts signed by women employees in the Group remained substantially stable compared to 2010 at 77%. Instead, for fixed-term contracts only 6.7% were signed by women.

Women employees by category
Fiat Industrial Group worldwide



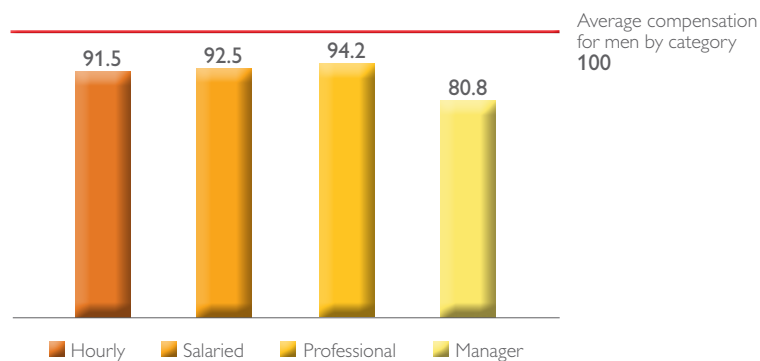
COMPENSATION

Fiat Industrial Group applied a formal process to **monitor application of equal opportunities principles** to compensation, annual salary review plans, performance and leadership appraisals and promotions.

As part of the monitoring process, in October 2011 the Group surveyed compensation levels for men and women in each of the principal countries of operation. The scope of analysis covered the 18 most relevant countries, which together account for more than 98% of the Group's workforce.

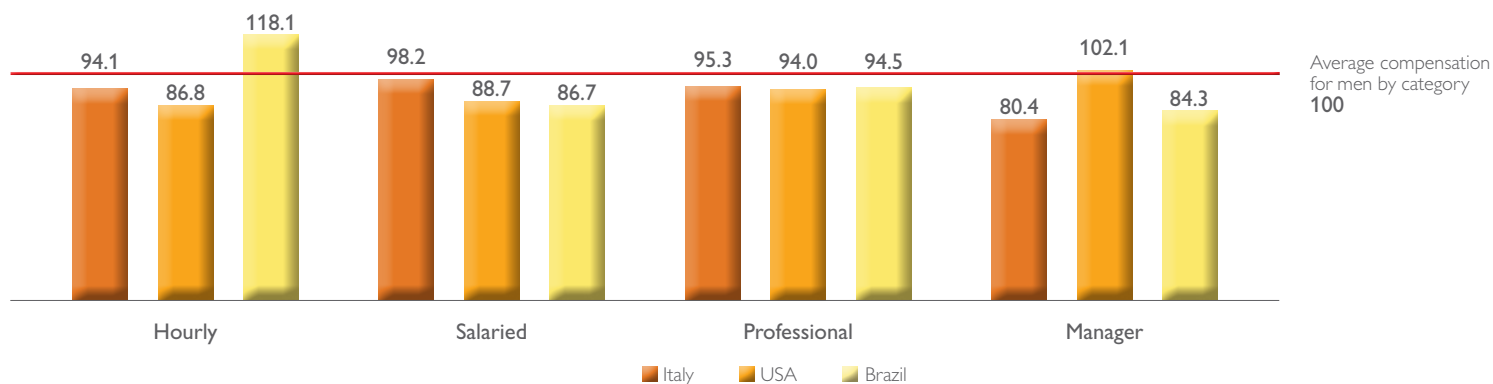
Comparative compensation levels for men and women⁽¹⁾

Fiat Industrial Group worldwide (men = 100)



Comparative compensation levels for men and women by country

Fiat Industrial Group (men = 100)



⁽¹⁾ Each category reported (manager, professional, salaried and hourly) includes a range of positions with compensation levels that may vary based on both internal and external factors (e.g., average salary level for a similar position in each country). The comparison is based on basic compensation, consisting of the pay received by employees for their normal activities, but does not include any supplemental allowances (including those paid under specific conditions or working hours), bonus payments, one-off payments or benefits in kind.



Overall, the analysis showed relatively small differences ranging between 6% and 9% for hourly, salaried and professional employees. For managers, the average gap was approximately 20%, mainly as a consequence of lower representation of women in senior management positions. The principal exception was the United States and Spain where compensation for women managers was approximately 2% and 22% higher than for their male colleagues respectively in those two countries. Specifically, in **Italy** the earnings ratio for men and women with analogous roles showed marginal differences, with the exception of management positions for which there was a 20% variance from men's salaries. In the **US** the average difference in women's compensation compared to that earned by men was slightly higher than that seen in Italy, with the exception of managers. In **Brazil**, there were only negligible differences between women's and men's average compensation, while among salaried employees and managers the gap was broader.

DIVERSITY IN THE WORKFORCE

A diverse workforce is a reflection of the Group's commitment to creating an atmosphere of inclusion and cooperation. The commitment to diversity includes a range of initiatives that help employees to work in an understanding, flexible and challenging environment. In 2010, a survey was carried out⁽¹⁾ in thirty countries, covering about 97% of Fiat Industrial Group's workforce, to monitor employment of disabled workers. The regulations in certain countries, such as Austria, Brazil, France, Germany, Italy and Spain, require companies to employ a minimum percentage of disabled workers, which also may vary in relation to the headcount of the company/site, in many cases entailing the requirement only for sites with a headcount exceeding a certain threshold. These laws also give employers the alternative of paying contributions to specific funds for the disabled or establishing agreements with the relevant bodies to hire these individuals gradually, etc. In some of these countries, in the last two years legislative or other measures were aimed, in some cases, at widening the scope of exemptions from such legislation, and in others, at postponing the deadline for taking on disabled workers, where a deadline had already been established in individual company agreements or conventions. The survey showed that in these countries (12 mapped), **disabled workers** account

for **3.2% of total employees** within the Group. This figure represents the average of different local values which are also influenced by local legislation establishing minimum quotas ranging from 1.5% to 7%. In many other countries (including Argentina, Australia, Belgium, Canada, Mexico, Poland, the United Kingdom and the United States) there is no legislation relating to the employment of disabled people that establishes minimum quotas, although in some cases other forms of protection exist (i.e., related to working hours or workplace environment, particular grants/benefits for companies employing disabled workers, etc.). In these countries, there are objective limitations to reporting the number of disabled workers, as the information is sensitive and often subject to data protection legislation and, as a result, the company is only aware of an employee's personal condition if he/she chooses to make it known. In these countries (18 mapped), the known cases of disabled workers account for 1% of total Group employees.



⁽¹⁾ The survey, relative to 31 October 2010, is carried out biannually.

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In Brazil, due to the limited presence in the labor market of disabled workers and/or disabled workers with the skills necessary for employment, the plants of FPT Industrial and of Iveco at Sete Lagoas have, in collaboration with the Ministry of Labor, set up the *Inclusão Eficiente* (efficient inclusion) project in 2010 to determine the number of disabled workers to be hired, together with the best approach (including training and educational programs) and timescale for their integration. A similar initiative was launched in 2011 at CNH plants.

In October 2010, Iveco France renewed an agreement for a further two years, with the consent of all five trade unions represented, which sets out a specific policy and actions aimed at recruiting, developing and providing long-term employment for disabled people.

In Italy, in order to fulfill its obligations under Italian Law 68/99, Fiat Industrial Group has established agreements with the relevant authorities designed to promote the inclusion of disabled people in its workforce. These agreements, provided for under current legislation, represent a mechanism that is well-suited to satisfying society's interest in employing these individuals, as they balance the needs of the individual with the organizational and productivity requirements of the company. However, economic difficulties and the consequent recourse to extraordinary temporary lay-off benefits and collective redundancy schemes at certain Group plants resulted both in suspension of these obligations, under the applicable law, and the deferment of hiring scheduled for 2009 and 2010 – which is gradually resuming once the suspension period is up.

Furthermore, in 2011⁽¹⁾ at CNH companies in the US a survey was conducted on the number of employees belonging to ethnic minorities recognized by local legislation, which involved 99% of the headcount. This mapping showed that **14% of employees belong to ethnic minorities**; 20% of women employees and 13% of men employees are from an ethnic minority.

An analysis⁽²⁾ of employee nationality was also conducted at Group companies in eight countries whose headcount totaled 78% of the Group's workforce worldwide. It emerged that **4% of employees belong to a nationality different** from that of the country surveyed. The percentage was higher for men (4%) than for women (3%). The country in which Group companies employ the highest percentage of workers with a nationality different from the host country was Germany, where the proportion of foreign employees is 10%.

⁽¹⁾ Survey relative to 31 October 2011.

⁽²⁾ Survey relative to 31 October 2011 carried out in Belgium, France, Germany, Italy, Poland, Canada, USA and Brazil.

⁽³⁾ Study performed during the month of October and covering 34% of employees (the entire population excluding hourly employees).

⁽⁴⁾ Study performed during the month of October covering managers, professionals, salaried and hourly employees, with the following exceptions: paternity and breastfeeding data not available for Canada; paternity, adoption and maternity data for US hourly employees not available as they are included in "Other leave".

EMPLOYEE WELFARE

Fiat Industrial considers people to be its most valuable asset. Besides furthering professionalism, offering opportunities for growth without discrimination and ensuring a safe working environment, the Group promotes various options related to reconciling professional and private life and for the well-being of its employees.

For the Group, welfare is to be considered as something which is provided for the comfort and improvement of employees, over and above wages, exceeding the requirements of local legislation.

WORK-LIFE BALANCE

Achieving the optimum balance between work and private life is an essential element for employees to be effective, productive and satisfied in all dimensions of their lives. Fiat Industrial Group recognizes the shared challenge for both the company and its employees to improve this balance, while continuing to deliver excellence in job performance.

FLEXIBLE WORKING SCHEMES

In 2011 the Group carried out an assessment on the flexible working arrangements offered to its employees. The results, focusing on flexible working hours, parental leave and other leave, provided a wide range of indicators for assessing action in favor of employees where the work-life balance is concerned. Flexible working arrangements in fact enable a positive climate to be set up and maintained within the Group, applying a series of tools useful in reconciling demands linked to work with the responsibilities of family life.

The assessment revealed that 76% of the employees analyzed⁽³⁾ took advantage of **flextime** and that North America and Latin America, respectively at 99% and 84%, are the geographical areas where this tool is applied most.

From January to October 2011, **leave** for maternity, paternity, parental leave, breastfeeding and adoption was taken by approximately 3% of Group workers.⁽⁴⁾ Paternity leave represents approximately 53% of the total for this kind of leave, maternity leave 35% (10% of which represents leave granted which went above and beyond the applicable legal provisions and collective labor agreement terms and conditions); breastfeeding accounts for 12%, whereas the percentage of leave for



adoption is negligible. In proportion to the workforce, parental leave was most frequent in Latin America (approximately 4%) and Europe (3%). Assessment of **other forms of leave** particularly concerned leave (more than three days) for care of family members, for personal treatment and care (excluding all forms of compulsory permits in the case of illness), for study and sabbatical leave granted to employees.

The results showed that, during the period from January to October 2011, 6% of the population opted for such leave and that approximately 12% of the leave was granted as most favorable treatments defined by company policy or agreements with unions or employee representatives. The leave most used by employees is for family care (66% of all leave), followed by leave for personal treatment and care (approximately 22%), while leave for study and sabbatical leave respectively account for 11% and 2% of the total.

These benefits are part of a corporate philosophy of achieving a healthier, more motivated and sustainable workforce that actively participates in the Group's success.

For 2012, the Group looks forward to the implementation of a flexible work schedule in each region of operation, with the objective of facilitating family management, eldercare and other personal needs through flexible work hours.

RETURN TO WORK AFTER PARENTAL LEAVE

Equitable choices in maternity, paternity and adoption are manifestations of the Group's commitment to encourage both female and male employees to balance parental responsibilities with their careers. The Group guarantees parental leaves to all its employees in compliance with local regulations (labor law requirements may vary from country to country).

During 2011, 1,735 employees⁽¹⁾ took maternity/paternity leave or leave for adoption or nursing. Of this parental leave, approximately 4% may be considered a corporate treatment that goes above and beyond the applicable legal and/or contractual provisions. Such cases are relative to maternity leave granted in North America and make up 10% of the total maternity leave worldwide during the period of the study. The leave surveyed was distributed in the following manner: over 75% in Europe, 19% in Latin America, approximately 4% in North America and the remaining 2% in the rest of the world. In October 2011, a pilot analysis was conducted in Italy to verify the percentage of employees, broken down among men and women, who had returned to work upon termination of the parental leave granted them as at 31 December 2010, as well as the percentage of employees still employed by the company as at the end of October 2011. The study found that all the men and almost all of the women (95%) had returned to work once their leave was up, and 88% of men and 93% of women still worked for the company ten months later.

⁽¹⁾ Study performed between January and October 2011 on the entire employee population.



PERSONAL HEALTH AND WELLNESS

Promoting initiatives for the improvement of employee health and well-being is a distinct commitment for Fiat Industrial that is founded on the awareness that its employees are among its most important intangible assets. In fact, there are a number of initiatives set in place by the Group to preserve and foster a healthy lifestyle ranging from information and awareness campaigns to athletic activities and to genuine well-being programs.

WELL-BEING PROGRAMS

The Picture of Health is one of the complete programs with the purpose of instructing employees on a healthy lifestyle. Implemented in North America, it is an initiative available to approximately 8,000 CNH and FPT Industrial employees in 14 states that consists of a series of activities (physical exercise, nutritional coaching, etc.) for reducing health risks such as high cholesterol, high blood pressure, stress and inadequate physical activity. Established in 2008, The Picture of Health's wellness objectives have continued to evolve with each coming year. In its first year (2008–2009), the objective was to raise the level of employee interest in participating

in the program by offering tests and diagnostic assessments and also providing incentives with bonuses. The following year, individual action plans with the support of training interventions and specialized personnel were prepared. For the year 2010–2011, efforts were made to spread a culture of health within the working environment, offering dietetic menus in company cafeterias to give just one example. In 2011–2012, the fourth phase will be implemented, which will involve participants in the pursuit of goals that may be gauged, such as improvement of body mass index and participation in scheduled physical activities.

Nearly 90% of the employee population has participated in at least one health management activity since the program began in 2008. Since its launch, the low-risk category grew by 19.2%, while employees in the medium and high-risk categories decreased in number by 19.9% and 43.3%. In 2011, CNH was classified as a gold-level Well Workplace Award Winner by the Wellness Council of America (WELCOA).

THE VOICE OF OUR STAKEHOLDERS

Paul Lotharius, *HealthFitness President and CEO*

"As a manufacturer with multiple locations, CNH has wisely launched a health management program that infused health risk awareness and health improvement into its company culture. CNH's wellness champions are workers on the manufacturing floor and other front-line leaders who have successfully helped employees embrace a culture of health. The program's positive outcomes show that investing in employee health produces healthier, more productive workers and can lower the health care cost trend."



INFORMATION AND AWARENESS CAMPAIGNS

The Group is committed to initiatives and campaigns aimed at increasing employee awareness of health risks and health care prevention measures. In Italy, the **Tips on Health** initiative was launched in 2011 on the company intranet site. Updated monthly, it offers a wealth of information on the promotion of good health habits and the prevention of minor illnesses, sensory impairment and potential future health problems.

The campaigns for the **prevention of the seasonal flu** also continued, as well as initiatives aimed at fighting the spread of infectious diseases, with a focus on preventing sexually transmitted diseases – HIV in particular – and promoting personal hygiene.

In 2011, Iveco and the pharmaceutical company AstraZeneca, in association with ARCA (association of regional clinical cardiologists), launched **CardioFactory**. This initiative was promoted to raise employee awareness on the risk of cardiovascular diseases and give advice on how to reduce their rate of incidence. Over 4,300 employees were involved from the Italian plants in Turin and Suzzara and the French plant in Rorthais.

Smoking Cessation was finalized during the course of the year, an initiative to encourage individuals to quit the smoking habit. After identifying smokers and their type of addiction by formulating and administering a questionnaire to all employees, individual and group meetings will be organized to help fuel employees' motivation to quit. Specific follow-up programs carried out by company health services are also to be included. The initiative will be launched at Italian sites by 2013, and then extended to other particularly relevant sites over the following years; World Health Organization publications will also be consulted in site identification.

The **Health Campaign** involving CNH employees in Latin America is yet another program worthy of note. Each month a prevention campaign with a different focus was launched, not only featuring health education for employees provided by physicians but in some cases it also included targeted check-ups with specialists. A vast array of themes were covered, and to name just a few: anti-hepatitis vaccine, breast tumors, quitting smoking, dental health, prostate tumors, skin cancer and AIDS.

EMPLOYEE ASSISTANCE PROGRAMS

Fiat Industrial believes a good work-life balance also means increasing the chance of having a healthy, effective and productive workforce. The company seeks to achieve this through a range of initiatives, including those aimed at teaching employees how they can help themselves.

In North America, for example, CNH and FPT Industrial offer access to **LifeMatters**, an Employee Assistance Program that provides free and confidential services regarding life events. All employees are eligible for the program and are automatically entered, regardless of whether or not they are enrolled in CNH and FPT Industrial's health benefits.

LifeMatters is a resource for employees seeking such services as counseling and referrals, assistance with child and eldercare and legal and financial assistance. Employees who turn to LifeMatters have access 24/7 to professional counselors who can assist with problems such as stress, family and relationship issues, alcohol and drug addiction or workplace conflicts. LifeMatters also offers an anonymous Self-Assessment program to those ready to take the first step in seeking assistance. Examples of the types of specialized assistance offered through the LifeMatters Employee Assistance Program include Breaking Free, a program that offers coaching for tobacco cessation and Diabetes Control for Life, a program that helps those with diabetes make healthier eating and lifestyle choices. For more information on a variety of issues and life events, employees can also turn to a library of resources made available on the LifeMatters program website.



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INITIATIVES FOR EMPLOYEES

In Fiat Industrial care towards employees and their families is also shown by dedicated initiatives. These range from *Family Days*, when children can visit their parents at work, or the *Children's Christmas*, celebrating the most eagerly anticipated event of the year, to supplementary health care plans, scholarships, summer camps, sports and leisure activities (see also pages 109-110, 121, 125).

SOCIAL HEALTH CARE SERVICES

Nearly all Group companies participate in **supplementary health care plans**, which are mainly insurance based. Levels of cover vary from country to country, depending on the public health care system, tax and regulatory restrictions, and characteristics of the local market.

In Italy, as a supplement to services provided by the national health system, all Fiat Industrial Group employees and their family members have access to supplementary health care plans: FASIFIAT for hourly and salaried employees, FASIQ for professionals, and FISDAF for managers. The three plans, established on the basis of agreements with the relevant trade unions, **provide cover for almost 22,000 Group employees and their families.**

Two-thirds of the FASIFIAT plan expenditures are covered by Fiat Industrial and the remaining third by the employee, who also pays a similar amount for any family members enrolled. If an employee uses public facilities, the plan reimburses any expenses not covered by the national health system. If an employee uses private facilities, the plan provides high cover limits with direct payment of the expenses incurred at approved health care facilities, and partial reimbursement of expenses incurred at any other facility the plan member may choose. Prevention programs with regular check-ups and a maternity package are also provided. In 2011, FASIFIAT provided services to approximately 7,000 hourly and salaried employees. The FASIFIAT operations center coordinates availability of over 470 private medical facilities, approximately 10,800 outpatient clinics, diagnostic centers and laboratories, over 80,000 specialist doctors, health care and social care providers, and nearly 4,750 approved dentists. The Plan also provides an on-call medical service 24 hours a day, 365 days a year.

Operating and management procedures for FASIQ and FISDAF are similar, in many ways, to those of FASIFIAT. FASIQ provides services through specific insurance coverage according to a model based mainly on direct health care, utilizing the same network of accredited facilities as FASIFIAT. In 2011, FASIQ provided supplementary health care to approximately 7,000 professionals and their family members.

According to the specific collective agreements, FISDAF provides services to both managers (active and retired) and their family, mainly in the form of reimbursements for health care expenses and the direct payment of dental care.

SERVICES FOR CHILDREN AND TEENS

Every year, children of employees from ages 8 to 16 can choose from a wide range of **summer camps** in Italy organized by Vacanze Verdeblu. All of these camps, managed by qualified staff and catering to the needs of young guests, are located in attractive, natural surroundings.

There are different types of Vacanze Verdeblu camps depending on the activities offered and the age of participants. Verdeblu Junior includes three



Italian vacation resorts open to children from 8 to 12 years of age: one in Marina di Massa (Tuscany), another in Cascia (Umbria) and a third, established in 2011, in Sansicario (Piedmont). The resorts offer various opportunities to play sports and use creativity in artistic and theatrical workshops.

For children from 13 to 16 years of age, the Verdeblu Senior summer camps offer the chance to play all kinds of different sports and opportunities to become more independent while also learning how to interact with others in group activities. Since 2011, participating in summer camps has become easier and more accessible to all Italian employees thanks to a specific web site and dedicated terminals located within facilities. To ensure equal opportunity of access, fees have been updated based on employee grade and number of children participating in the camps.

EDUCATIONAL SERVICES

Through the **Grants and Scholarships program**, the children of Fiat Industrial Group employees who have achieved the best educational results can receive study scholarships.

The program is open to students who have a high-school certificate, a university diploma or university degree.

The initiative covers all countries where the Group has a significant presence, and reflects its commitment to promoting growth and development opportunities for young talent in an increasingly global environment. In 2011, a total of 487 grants and scholarships totaling approximately €440,000 were awarded in Italy, France, Spain, Poland, Belgium, the United Kingdom, Brazil, China and the United States.

Talent attraction

Fiat Industrial Group worldwide

	2011
New graduates recruited	484
Traineeships	2,293
Scholarships	487
Scholarships (€)	438,054

For example, Iveco supports the children of its employees by announcing and promoting numerous **financial aid initiatives** each year. In fact, it offers scholarships for freshmen in high school, vocational school and in certain college schools. Also in the area of financial aid for tuition, Iveco reimburses the cost of textbook purchased for the children of its employees and student workers in junior/high school and in all years of college enrolled in any school, as long as they are enrolled in regular courses at educational insititutions qualified to issue legal diplomas/degrees. In addition, it gives attendance awards to each employee that completes junior/high school or university courses.

RECREATION AND SPORTS

Promoting sports is an activity fostered by the Group and its sectors for employees. For example, FPT Industrial inaugurated the A.S.D. Sports Center in 2011 with the purpose of creating occasions and events for bringing together employees and their families. The area in which the recreation center is located inside the Foggia (Italy) FPT Industrial plant and is approximately 14,000 square meters in surface area. The open-air facility is equipped with a soccer field, five-a-side football field, tennis field and a large playground for children, as well as a sheltered area. The Center is managed by employees that dedicate their free time to tournaments and coaching sports for children and teens. Open every day of the week to guarantee access to sports, it is often used during the weekend by employees and their families to have fun together.

Furthermore, through Sisport (a Fiat Group subsidiary), Fiat Industrial encourages employees and their families, as well as people from outside the company, to play both amateur and competition sports in well-equipped facilities at a competitive cost. The three sports centers managed by Sisport are located near the Group's main Italian plants in Turin, with 200,000 square meters of facilities used by approximately 10,000 members and accessed over 500,000 times a year. Each center provides a range of sports for different age groups and abilities, with coaching from qualified instructors. The centers have large areas dedicated to fitness (walking and running) and the latest trends in water sports (aquabike, aquapower, and scuba diving), tennis and rowing. Sisport is particularly committed to introducing children and young people from 3 to 16 years of age to the world of sports, and in partnership with certified sports instructors offers a vast choice of activities, including swimming, water sports, tennis, volleyball, basketball, athletics and rowing.



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INDUSTRIAL RELATIONS

During the year, a dialogue was maintained with trade unions and employee representatives at company level to achieve consensus-based solutions for managing market conditions which, in general, saw an improvement over the prior year. Production stoppages – implemented using temporary layoff benefit schemes, where available, or other measures based on collective agreements or company policy – were quite reduced in comparison to 2010. At a number of plants, discussions also focused on measures aimed at increasing work flexibility to meet growing market demand, mainly through utilization of overtime, and fixed-term and agency workers. During the year, and in part also due to the recovery in trading conditions for the majority of businesses, the Group was able to convert 1,450 contracts from fixed-term to unlimited-term. There was also intensive **collective bargaining** at various levels, resulting in agreements being reached with trade unions on pay and employment conditions in the various countries where Group companies operate.

SOCIAL DIALOGUE AND COLLECTIVE BARGAINING

Fiat Industrial Group qualifies as a Community-scale group of undertakings, and therefore is subject to regulatory provisions whose objective is to improve the right of workers to information and consultation through the establishment of a European Works Council (EWC). On the basis of requests to begin negotiations for establishment of an EWC received in February 2011, procedures were initiated, in accordance with applicable legislation, for the establishment, by employee representatives, of a Special Negotiating Body (SNB) responsible for negotiating establishment of the EWC with management and determining the scope of its activities, composition, powers and length of the EWC's mandate. In Turin on 16 December 2011, a preliminary meeting was held with employee representatives from eight European countries to determine the makeup of the SNB; an expert from the EMF also attended the meeting. It was decided that the SNB would be composed of twelve members to represent the Group's European workers, including three members for Italy and two for France, while Austria, Belgium, Germany, Poland, Czech Republic, Spain and the UK will each have one representative member. At the meeting, the company explained that under Italian legislation governing EWC, only trade unions that are signatories to the collective labor agreement applicable to the company or group of undertakings concerned are eligible to designate members of the SNB. Accordingly, the representative designated by FIOM, a trade union that did not sign the collective labor agreement applicable to all



Fiat Industrial Group companies commencing as of 1 January 2012, will need to be replaced by a member designated by a signatory trade union. In **Italy** on September 30th, the Fiat Industrial Chairman sent a letter to the President of Confindustria, confirming and explaining the withdrawal (originally announced in June) from Confindustria with effect from 1 January 2012 (full text available at www.fiatindustrial.com). Accordingly, as a technical consequence, Fiat Industrial Group companies also gave notice of termination of existing company agreements in order to overcome legacy arrangements that had become obsolete and were incongruous with current operating requirements. Negotiations were thus initiated with trade unions to establish, in replacement of the national collective labor agreement (CCNL) for metalworkers, a new, more up-to-date collective labor agreement that would ensure the flexibility and governability of plants, thereby improving the competitiveness and efficiency of the Group's manufacturing activities, as well as guaranteeing employees better working conditions and adequate pay conditions.

On 13 December 2011, an agreement was reached with the FIM, UILM, FISMIC, UGL Metalmeccanici and the Associazioni Quadri e Capi Fiat for the application of the collective labor agreement signed on 29 December 2010, in its final form, to all Fiat Industrial Group companies (and Fiat S.p.A. Group companies) for one year commencing as of 1 January 2012. The collective labor agreement assures Group employees overall pay and employment conditions that match or better the conditions provided by the national collective

labor agreement (CCNL) for metalworkers. Improved conditions include higher minimum monthly wages and the introduction of a sixth seniority raise that applies automatically four years after the fifth raise is attained. As concerns overtime pay and night-shift rates, the new agreement maintains the higher compensating differentials already applied within the Group, compared to the rates provided by the CCNL for metalworkers, and raises the rate paid for overtime worked on Saturdays from 50% to 60%. The new agreement also maintains the higher sick pay rates already in place within the Group, offering employees 80% of their net global salaries in the event of long-term sick leave, where the CCNL for metalworkers provides for only 50% of pay. Of particular note, especially considering current reforms to the public pension system in Italy, under the new agreement the company will pay an additional 0.5% in contributions to the Cometa Fund and Quadri e Capi Fiat Pension Fund. The new agreement also awards a one-off gross competitiveness bonus of €600 to employees who work at least 870 hours in the first six months of 2012, on top of monthly bonus payments equivalent to those paid in 2011. In addition, employees at plants that in 2012 attained silver or gold status under the World Class Manufacturing program will receive a one-off total gross payment of €200 and €500 respectively. The new collective labor agreement also addresses other more specific matters, such as the possibility for the company to demand up to 120 hours per year of mandatory overtime work (compared to the statutory maximum of 250 hours permitted by laws in force) and the introduction of new job categories, including new, more up-to-date job descriptions than those contained in the CCNL for metalworkers. The new agreement also introduces a special procedure for informing signatory trade unions of changes to shift schedules applied in production units/areas and contains a liability clause under which signatory trade unions that breach the provisions of the agreement will incur sanctions, subject to the decision of a joint conciliation committee. Where sanctions are endorsed, the company may suspend the automatic withholding of union membership fees from employee paychecks and their transfer to the relevant trade union, and refuse any paid leave requested for union-related activities over and above the relative leave entitlement contemplated by law. Starting from 1 January 2012, works councils (RSU) at Group companies will be replaced by plant-level union representatives (RSA), as since the Group has withdrawn from Confindustria, it is no longer subject to the accords made by the association, including therein the intersectorial agreement of 1993 which established the RSU. Under Article 19 of the Workers' Statute (Italian Law 300/1970), only trade unions that are signatories of the new collective labor agreement can appoint plant-level union representatives (RSA). Finally, other

entitlements and conditions contemplated by the agreement, such as paid annual leave and holidays, maternity and post-natal leave, parental leave, disciplinary measures and minimum notice periods, are comparable to those envisaged by the CCNL for metalworkers.

On December 23rd, a collective labor agreement for managers of Fiat Industrial Group and Fiat Group was signed with Federmanager (the national union of managers), which replaces, as of 1 January 2012, the national collective labor agreement (CCNL) for managers of industrial companies formerly applied at Group companies. The new agreement is valid for two years and covers both pay and employment conditions. On the same date, an agreement was also reached with Federmanager for an 0.5% increase in company contributions to the FIPDAF pension fund for managers.

CAMPAIGNS FOR EMPLOYEES ON THE NEW COLLECTIVE LABOR AGREEMENT

In December 2011, Fiat Industrial Group launched a series of communication initiatives designed to help its employees understand the changes introduced in Italy by the new labor agreement. All employees received a hard copy of the new agreement, together with an information booklet highlighting the key changes introduced and providing practical explanations of, for example, the main items in their pay slips. The information is available in digital format on the Group intranet and has also been published on the website www.fiatcares.com/ilcoraggiodicambiareinsieme. Employees can also contact the MIO information service by phone, over the web or via information desks at plants for any further questions and personal assistance. Finally, HR scheduled a series of meetings for select managers at each Group department, during which they were provided an information/communication kit to prepare them for any questions they may receive from their own team members.



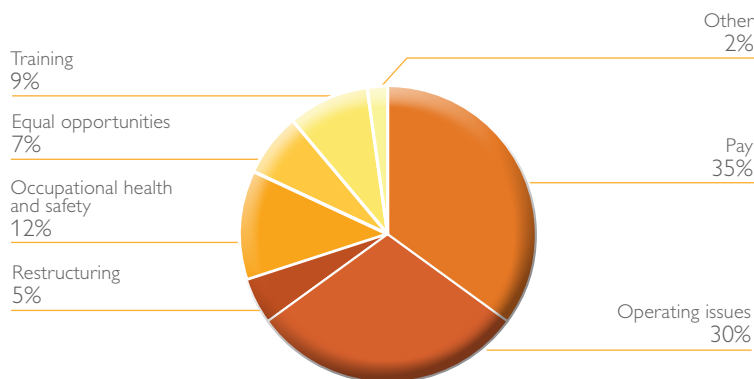
Around the world, collective bargaining agreements cover 77%⁽¹⁾ of the Group workforce.

Around **77%** of Group employees covered by **collective bargaining agreements**

In Italy, all Group employees are covered by such agreements. Outside Italy, over 68% of employees are covered by collective bargaining agreements. This is an average figure based on local practice and regulations that vary from country to country. In European Union member states, for instance, 95% of Group employees are covered by collective bargaining agreements, while in Central and South America the figure is 93%. The situation differs in the United States, where trade unions are only present at a few Group plants, accounting for approximately 2,100 out of a total of around 9,900 employees. However, formal policies relating to certain collective aspects of the employment relationship (working hours, internal policies and procedures, benefits, etc.) apply to almost all employees of Group companies where there is no trade union representation. Collective bargaining takes place at different levels and using procedures that vary according to local laws and practices.

Main issues covered under the agreements

Fiat Industrial Group worldwide



⁽¹⁾ Data are based on a map of 98.5% of the full scope of Fiat Industrial Group worldwide.

⁽²⁾ Includes ten collective bargaining agreements with trade union organizations in Italy at Group level, which qualify as company agreements but are signed by Fiat Industrial S.p.A. in the name and on behalf of several Group companies.

Worldwide in 2011, Fiat Industrial Group signed a total of 138⁽²⁾ agreements at either the company or plant level.

The main wage agreements signed in 2011 include:

- agreements reached through annual negotiations in **France**, which led to a general wage increase between 1.4% and 1.8%, depending on the company; Iveco France and CNH France S.A. also renewed their profit/performance bonus agreements
- an agreement signed by Iveco in **Spain**, under which, after two years without raises, cost-of-living raises for 2011 and subsequent years (up to 2013) were agreed upon, with payment of a one-off amount to compensate workers for the increase in the cost-of-living for 2009 and 2010
- agreements made in **Brazil**, introducing pay increases that are, overall, higher than the rate of inflation, based on growth of the domestic economy, but nevertheless in line with increases recorded for the industrial sector in Brazil as a whole.

MANAGEMENT OF PRODUCTION LEVELS

During the year, there was an improvement in trading conditions compared with 2010 for business areas particularly hard hit by a collapse in demand in past years. In **Italy**, dialogue continued with trade unions at both national and local levels and, while the focus at some locations (such as the Iveco S.p.A. plant in Brescia and the FPT Industrial S.p.A. plant in Pregnana) continued to be the management of low production volumes and the resulting underutilization of production capacity, at others (such as the FPT Industrial S.p.A. engine plant in Turin and the CNH Italia S.p.A. plant in Modena) the focus was on mechanisms for work flexibility such as overtime, and the utilization of fixed-term and agency workers, in response to the recovery in demand. Group companies continued to make use of temporary layoff benefit schemes, albeit with a significant reduction over the prior year. Utilization of the extraordinary temporary benefit scheme for company crisis due to sudden and unforeseeable events – active at three Group plants at the beginning of the year – was progressively phased out over the first seven months of the year, while utilization of the exceptional temporary layoff benefit scheme at two plants was also discontinued. As a result of the market recovery, utilization of the extraordinary temporary benefit scheme for company crisis due to sudden and unforeseeable events was phased out at the FPT Industrial Turin drivelines plant approximately two months early, and at the New Holland Kobelco Construction Machinery S.p.A. plant in San Mauro utilization of the exceptional temporary layoff benefit scheme



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activated in October 2010 was discontinued more than four months early.

Outside Italy, recourse to production stoppages continued to be necessary, although to a lesser extent than in 2010. Production stoppages were reduced significantly in France with FPT Industrial recurring to temporary layoffs (*Chômage partiel*) at Bourbon Lancy and Garchizy exclusively in the first half of the year. Also in Germany, utilization of temporary layoffs (*Kurzarbeit*) was lower than for the previous year, however the decrease was more modest and gradual than in France. In Spain, where the effects of the crisis are still prevalent, agreements were signed between Iveco España S.L. and the represented trade unions for utilization of *Expediente de Regulacion de Empleo suspensivo*, an instrument provided under Spanish legislation to supplement pay in the event of work stoppages. Production stoppages were quite extensive at the Madrid plant, totaling more than sixty days in 2011 and impacting all workers at the plant. However, a recovery in market conditions toward the end of the year enabled a return to production from November 30th, rather than December 31st as provided under the work stoppage

agreement reached in June relating to the second half of the year. Under the agreement, the company paid workers a supplement to the amount provided under the governmental fund for employment, bringing it to 82% of their total monthly salary. It was also agreed that workers 58-60 years of age could elect to participate in a scheme to bridge the period to retirement. In other countries, production stoppages at Group facilities involved only a small number of plants and were limited in duration.

In North America and Latin America, Group companies utilized overtime and agency workers, in addition to increasing headcount, as a result of increases in production volumes.

At certain manufacturing sites (plants of Iveco España S.L.; Visoké Mytô for Iveco Czech Republic A.S.; Plock for CNH Polska Sp. z o.o.) agreements have been established that provide instruments of flexibility (e.g., multi-week average time, hour banks, overtime, etc.), which improve the ability to respond to changes in market conditions, and set out procedures for their implementation.

RESTRUCTURING AND REORGANIZATION

In Italy at the Ministry for Economic Development, the working group established in 2009, in collaboration with the Region of Emilia Romagna, continued work to identify potential solutions for the CNH Italia S.p.A. site in Imola and minimize social impacts resulting from its closure. In anticipation of the expiry of the exceptional temporary layoff benefit scheme on 30 April 2011, an agreement was signed at the Ministry of Labor on April 21st between the company and CISL Confederale, the national trade unions UILM, FISMIC and UGL Metalmeccanici and local provincial representatives of FIM, FIOM and UILM that allows for recourse to extraordinary temporary layoff benefits for a period of 24 months for crisis situations resulting in termination of an activity. For the second 12 month period benefits are subject to activation of the plan to manage the redundancies set out in the agreement in relation to at least 30% of individuals in the company's employ (i.e., 183 workers) as at the date of the agreement. In keeping with the provisions of the April 21st agreement, on 4 November 2011 at Unindustria Bologna, an agreement was reached with employee representatives for the plant, together with the local representatives for the FIM, FIOM and UILM, in relation to the dismissal of twenty workers who will be entitled to *mobilità* provisions (a government unemployment benefit scheme applicable for up to 3 years in the north of Italy and 4 years in the south). For the period from the announcement of the rationalization plan for CNH's Construction Equipment business in Italy to 31 December 2011, approximately 330 employees were relocated to other Group plants or found solutions outside the Group. From May to December 2011, more than 33% of workers in the company's employ as at April 30th benefited from solutions provided under the plan to manage the redundancies included in the April 21st agreement.

The severe crisis impacting the commercial vehicle market overall – and lack of a recovery in the Eurocargo's market segment in particular – resulted in a dramatic drop in production volumes at the Iveco plant in Brescia, generating a surplus of approximately one thousand workers. In order to minimize the social impacts and leverage the benefits of the existing legislative framework, an agreement was reached on July 8th with employee representatives and local provincial representatives of the FIM, FIOM, UILM and FISMIC for Brescia that provides for: i) activation of the government unemployment benefit scheme (*mobilità*) for 100 employees who will become eligible for retirement during the scheme period, and ii) management of 900 positions through recourse for the period 22 August 2011 to 31 August 2012 to a "solidarity" or job security agreement (*contratto di solidarietà difensivo*). The job security agreement, which in this case applies to more than 2,500 workers at the plant, has enabled the company to mitigate the impact on workers through a temporary reduction in work hours that avoids the collective dismissal. The reduction in hours

worked each month is spread over a larger number of workers (compared to the number of positions potentially redundant), effectively compensating for the surplus workforce. Under the agreement, the average reduction in hours worked per week is 36%. The job security agreement compensates workers for 80% of pay lost due to the reduction in hours. This scheme is, therefore, more favorable for employees than the temporary layoff benefit scheme (CIG), which would only cover up to 80% of a monthly maximum established annually by INPS (Italian social security agency).

As a result of the crisis that has affected the bus market for the past several years, and which is expected to worsen given the stagnation in public spending, Irisbus S.p.A. (Iveco sector) found it necessary to terminate production at its bus and coach assembly plant in Valle Ufita in the south of Italy. Based on an expression of interest from a potential investor in starting up an industrial activity on the site, on July 7th the company began the process of consultation with unions in relation to a transfer of undertakings, in keeping with Italian law. However, opposition to the transfer by employees and their representatives proved particularly strong, to the point that the trade unions chose not to request the consultation meetings, thus giving up the opportunity to examine the potential acquirer's industrial plan. The situation at the Valle Ufita plant, including its potential sale, was the subject of various meetings at the Ministry for Economic Development (July 20th, August 3rd, August 31st and September 21st) attended by the company, employee representatives, national representatives of the FIM, FIOM, UILM, FISMIC and UGL Metalmeccanici, at which the Minister and other representatives of the Ministry also participated actively in the search for solutions to avoid/minimize any social impacts. The proposal for mediation put forward by the Minister for Economic Development at the final meeting, which the company accepted with a due sense of responsibility, was unfortunately not given consideration by employee representatives even though it guaranteed a solution for all workers at the plant. With the realization that, locally, there was no alternative to closure of the plant, the company was left with no option but to initiate, on October 3rd, a procedure to collectively dismiss all the workers, placing them on the government unemployment benefit scheme (*mobilità*). On October 31st, during talks with unions forming part of the procedure, an agreement was reached with employee representatives and provincial representatives of the FIM, FIOM, UILM and FISMIC, whose objectives included presenting a request to the Ministry of Labor for application of the extraordinary temporary layoff benefit scheme for company crisis due to termination of an activity, for a period of two years beginning 1 January 2012, as an alternative to the collective dismissal. In the same agreement, the company reconfirmed its willingness to constructively assess any opportunity that would enable third parties to continue industrial operations at the Valle Ufita plant.

On December 14th, an agreement was signed at the Ministry of Labor between the company, national and local provincial representatives of the trade unions FIM-CISL, FIOM-CGIL, UILM-UIL, FISMIC, UGL Metalmeccanici and FAILMS, and the works council (RSU) that allows for recourse to extraordinary temporary layoff benefits for a period of 24 months for crisis situations resulting from termination of an activity. Taking effect starting from 1 January 2012, the agreement affects all 658 employees at the site and sets out a plan to manage redundancies providing, among other things, for the relocation of workers to other Group companies, and for the establishment of a working group at the Ministry for Economic Development to identify feasible and effective investment plans from potential investors for the reindustrialization of the Valle Ufita site. For the second 12 months, extraordinary temporary layoff benefits are subject to the condition that in the first year a solution is found for at least 30% of the redundant employees. The agreement securing use of the government unemployment benefit scheme for those employees not opposing dismissal, as envisaged in the plan to manage the redundancies, was signed on 15 December 2011 at the Region of Campania by the company and regional and provincial representatives of the FIOM, provincial representatives of the FIM, UILM, FISMIC, UGL Metalmeccanici and FAILMS and the works council (RSU).

In **Spain**, as a result of the persistent decline in production volumes in recent years and poor prospects for recovery, Iveco España S.L. (Iveco sector) announced the closure of its Barcelona plant (which produces chassis for buses and coaches for Spain, Africa and Middle East markets) due to activities there no longer being economically sustainable. On July 22nd, an agreement was reached with trade unions (subsequently ratified by 94% of workers), which established a mechanism for managing the redundancy of all 155 workers that was to be implemented by 31 December 2011, the scheduled date for the closure of the plant. All workers were offered relocation to the Iveco plant at Valladolid and measures were put in place to facilitate their permanent transfer. For employees over fifty years of age, specific measures were also provided to supplement unemployment benefits for the period up to retirement. Workers unable to relocate to the new site who do not meet the requirements for the pre-retirement supplement have been offered a leaving incentive. Since the signing of the agreement on 31 December 2011, 7% of employees have been relocated to other sites in Spain and other countries, 46.5% took up leaving incentives and 41.3% opted for supplementary benefits for the period up to retirement.

In the **United States**, CNH closed its compact tractor assembly plant in Dublin, Georgia, during the year, as part of a plan for rationalizing production sites and reducing fixed costs.

No significant restructuring or reorganization initiatives were implemented in other countries during the year.





LABOR UNREST

The level of labor unrest in **Italy** was significantly higher than for 2010. A significant factor in that increase was the strikes held by employees at the Valle Ufita plant against the proposed transfer of undertakings, which lasted from July to October and accounted for more than 50% of total strike hours at Group plants during the year. Other strike action was of less impact, including strikes called by FIOM against the Group's withdrawal from Confindustria and the consequent formal termination of agreements by Fiat Industrial Group companies, and by various other trade unions to protest government budget decisions and reforms to the pension system and against the nonpayment of additional performance bonuses by the Group.

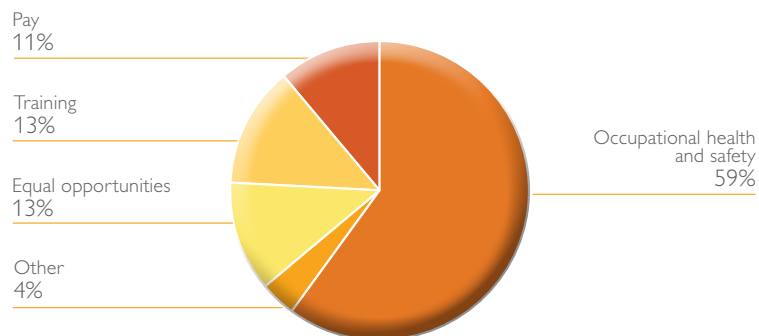
The overall level of labor unrest in countries outside Italy was once again negligible this year.

JOINT COMMITTEES

A survey conducted at Group companies in October 2011 on 98.9% of employees **outside Italy** showed that 75.7% of employees are represented by joint occupational **health and safety** committees (responsible also for stress management), consisting of company and worker representatives. Other joint committees with responsibility for **equal opportunities**, **training** and **pay** were found to represent, respectively, 16.8%, 15% and 13.4% of employees covered by the survey.

Number of joint committees

Fiat Industrial Group worldwide (excluding Italy)



HEALTH AND SAFETY

Improving the health and safety of workers is one of the areas in which the Group continually **works with dedicated employee representative bodies** (e.g., occupational health and safety committees, worker safety representatives and works councils), which are constituted according to applicable legislation and collective agreements that apply in each country where Fiat Industrial is present.

In **Italy** in particular, the Group's collective bargaining agreements in place until 31 December 2011 envisaged the possibility of establishing an occupational health and safety committee at plants and established conditions that provided greater access for worker safety representatives than established by law.

The new collective labor agreement applicable starting from 1 January 2012 preserves greater access for worker safety representatives. It also provides for the establishment of occupational health and safety committees at plants, consisting of company representatives and worker safety representatives.

The committees are the natural counterpart at the company and plant levels of the Organismo Paritetico Health & Safety (OPHS); together they work towards common goals tied to the implementation of an ongoing occupational health and safety training system. The OPHS is a joint, bilateral body covering both Fiat Group and Fiat Industrial Group, responsible for occupational health and safety matters, including mandatory and non-mandatory training. The new collective labor agreement also establishes Production Systems and Organization Committees at the plant/production unit level, with the aim of facilitating the implementation of initiatives to achieve shared goals in fields such as the optimization of work station ergonomics.

EQUAL OPPORTUNITIES

In **Italy**, joint committees envisaged under Group company agreements in place until 31 December 2011 included Equal Opportunities Committees, tasked with monitoring employment conditions for women, researching and proposing initiatives and examining potential causes of dispute relating to the application of the principles of equal opportunity. At Fiat Industrial Group, an equal opportunities committee was established at Iveco only. Under the new collective labor agreement, an equal opportunities commission, consisting of both company and employee representatives, will be established at each Group company with a similar role to that of the equal opportunities committees which, where present, they will replace.



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DEALER AND SERVICE NETWORK

Fiat Industrial is investing in and promoting a qualified dealer network organization, convinced that competitiveness and differentiation primarily lie in people and their ability to understand and respond to the growing needs of customers.

The Group believes that building the skills and know-how of all dealership personnel is of fundamental importance. That is why it designs and runs special training programs every year for technicians, sales people and after-sales personnel, tailored to the strategies and needs of the Group. Training courses are designed to develop and capitalize on the managerial skills and technical know-how of people, as well as to raise awareness of a corporate identity built on standards of excellence.

TRAINING FOR THE NETWORK

Each Group sector has a dedicated unit for developing courses tailored to meet the training needs of the dealer and service network.

CNH, for example, joined **Unetversity**, a professional training

organization dedicated to improving dealers' knowledge and skills. The Unetversity team includes 160 professionals, 32 training centers worldwide and offers a catalogue of approximately 3,000 courses, organized according to specific needs of dealership personnel and available in various languages.

€16.3 million spent on
CNH dealer network training

Unetversity provides the dealer network with a training approach which contributes to their business growth and which provides customized solutions that reflect the current market environment. It has an extensive training offer delivered both with a traditional approach



(classroom training) as well as using the most up to date technology (web-based training).

In 2011, Unetversity further consolidated its activities and extended training opportunities, marking significant improvements in three areas:

- enhancing the training curriculum with new subjects, providing sales people with a deeper understanding of the recent changes in the market and new challenges and opportunities related to them
- increasing training coverage through online courses worldwide
- reinforcing the presence of the training organization in growing regions, with a marketing basics training program launched to enhance the skills of sales representatives operating in emerging markets.

In 2011, Iveco's **Commercial & Technical Training** team mapped the know-how of dealership personnel and worked on the design of new courses based on innovative didactic methods to expand the range of training offered. Certification of sales and technical roles in Europe also continued over the year. This involves identifying areas for improvement of an individual's professional knowledge and designing a targeted training program that will lead to certification. Particular attention was focused on training people who work directly with customers in roles involving service check-in, scheduling vehicle delivery and managing direct spare parts sales, which have a significant impact on customer perception of service quality and, consequently, the level of customer satisfaction.

THE VOICE OF OUR STAKEHOLDERS

Gilles Brenon, *farmer*

"I've been a New Holland customer since 1988. I'm thoroughly satisfied with the brand and with the service I receive from the Girard Dealership, with which I have a special bond. That's why I always feel it is an honor I cannot turn down whenever Girard invites me to a training day. As regards the SCR, I fully agree with the brand's strategy. Change is already happening and if we want to make the most of it, we have to be at the cutting edge. That's the spirit of New Holland and it's the spirit of our dealer – and it's something I believe in, too."

Roger Girard, *ETS GIRARD*

"Our dealership is one of the oldest in France. For me it's a lifetime's work – I've been working in the family business for 45 years and still today I'm the chairman of the board. It's no coincidence that we've been with New Holland for such a long time, as we've always found competent people we can rely on to identify solutions together."





DECENTRALIZED TRAINING

In 2011, the Group continued to focus on the decentralization of its training footprint by consolidating the effective use of its structures located in various countries and by increasing training delivery online. These solutions assure dealers greater access to information, while significantly reducing the cost and time spent on travel for participants. Fiat Industrial conducted a preliminary study for the implementation of the new and enhanced **Learning Management System** platform, used by the Group to manage the training process and deliver online training. The new project is focused on improving the system's functionality in terms of the user experience and learning process management as well as on extending its global reach. With the implementation of the new

Learning Management System, the Group expects to optimize student participation and satisfy their real learning needs as well as to further extend its training offer in developing regions. In 2011, CNH for example delivered 120,000 online training hours for sales people and after-sales personnel.

Constant growth in the use of online courses combined with greater ease of access to training has brought considerable benefits. In North America, for example, the CNH training footprint of six CNH-owned training centers was completed with nine partner colleges identified as additional training locations in proximity to the dealers' network. Thanks to these efforts, six million kilometers have been saved in North America in terms of reduced participants' travel, in addition to three million

kilometers worldwide saved thanks to the online training solutions. Finally, each Group sector constantly monitors the quantitative outcomes of the training it provides the network through a system for **assessing course satisfaction levels** and **measuring learning levels**.

TRAINING ON SAFETY AND THE ENVIRONMENT

An important part of training efforts is dedicated to enhancing dealers' and customers' awareness of the environmental and safety-related features of Iveco and CNH brands' products. In 2011, approximately 160,000 hours of training on these topics were provided to CNH sales people and technicians, and approximately 157,000 hours were provided to Iveco sales people and technicians.

Awareness and training on issues relating to safety, the environment and energy consumption was provided to sales people, equipping them to effectively promote the benefits of the Group's products to customers. Technical training for service technicians focused on developing know-how in the repair and maintenance of eco-efficient (Euro VI and Tier 4) engines, essential to ensuring that emissions are within regulatory limits.

320,000 hours

of training on safety and the environment

CNH training programs included an overview of the brands' environmental strategy in line with the new Tier 4 regulations, related technical solutions applied to the products, field demonstrations and training on proper machine use to increase their efficiency and reduce fuel consumption. Each course included a section dedicated to the proper and safe use of machines.

In 2011, FPT Industrial ran an advanced training program called **Distributor upgrade**, specifically created for the network of distributors. Training was focused on Tier 4A/Stage IIIB and Euro V-VI emission-standard engines with the objective of improving distributor know-how for the correct installation of both engines and after-treatment systems and the related use of diagnostic tools. The course, designed by expert technicians at FPT Industrial, in cooperation with a research center in Arbon, Switzerland, was attended by European distributors.

PROMOTE SAFE AND ECO-FRIENDLY DRIVING

The Group believes that well-trained drivers/machine operators mean improved fuel economy, reduced environmental footprint, lower repair and maintenance costs and better safety. Accordingly, during the year CNH and Iveco designed and provided safe driving courses for agricultural and construction equipment operators, fleet drivers and demo drivers at dealerships.

In 2011, 8,300 hours of training were delivered to construction equipment operators and 17,000 hours to agricultural equipment operators in Latin America. During the courses for operators of sugarcane harvesters in Brazil, approximately 4,200 participants were trained on topics related to sustainable driving techniques focused on avoiding machine fluid leaks and soil contamination during operations and on maximizing equipment efficiency while minimizing fuel consumption.

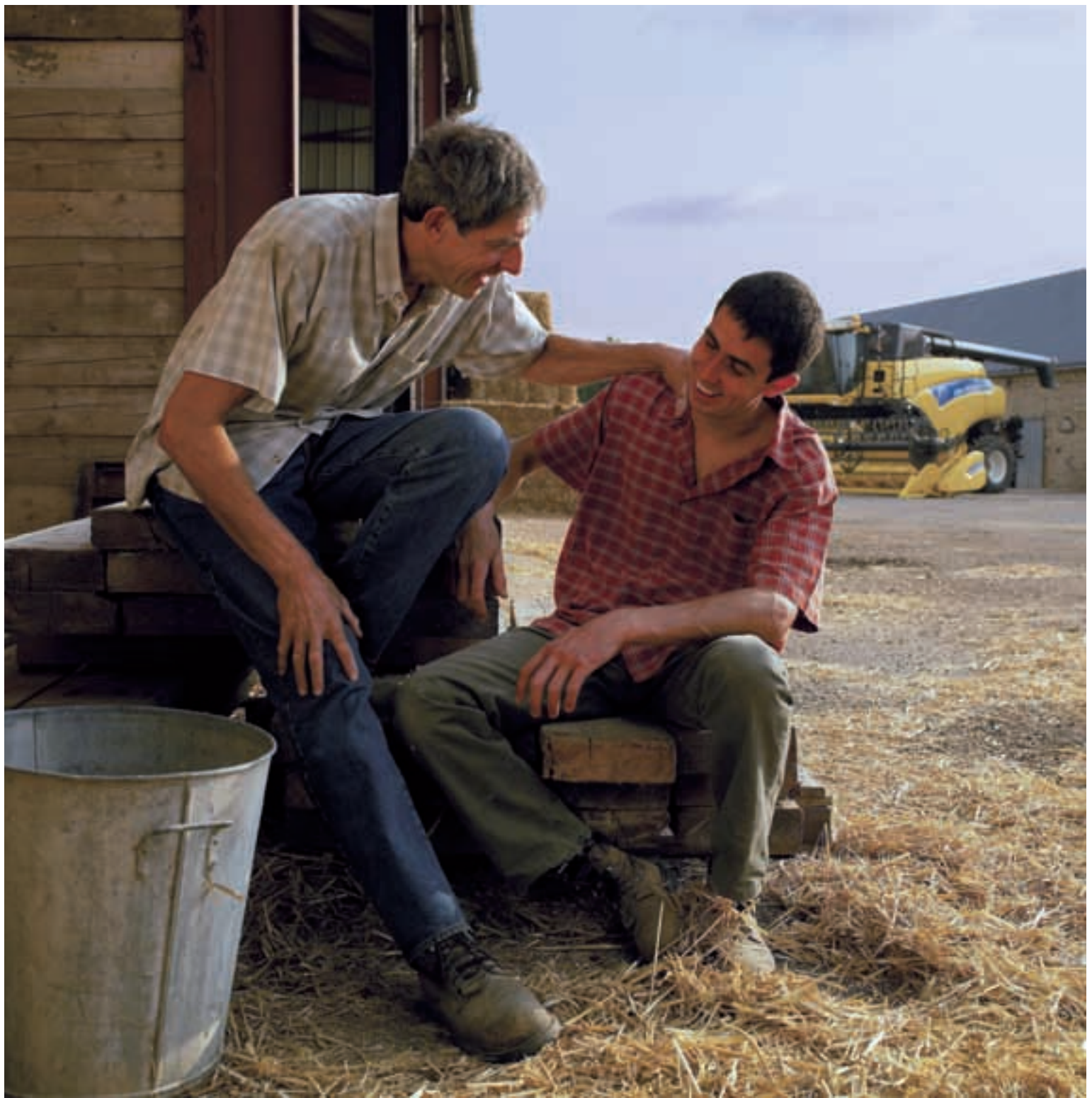
Iveco Driver Training continued to be provided in major European markets to Iveco Stralis and Eco Stralis drivers, focused on cost-effective driving techniques. The advanced training course, delivered in classrooms and on the road, is designed to enhance drivers' knowledge of their vehicles and improve their driving style, with a view to reducing fuel consumption and operating costs, all to the benefit of the environment. The analysis of the road transport professionals' driving style before and after a training course revealed that fuel consumption and associated CO₂ emissions were reduced by up to 12%.

SERVICE QUALITY STANDARDS

CNH's dealer networks comply with customer service and quality standards that are implemented through specific dealer development programs. Their main objective is to drive best-in-class dealer support for customers and to aid in building a stronger and more competitive dealer network, thus contributing to dealers' business growth. Programs like Case IH **Pinnacle** in North America and **Red Excellence** in Europe, as well as New Holland Agriculture's **Blue Ribbon** and **President's Club** in North America, among others, are developed according to global brand strategies, but are tailored to respond to specific local or regional needs. For Pinnacle, for example, Case IH carried out an overall assessment of the strengths of its customer support services, those of its dealers, and of dealers in comparable industries in order to determine overall industry best practice. The results of this comprehensive survey were then used to design the Pinnacle program, with the goal of driving best-in-class dealer support for customers. A total of 95.6% of dealerships completed assessments; 120 met Pinnacle Parts standards, while another fifty met

Pinnacle Operations standards. For the remainder of the dealers, action plans were outlined to redress gaps in quality to improve future service and support, and promote growth. Implementation of the standards is linked to the incentive program for each brand's dealer network. The program is based on priority criteria determined for each country, and has a bonus scheme for cases in which scheduled results are achieved. The **tracking of dealer quality standard programs** is managed by CNH via AssessNet-NAT, a dedicated system. This system software is used to manage CNH brands' dealer standard information and permits each CNH brand to continually monitor the actual compliance of its dealers with the required qualitative standards, as well as to manage actions planned to meet these standards. The AssessNet-NAT has thus far been used in Europe and in North America, and its coverage will be extended further in 2012. In Iveco instead, the customer service quality standards are regularly verified by external audits based on ISO 9001. Approximately 75% of the Iveco dealer network in major European countries is ISO 9001 certified.





CUSTOMERS

A Group's long-term success is closely tied to the trust acquired by satisfying customers, making them loyal customers and promoters of the brand in the marketplace. This is why Fiat Industrial places consumers and their needs at the center of its strategies: from the design phase, to the purchase experience at the dealer, to the provision of after-sales service and assistance.

Fiat Industrial sees customer engagement as a key goal in establishing a win-win situation for the long term.

To this end, the company has developed a number of tools, processes and programs to engage customers in the product development process. Consequently, the Group receives suggestions for improving the quality of the products and services it offers while at the same time customers' needs are answered through constant dialogue with the Group. This exchange bears an even greater importance from the standpoint of CNH and Iveco customers, who employ the products for their business. For them, vehicle downtime means profit loss.

CUSTOMER INTERACTION

Within each sector an organizational framework, called **Customer Care**, is entirely dedicated to managing customer relations.

In CNH for example, Customer Care actively collaborates with brands, dealers, technical service and many other functions to develop, manage and support customer service solutions, with the purpose of building healthy and lasting relations by matching customer needs and expectations. The main objectives of CNH Customer Care are:

- provide customers easy access to CNH and its brands through multiple channels of communication
- manage the relationship with customers and provide them with the necessary support
- monitor and measure customer satisfaction and collect customer feedback.

Aside from dealers, call centers are the main channel of communication between customers and the Group. Located in each of the Group's main regions, they offer a variety of services: from information to complaint management and assistance to customer with a breakdown. The sectors

are also developing other channels for contact such as, for example, email and iPhone applications.

In particular, CNH Customer Care operates through three **Customer Service Centers** present in the main geographical areas where CNH operates: Europe (Arese, Italy), North America (Oshawa, Canada) and Latin America (Curitiba, Brazil). These centers employ a total of approximately 70 staff members and cover 24 markets. The service is available in nine different languages. Customer Service Centers offer services specific to each brand, simply by calling a toll-free number. They provide assistance in the following areas:

- Breakdown Assistance, designed to do whatever it takes to enable the customer to resume work as soon as possible in case of a breakdown
- Information and Complaint Management, aimed at ensuring a direct and effective communication channel through which customers are assisted and provided with accurate and timely responses to their requests
- Customer Experience, set up to allow interaction with customers in order to deliver a professional experience that cares for the customer, gather feedback and measure their satisfaction on the services offered.

In 2011, the three Customer Service Centers managed more than 130,000 customer contacts spanning all services offered.

Customer Service Centers – Highlights CNH

	Europe	Latin America	North America
Personnel ⁽¹⁾ (no.)	up to 31	12	up to 30
Personnel training (hours)	2,500	2,550	4,800
Contacts managed (no.)	47,358	13,308	72,197

The Iveco **Customer Center** for Europe employs 100 staff members that receive constant training (over 7,000 training hours in 2011). In addition to offering its Assistance Non-Stop service (see also page 160), it also manages Contact Us. Using the company's website (www.iveco.com), customers can communicate directly from any part of the world to request information or file a complaint. Customer service staff manage the entire process,

⁽¹⁾ Personnel count varies during the year due to seasonality.

from the first contact with the customer until a response has been given, ensuring that a solution is reached in the shortest time possible. In 2011, the Customer Center managed approximately 56,000 contacts.

Customer Center – Highlights

Iveco

	Europe
Personnel (no.)	101
Personnel training (hours)	7,270
Contacts managed (no.)	56,300



Part of fostering a positive customer experience is creating convenient channels of communication with on-demand access. To **increase opportunities for contact**, in 2011 Iveco launched the Iveco On the Road project, which enables customer-company interaction through the iPhone. The application may be downloaded and lets the customer view the closest service points including directions on how to get there. It also makes it possible to quickly contact Assistance Non-Stop. Instead, CNH set an objective to continue implementation in 2012 of new contact channels through analysis of customer preference and factors impacting service, especially those related to social media.

The Group also pays particular attention to **protecting the personal data** of customers and everyone else it comes into contact with. In fact, the process for managing contact with customers fully respects the right to privacy, as established in the Fiat Industrial Group's Data Privacy Guidelines and the legislation applicable for each country in which it operates.

MEASURING CUSTOMER SATISFACTION

The Group regularly monitors the results and level of customer satisfaction in order to improve the quality of services offered and identify new contact channels.

For example, in CNH, to assure constant improvement of services, the Customer Service Centers are regularly monitored in terms of promptness of response, problem-solving time frame and customer satisfaction. Surveys are conducted in order to verify the level of customer satisfaction with the services offered. Analysis of the interviews aids in understanding how the service may be improved. In 2011 the number of customer satisfaction surveys increased in Europe by 20% over 2010. The satisfaction levels have improved in Europe and remain high in North America and Latin America with an average satisfaction rating of 8.0 on a scale from 1 to 10 for Breakdown Assistance service.

Customer Service Centers – Key indicators

CNH

	Europe	Latin America	North America
Average call center response time (seconds)	12.0	12.0	23.2
Customers participating in satisfaction surveys ⁽¹⁾ (%)	17.0	18.0	9.5
Satisfaction index (scale 1-10)			
information	8.0	8.5	9.0
complaint	6.0	7.1	8.0
breakdown assistance	7.8	8.3	8.2
Vehicle downtime (% of vehicles repaired within 48 hours)	46	17	49

⁽¹⁾ Data refers to information and complaint survey data.



In short, the key 2011 figures for Iveco's European Customer Center in comparison to the previous year are:

- customer satisfaction index, following contact for roadside assistance service, was 9.1⁽¹⁾ (scale from 1 to 10), remaining stable against 2010 ratings
- complaints were handled within an average of 10 days
- 78% of vehicles were repaired within 8 hours.

Customer Center – Key indicators

Iveco

	Europe
Average call center response time (seconds)	20.9
Customers participating in satisfaction surveys (%)	16
Satisfaction index ⁽¹⁾ (scale 1-10)	9.1
Vehicle downtime (% of vehicles repaired within 8 hours)	78

⁽¹⁾ Study for the assessment and objective measurement of customer satisfaction in those who have taken advantage of the Assistance Non-Stop service (when at the wheel of a broken down vehicle) and have contacted the Customer Center for roadside assistance.

CUSTOMER FEEDBACK PROCESS

CNH has always viewed the customer's opinion as a fundamental building block for new projects and for defining a customer-oriented brand strategy. To meet these targets, at the end of 2007 *Voice of the Customer* (VoC) was created, a dedicated market research department with the objective of capturing and collecting customer input for future product development.

The Voice of the Customer applies dedicated methodologies to obtain customer feedback and suggestions such as: in-depth interviews, focus groups, phone interviews over the computer and web surveys, as well as product tests. Then VoC compiles key information regarding: specific customer needs; possible issues encountered when using the products; interest in new solutions and features; general brand perception. All results are fully integrated into the company's processes in order to build brand strategies in line with customer needs, following up with the best-in-class products and services that the customer needs to build a successful enterprise.

Overall, in 2011 5,800 customers from 13 countries took part in the initiatives conducted by VoC to involve them in product development.

Integration of feedback in product and service development also occurs through the *Five Star Program*. These campaigns are conducted by the Customer Care department in Europe and in North America, and consist of three customer surveys administered during the first months of ownership to measure a customer's satisfaction with his or her product and purchase experience. Customer feedback on the product experience is forwarded to the Quality department for product and service improvements.

ONGOING ASSISTANCE

The Group believes that customer satisfaction and, consequently, the level of customer loyalty are closely linked to the quality and efficiency of the service provided. This is why CNH has developed **Breakdown Assistance** (BDA), a service designed to ensure maximum support in order to minimize customer downtime due to a machine failure. Customer Care coordinates all the different resources available to reach this goal throughout the entire process of handling the incident. It oversees the process of performing a thorough search for parts as well as their delivery, including shipments overseas handled by a designated parts shipment and delivery team. Customer Care takes care of the customer until the problem is solved, allowing him or her to get back to work. The process is carefully monitored and following resolution, dealer and customer satisfaction surveys are carried out to evaluate the participants in the service/process. In 2011, the USA, Canada, Brazil and 19 European countries were covered by the BDA service. For the year, a weighted average of 47% of vehicles were repaired within 48 hours.



Iveco, too, dedicates particular attention to roadside assistance, and with **Assistance Non-Stop** (ANS) ensures round-the-clock service to its customers 365 days a year. Designed to provide immediate technical support to customers experiencing problems with their vehicle, the service is active in 31 European countries and available in ten languages. All workers employed in after-sales service receive four weeks of training at the time they become part of the team, followed by ongoing training updates.

Customers can call a toll-free number and the request for assistance is handled by an operator who, using advanced information systems, alerts the nearest service center and manages the case until the repair is complete. Monitoring the case forms a key component of the service by ensuring vehicle downtimes are reduced. The Customer Center shares a database containing the number and type of failures that occurred with the relevant functions and correlates them with the model and year of manufacture of the vehicle for which assistance was requested.

ANS, which in 2011 dealt with around 56,000 cases, reported excellent results: 78% of vehicles were repaired roadside within eight hours, resulting in an average **customer satisfaction rating of 9.1** (scale from 1 to 10).

RECALL CAMPAIGNS

During recall campaigns which call for vehicle repair, the Group has developed a series of initiatives for providing support to customers by notifying them – through various channels – of the work to be carried out on their vehicle and for handling the process in such a way as to inconvenience the customer as little as possible by reducing vehicle downtime.

At CNH, the **Best Service** campaign is an extremely important tool for increasing customer loyalty even during recall campaigns. An extended vehicle downtime can have a significant negative impact on the customer's finances, particularly for farmers during the production period. To respond to these business needs and reduce vehicle downtime, Customer Care coordinates the activity of the relevant departments to ensure that both customer and dealer are adequately informed and that replacement parts for the vehicle are provided promptly. Follow-up contact is also made to ascertain the customer's level of satisfaction with the initiative.

In 2011 there were 48 recall campaigns, affecting approximately 10,000 CNH customers worldwide. The average satisfaction rating for customer cases managed through the Best Service campaign was 8.9 (scale from 1 to 10) in North America.

Iveco also launched 17 recall campaigns during the year classified as Safety Campaigns, which involved approximately 29,000 vehicles.

TRANSPARENCY IN COMMUNICATION

Fiat Industrial Group also places significant emphasis on the sales process, a crucial element in building a relationship of trust with the customer. For example, Iveco Capital offers its clients a range of financial products combined with auxiliary services (Insurance, Iveco Maintenance and Repair contracts management, etc.) in order to aid them in making purchases through an installment loan or a finance lease on industrial and commercial vehicles and buses, both new and used, sold by the authorized dealer network.

Iveco Capital, which complies fully with regulations on **transparency, anti-money laundering** and **credit sustainability**, is committed to high levels of quality, through constant attention to the customer's needs and innovation in its products and financial services. This has led to the launch of various initiatives at Group level, such as customer satisfaction reporting for certain European markets, ongoing training and awareness campaigns for sales representatives and internal employees, and the assessment and continued monitoring of the performance of customer loans, with the aim of continuously improving the performance and quality of the products and services offered to the end customer.



CHARTER FOR ETHICAL ADVERTISING

Iveco recognizes the social role that advertising plays and has voluntarily adopted and encourages positive and responsible values and conduct in every form of communications. In 2012, Iveco will release the new Charter for Ethical Advertising to promote a policy of responsible marketing and advertising in every market where it is present. Based on the applicable law and advertising standards in those markets, the Charter sets out the fundamental principles that are to be applied to communications activities carried out by all those who work in or with Iveco, such as advertising agencies. It is centered on three core values: respect for the client both as a person and a worker; faithfulness, in the sense of accuracy, truth and precision in the passage and transmission of information related to its products; and usefulness, which Iveco resolves to offer to its clients through its vehicles. The Charter was drafted in clear, straight-forward language to ensure ready comprehension and application for all.

Iveco is also an active member of the Unione Pubblicitari Associati (UPA), the association of advertisers in Italy, which supports the Istituto di Autodisciplina Pubblicitaria, an institute for advertising standards, and is also a member of the European Advertising Standards Alliance.

INFORMATION ON PRODUCTS AND SERVICES

Given the nature of its activities, Fiat Industrial is subject to numerous national and international laws and regulations that govern product information. With regard to fuel economy and CO₂ emissions, the Group provides consumers specific information through various channels: posters at the sales outlets, advertising material, websites, etc. Other information, including safety information, whether required by regulation or provided voluntarily, is communicated by the Group with the maximum clarity through manuals (e.g., user and maintenance handbooks), advertising, dealer and service network, call centers, etc. Furthermore, thanks to driving courses (see also page 154) and computerized tools, such as Blue&Me Fleet (see also pages 82-83), Fiat Industrial promotes the use of low environmental impact technologies and urges customers to drive safely while respecting the environment.

PRODUCT SAFETY

At Fiat Industrial Group, product responsibility means more than simply minimizing the environmental footprint of products over their life cycle, it is also a commitment to delivering safety standards that go beyond customer expectations. This commitment is embodied in the design and development of vehicles with a full array of systems that help operators steer clear of potential accidents and that guarantee maximum protection for both the occupants of vehicles and bystanders. Fiat Industrial also focuses special attention on providing training and information on the safe and responsible use of products, in the conviction that the human factor has a key role to play in accident prevention (see also page 154).

SAFETY IN AGRICULTURAL AND CONSTRUCTION EQUIPMENT

Ongoing research at CNH is aimed at improving the safety of its equipment, with focus placed on advanced electronic instruments, mechanical improvements and cabin comfort.

At Sitevi 2011, New Holland Agriculture was awarded a Silver Medal for the **Active Safety and Weighing System (ASW)** for enhanced operator safety and precision yield monitoring, developed for the Braud 9000 grape harvester range. A network of sensors are located on key points of the machines' frame which transfer data in real-time to the on-board computer; this information is then combined with that from the inclinometers to alert the operator when the vehicle approaches its stability threshold via the intuitive IntelliView™ III monitor. The machine can even put into place a series of measures to prevent driver errors, as well as automatically taking control of the machine for guaranteed operator safety. The ASW system also benefits from the integrated grape weighing functionality, which improves monitoring of the crop yield and enhances the parameters of profitability.

Awarded with a Silver Medal for innovations at the 2011 Agritechnica exhibition, the world's largest agricultural equipment and machinery trade fair, the **New Holland Intelligent Trailer Braking System** automatically manages and equalizes the braking force exerted on the trailer in relation to that of the tractor for best-in-class road transport safety and stability in all conditions. When slowing with the transmission or the exhaust

brake, the trailer brakes are modulated so that the trailer deceleration perfectly matches that of the tractor, resulting in increased safety.

Case IH's **new automatic Vehicle-to-Vehicle (V2V) synchronization solution**, part of its expanded Advanced Farming Systems (AFS) portfolio, was awarded a Gold Medal for innovation at the SIMA Industrial Expo in February 2011. Case IH introduced V2V synchronization technology for two vehicles working together. The system is based mainly on the use of a wireless connection employed to manage the information exchange among vehicles so as to eliminate the risk of collisions among tractors and combine harvesters through the precise alignment of the vehicles, which also reduces stress on the operator and margins of error.



SAFETY IN TRUCK AND COMMERCIAL VEHICLE

Designing products that protect the driver and passengers, while also guaranteeing the safety of all road users, represents a daily challenge for Iveco, entailing responsibility towards the community. Accordingly, research and development on safety systems is focused on three key areas:

- driving support, with a focus on devices that assist the driver in normal conditions and when a warning is triggered
- collision avoidance, with a focus on systems that are activated during an emergency situation and assist the driver in maneuvering to avoid collision

Development of safety systems

Iveco

AVAILABLE	MEDIUM TERM	INNOVATION
Driving support		
REAR VISION	ADAPTIVE AND DIRECTIONAL HEADLIGHTS	INTELLIGENT HEADLIGHTS
TIRE PRESSURE MONITORING	VEHICLE-TO-VEHICLE COMMUNICATION	VEHICLE-TO-INFRASTRUCTURE COMMUNICATION
HILL HOLDER	ASSISTED REVERSING	INTEGRATED DRIVER ASSIST
	DRIVER ATTENTION SUPPORT	
Collision avoidance		
ADAPTIVE CRUISE CONTROL	FRONT COLLISION WARNING	ADAPTIVE CRUISE CONTROL STOP & GO
LANE DEPARTURE WARNING	BLIND-SPOT DISPLAY	LANE KEEPING
ACTIVE LANE ASSISTANT	TURNING ASSISTANT	LANE CHANGE ASSISTANT
ELECTRONIC BRAKING SYSTEM		START INHIBIT
ELECTRONIC STABILITY CONTROL		PREDICTIVE STABILITY CONTROL
Damage Mitigation		
	AUTOMATIC EMERGENCY BRAKING	REVERSIBLE PASSIVE SAFETY SYSTEMS
		PASSIVE PROTECTION SYSTEMS FOR VULNERABLE ROAD USERS
		AUTOMATIC COLLISION PREPARATION SYSTEMS
		EMERGENCY CALL

- damage mitigation, with a focus on devices that are activated when impact is inevitable in order to minimize the consequences.

Driving innovation at Iveco is the acronym ADAS – **Advanced Driver Assistance Systems** – which encompasses all the systems and tools that actively help drivers in the prevention of road accidents. It is overwhelmingly demonstrated that the main cause of road accidents is human error. ADAS are therefore designed to help minimize road accidents caused by driving mistakes, poor driving skills, fatigue or simple errors of judgment as much as possible.

A number of ADAS are already available on the heavy vehicle range, including:

- **EBS** (Electronic Braking System) is an electronic system that controls the braking functions of both tractor unit and semi-trailer, and integrates the functions of Anti-lock Braking System (ABS), Acceleration Slip Regulation (ASR) and Electronic Brake Limiter (EBL). The system combines the effects of the engine brake and Intarder (hydraulic braking system), and controls both automatically to improve effectiveness and to minimize service brake wear. Vehicles equipped with EBS have disc brakes on all axles
- **ESC** (Electronic Stability Control) kicks in in the event of a swerve by

modulating engine power and selectively braking individual wheels with different intensities until a stable vehicle trajectory is reestablished. ESP is extremely effective during sudden changes in direction and for correcting understeer or oversteer as a result of miscalculating the line through a bend

- **Hill Holder** is an auxiliary system that facilitates starting off up a slope. The system functions by stopping the vehicle rolling backwards for a second or two when the foot brake is released. Hill Holder inhibits rolling backwards during hill-starts, avoiding the need to ride the clutch
- **ACC** (Adaptive Cruise Control) is an intelligent system that maintains a constant road speed selected by the driver, but it is also able to monitor the distance from the vehicle ahead. In the event that the safety distance is not maintained, the system automatically activates the engine brake, the Intarder and the service brake
- **LDWS** (Lane Departure Warning System) sounds a warning buzzer if the vehicle wanders across the lines marking the traffic lane without the driver having indicated his intention to do so. The system is extremely effective in preventing accidents caused by distraction or falling asleep at the wheel.

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix



SUPPLIERS

One of Fiat Industrial Group's strategic objectives is to build a relationship with suppliers that goes beyond a purely commercial transaction to form a lasting and mutually beneficial collaboration with highly qualified partners that share the same principles.

Accordingly, as a global presence operating throughout the world both directly and through its partners, Fiat Industrial has decided to continue working with Fiat Group Purchasing S.r.l.⁽¹⁾ (FGP) to leverage potential synergies and offer suppliers themselves greater business opportunities. FGP conducts purchasing activities for all sectors through the global management of suppliers. In the firm belief that responsible corporate citizenship is an all-encompassing commitment, FGP works to promote and spread responsible practices along the entire supply chain and raise the awareness of its own employees of these issues. The model for sustainable management of the supply chain was assessed by SGS, an independent certification body, during its assurance audit of the Sustainability Report with a high level of verification in accordance with AA1000 assurance standard.

Fiat Group Purchasing is at the forefront of efforts to tackle global supply chain challenges. One example is training, and the introduction in 2012 of an online course developed by the Automotive Industry Action Group (AIAG), designed to raise supplier awareness of working conditions in certain countries.

SUPPLIERS PROFILE

Fiat Group Purchasing manages purchases worth approximately €12 billion on behalf of Fiat Industrial Group and has a direct material supplier base of some 4,800 companies.

Highlights

Fiat Group Purchasing worldwide

	2011
Direct and indirect material purchases managed by FGP ⁽²⁾ (percentage of total Group purchases)	90
Direct material suppliers managed by FGP (no.)	4,800
Value of purchases from direct material suppliers ⁽³⁾ managed by FGP (€ billion)	10.2
Value of purchases from indirect material suppliers ⁽⁴⁾ managed by FGP (€ billion)	1.5

⁽¹⁾ A Fiat Group company that also conducts purchasing activities for Fiat Industrial Group.

⁽²⁾ Refers to value of purchases managed by FGP.

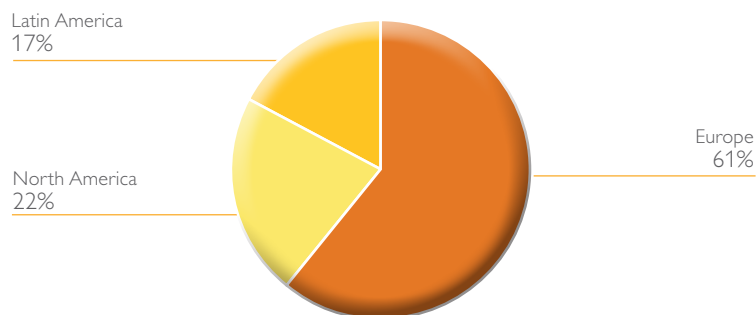
⁽³⁾ Direct materials are preassembled components and systems used in assembly. The value of raw material purchases is considered marginal.

⁽⁴⁾ Indirect materials are services, machinery, equipment, etc..

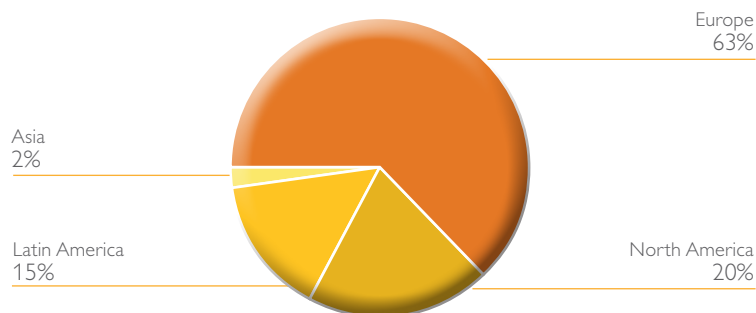


Purchases⁽¹⁾ by destination

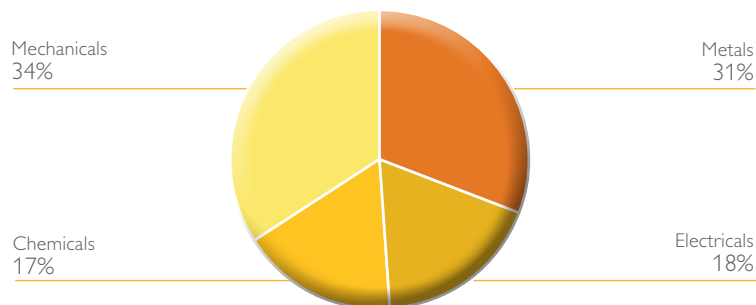
Fiat Group Purchasing worldwide

**Purchases⁽¹⁾ by origin**

Fiat Group Purchasing worldwide

**Purchases⁽¹⁾ by type**

Fiat Group Purchasing worldwide



Around 61% of direct material purchases by value are for plants in Europe (32% of which in Italy), 22% are for plants in North America, and the remaining 17% are for plants in Latin America. The location of direct materials suppliers is consistent with that breakdown, confirming Fiat Industrial's commitment to using locally-based suppliers wherever possible: approximately 63% are located in Europe, 20% in North America, 15% in Latin America and 2% in Asia.

Although Fiat Industrial does not purchase raw materials directly (with the exception of steel used for direct processing), overall consumption and price trends are constantly monitored. The principal raw materials used in semfinished goods purchased by the Group are steel and cast iron (approx. 2.6 million tons including scrap), plastics and resins (approx. 131,000 tons) and other materials (approx. 54,000 tons).

IMDS (INTERNATIONAL MATERIAL DATA SYSTEM)

To support the management of various environmental aspects related to the vehicles and components it produces, Iveco uses the International Material Data System (IMDS), an online platform that enables input of detailed information on the materials and substances used in purchased components. In 2011, the roll-out of the system to FPT Industrial commenced. The system also covers information on recycled material content.

In 2011, about 4,000 data sheets were completed by Iveco and FPT Industrial suppliers; the introduction of the system to CNH as well is currently being assessed. By extending the IMDS across all its sectors, Fiat Industrial aims to further improve its level of knowledge of the composition and the percentage of recoverability/recyclability of its vehicles and their components.

At Iveco, IMDS data are processed using specific software that monitors compliance of all models produced with EC Directive 2005/64/EC, on vehicle reuse, recycling and recovery, and EC Directive 2000/53/EC, on the disposal of waste from end-of-life vehicles – ELV (see also page 84).

⁽¹⁾ Refers to value of direct materials purchases managed by FGP.



SUPPLY CHAIN STANDARDS

Sustainability standards concerning environmental and social matters have been fully incorporated into the management and selection process for the Group's suppliers. The supplier selection process is based on objective assessment criteria aimed at ensuring impartial treatment and equal opportunity for all parties involved. Quality, supply price and the ability to meet delivery times represent only a few of the areas upon which suppliers are evaluated.

As a result, clauses are being progressively introduced in new agreements requiring that suppliers adhere not only to the Fiat Industrial Group **Code of Conduct** but also to specific **Sustainability Guidelines**.

If it is found that a supplier fails to adhere to these principles, Fiat Industrial reserves the right to terminate the business relationship or require the supplier to implement a corrective action plan, which is then verified by an audit.

The Sustainability Guidelines can be viewed on the Group website. Applying to all suppliers and subcontractors, the guidelines require adherence to the following principles:

- human rights and working conditions:
 - rejection of the use of forced or child labor in any form
 - recognition of the right to freedom of association in accordance with the applicable law
 - safeguarding of employee health and safety
 - guarantee of equal opportunities, fair working conditions and the right to training for employees

- respect for the environment:
 - optimization of the use of resources
 - responsible waste management
 - elimination of potentially hazardous substances from the manufacturing process
 - development of low environmental-impact products
 - use of an environmentally-sustainable logistics system
- business Ethics:
 - high standards of integrity, honesty and fairness
 - prohibition against corruption and money laundering.

In 2011, the **Potential Supplier Assessment** (PSA) process was enhanced with additional assessment criteria relating to sustainability. The changes introduced include requirements for potential suppliers to adopt the Fiat Industrial Code of Conduct, governing human rights and anti-corruption measures, as well as a certified health and safety management system, in addition to the existing requirement of a certified environmental management system.

A further step towards fully integrating environmental and social aspects in the management of suppliers will be taken in 2012, when supplier sustainability performance (as assessed through both self-assessment questionnaires and on-site audits) will become a determining factor in the final decision to award supply contracts.

MONITORING CONFORMITY

In order to verify adherence by suppliers to the sustainability standards required by Fiat Industrial and, where necessary, take steps for improvement and realignment, Fiat Group Purchasing (FGP) designed and initiated a monitoring process based on two main tools: self-assessment questionnaires on sustainability standards and follow-up on-site audits.

The questionnaire queries suppliers on human rights; environmental and health and safety practices; ethics and anti-corruption; and people training and development. It also serves as a gap analysis tool for suppliers, highlighting areas that need improvement.

In 2011, **self-assessment questionnaires** were sent to a further five suppliers. All the suppliers involved in 2011 completed the questionnaire, attaining an **average score of 82/100**. An analysis of the results essentially confirmed the previous year's findings of widespread implementation of good social and environmental practices; a significant proportion of suppliers have their own environmental and social management system, set targets in these areas and prepare periodic reports.

Following the self-assessment process, **audits** were conducted of selected major suppliers. Continuing last year's activities, in 2011 a further 62 audits were performed in **China, India and Europe** (of which 45 were conducted by Supplier Quality Engineers and 17 by a third party auditor). Together these covered around 3% of total purchases by value managed by FGP.

These audits **did not find any critical situations**; no contracts were suspended or canceled and no suppliers were placed on watch status. However, **corrective action plans** for certain areas in need of improvement were formulated in collaboration with suppliers. In 2011, as a result of the audits conducted, a total of about 80 joint action plans were initiated for 55 suppliers. Also involved in the formulation of these plans was the **Supplier Sustainability Committee** set up within FGP. The committee is composed of the Compliance Officer, General Counsel and the head of Supplier Quality Engineering. The plans primarily addressed the need to set out standards in the areas of corporate governance and human rights.

Each supplier's compliance level and any action plans required are reported in the Supplier Quality Performance (SQP) system. These results can be viewed by all employees assigned to managing suppliers.

In 2011, a **risk map** was prepared to identify critical suppliers whose compliance with sustainability criteria requires evaluation. The four risk drivers used to create the risk map were: supplier turnover; country risk associated with the supplier's location, focusing on countries with a poor human rights record; supplier financial risk; and the result of the assessment of

the supplier's adherence to sustainability principles (established on the basis of self-assessment questionnaires, on-site audits and the level of implementation of action plans). The risk map classifies suppliers according to three levels of risk (high, medium and low).

CULTURE OF SUSTAINABILITY

Various initiatives have been established over the years to ensure adequate awareness of sustainability and good governance by those who manage supplier relationships. The **online training program** aimed at raising awareness of the Code of Conduct and corporate environmental and social responsibility is targeted at buyers and Supplier Quality Engineers (SQEs). To date the training program has involved 600 people; in 2012 it will be completed by all buyers and SQEs in Poland, Turkey, Brazil, China and India.

Also in 2011, the **variable compensation system** for SQE Managers and their team members continued to include sustainability criteria, such as the number of audits and self-assessment questionnaires managed.

ONGOING DIALOGUE WITH SUPPLIERS

Fiat Industrial is committed to constant engagement and communication with suppliers, in the conviction that they are key partners for growth.

In 2011, the company continued to strengthen relationships with suppliers, as demonstrated by the many long-standing and mutually beneficial relationships in place and the minimal number of disputes.

Many events and activities are aimed at encouraging continuous dialogue with suppliers. For example, the Group uses a dedicated **Internet portal** to share information on technical requirements, supply planning, supply quality, and the results of compliance tests conducted on new components. From their side, suppliers can use the portal to communicate with Fiat, enter details of supply contract bids, specify the origin of components, update their contact details, etc.

As in previous years, regular initiatives continued for exchanging ideas and information, including **local conventions** and **Technology Days** (17 encounters in 2011, attracting around 1,500 participants). At these events, leading suppliers in terms of innovation, technology and quality addressed specific topics with a view to sharing information on the latest technological developments.

Also on the theme of continuous improvement, **World Class Manufacturing Purchasing**, in collaboration with the World Class Manufacturing (WCM) team organization, continued its work as a consultant to suppliers intending to implement the WCM system. During the year,



WCM continued to be initiated at supplier plants, taking the total number of supplier sites applying what is considered to be one of the world's leading manufacturing standards to sixty. A total of three Executive Conventions were held with the purpose of examining the current state of the program's application and driving senior management commitment.

Fiat Industrial encourages supplier innovation through various initiatives.

Supplier Performance (Su.Per) is a program aimed at encouraging a proactive approach from suppliers, by sharing with them economic benefits generated through the introduction of innovative methods and technologies that they propose. In 2011, six suppliers benefited from this program and of the numerous proposals received nine have been implemented.

Finally, the **dedicated email address** is another channel of communication through which Fiat Industrial allows anyone to request information or report events or situations of noncompliance in the supply chain.

SUPPORT FOR SUPPLIERS IN DIFFICULTY

The global financial crisis made it necessary to increase monitoring and management of critical situations arising in the industry supply chain. Fiat Industrial has strengthened the teams and mechanisms used to manage supplier risk, in order to ensure prompt detection of high-risk situations and contribute to stabilizing them through the implementation of the most suitable measures. This can involve Group measures to ensure supply continuity, providing support for restructuring plans and, where necessary, temporary cash-flow support, also with a view to saving jobs where possible. In some cases, such actions have been taken jointly with other automakers. Several natural disasters impacted the industry in 2011, such as the Japan tsunami. In each event the Group acted in partnership with its supply chain, setting forth strategies to contain adverse impacts on production operations and identifying remedial actions to mitigate the effects of component shortages.



LOCAL COMMUNITIES

Fiat Industrial is fully aware of the impacts, both direct and indirect, that its decisions have on the local communities in which it operates, especially in developing countries. As such, the Group is committed to promoting their economic, social and cultural development, both directly and through initiatives and collaboration with local authorities, as well as in partnership with nongovernmental associations and organizations, to make a contribution that is far more than merely financial.

Every initiative is managed at the plant, sector and brand level and those that are financially significant are approved and supervised at corporate level. To ensure worldwide internal guidance on corporate citizenship and philanthropic contributions, all Group sectors are required to adhere to the principles contained in the **Community Investment Guidelines**. The Guidelines provide indications on how to manage the various initiatives in favor of communities and define the Group's commitment to implementing initiatives that are consistent with each brand's core characteristics and positioning. Specific **indicators** are used **to measure the impact** of all major initiatives in order to evaluate the **benefit** for the local community. This helps to ensure that the Group's activities remain aligned and relevant to the current needs of the regions involved. In addition, these metrics assist in evaluating potential opportunities for development or extension of programs, as well as turning successful isolated activities into longer-term commitments. Moreover, the sectors have adapted the principles contained in the Group Guidelines to their specific business activities, developing dedicated policies and guidelines. In particular, in Brazil, considered one of the most important emerging markets of operation today, a Sustainability Committee has been established at Group level with the aim of sharing best practice and defining the main investment projects to support the development of lower-income communities.

COMMUNITY INITIATIVES

In 2011, Fiat Industrial allocated approximately €4.8 million for the promotion of community initiatives.⁽¹⁾ In addition to direct financial contributions and payments in kind, in some cases the Group also supported local communities by allowing its employees to engage in volunteer activities during working hours (approximately €0.7 million).

€4.8 million committed
to local communities



⁽¹⁾ Based on non-accounting data and calculation methods. Also includes estimates. Amounts in currencies other than euros were converted at the average annual exchange rate as at 30 November 2011. The reported figure also takes into account the cost of time spent by employees to manage and organize humanitarian initiatives promoted by the Group. The reported figure does not include initiatives whose sole purpose is to promote a brand. Amounts relate to all Fiat Industrial Group companies worldwide.

Fiat Industrial privileged investments geared towards enhancing community development near Group facilities (approximately €2.6 million), reflecting its commitment to establishing a positive, long-lasting relationship with the communities in which it operates.

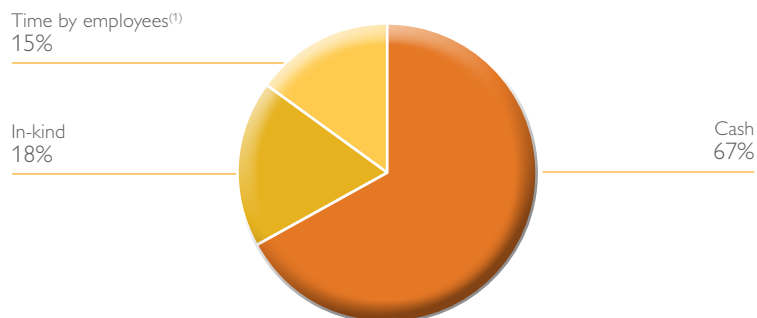
Of the community initiatives supported, 32% were of a social nature (e.g., addressing issues such as homelessness); 18% centered on the education of young people; and 13% focused on emergency relief.

The remaining 37% consisted of various other initiatives, including the promotion of art and culture.

Geographically, the majority of the Group's investments were concentrated in Latin America, which accounted for approximately 75% of total resources donated, followed by Italy with around 13%, and the rest of Europe with around 7%. The remaining 5% went to North America and the rest of the world.

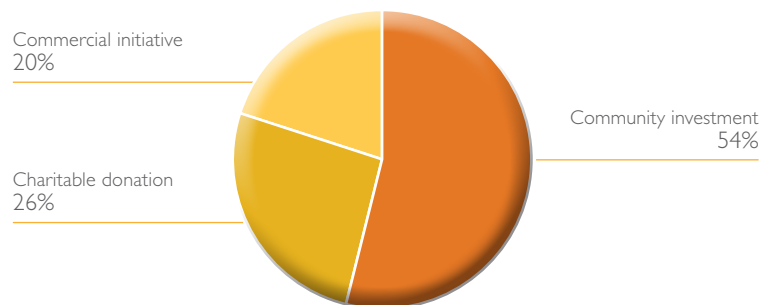
Contribution by type

Fiat Industrial Group worldwide



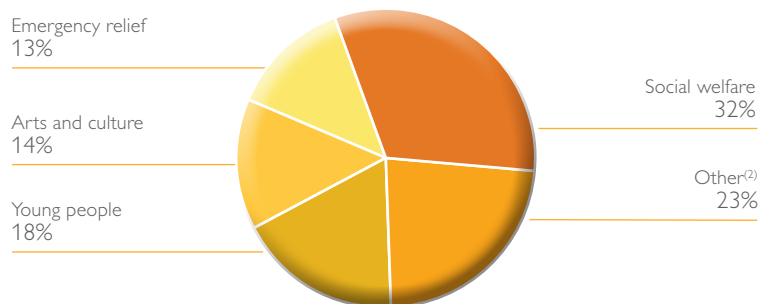
Contribution by category

Fiat Industrial Group worldwide



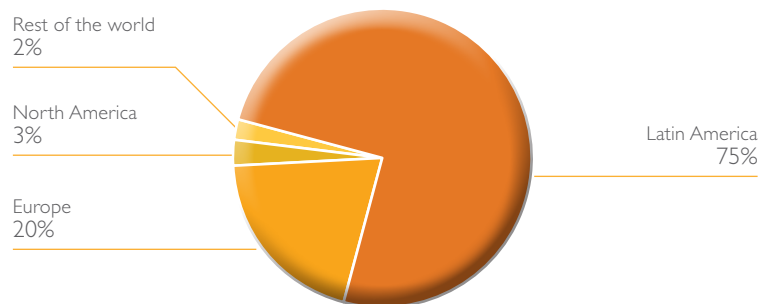
Contribution by subject

Fiat Industrial Group worldwide



Contribution by destination

Fiat Industrial Group worldwide



⁽¹⁾ Represents the monetary value of hours for volunteer work carried out by employees during working hours (also includes initiatives where companies are fully or partially reimbursed through public funds).

⁽²⁾ Other includes investments in favor of Economic development and Environment.

AIDING IN SOCIAL WELFARE INITIATIVES

Through social initiatives, the Group seeks to give support to organizations addressing issues such as homelessness, the welfare of younger and older people and the needs of the disabled in the countries in which it operates. For the fifth year running, the CNH site at Racine (United States) supported **Habitat for Humanity** with cash donations and voluntary work from employees. Habitat for Humanity (www.habitat.org) is a nonprofit organization dedicated to tackling **poverty housing and homelessness**. First started in 1976, it has since built more than 300,000 homes worldwide, providing shelter for over 1.5 million people in more than 3,000 communities. For a week in the summer, employees step away from their desks during work hours and travel to the job site to assist in the various building steps, from putting together the house's frame to dry-walling. In 2011, CNH added an additional build site near its facility in Burr Ridge (USA). A total of 140 employees participated in the two builds, committing 4,320 hours of service. Since 2007, through fund-raising activities involving both employees and Case Construction dealerships, CNH and its brands have raised more than €250,000 for the Habitat for Humanity organization. Continuing a long tradition, in 2011 CNH renewed its support of the **United Way** (www.liveunited.org), a nongovernmental organization present in 45 countries around the world that is dedicated to **improving living conditions in local communities**, focusing in particular on education, financial stability and healthy lives. To aid the United Way in its



mission, CNH has actively sought donations through an annual campaign of targeted emails to employees, as well as numerous employee-involvement fund-raisers organized at the company's various locations. In 2011, CNH and employees together donated €1.1 million. Through its more than thirty-year contribution to this organization, CNH has supported the development of new opportunities to help disadvantaged families and individuals improve their lives.

In an effort to better transport conditions in Africa, with the goal of promoting local community independence, since 2005 Iveco has been a partner of **Transaid**, an international UK development charity which aims to reduce **poverty** and improve **livelihoods** across Africa and the developing world through implementing better transport. It does this by building local skills and knowledge to make transport safer, cheaper, cleaner and more effective, ensuring better access to the essentials for everyday life such as health care, education and economic opportunities. In 2011 Iveco donated a Stralis 4x2 to the National Institute of Training in Dar Es Salaam (Tanzania). The Stralis will be used as a driver training vehicle to help trainers train commercial vehicle drivers to achieve internationally recognized standards and thereby reduce the number of road deaths on the roads of sub-Saharan Africa.

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix



UPLIFTING PEOPLE

Part of supporting the communities where the Group operates involves building the skills and competencies of others. This type of capacity building often extends to partnerships with public bodies, civil society groups, international institutions and other stakeholders.

For example, Iveco is addressing this education imperative in Italy by supporting **TechPro2 Iveco**, a program to **build the technical and vocational skills** of young people. In October 2011, the program inaugurated its first technology lab for industrial vehicles, in which some one hundred teenagers will take part in a special three-year training program designed to train highly qualified young people with advanced technical skills and facilitate their entry into the working world. In this way, TechPro2 Iveco will help supply specialized workers to meet the growing demand for skilled labor by Iveco dealerships and the authorized service network, while furnishing a valid tool for re-skilling people employed in the industry. The laboratory is the outcome of the collaboration between Iveco and CNOS-FAP (National Center for Salesian Works – Professional and Vocational Training), with the support of FPT Industrial. Iveco has also been working with the Salesians for a number of years on developing mechanical and technical skills in countries where specialized technical know-how is hard to find. Under this partnership, Iveco provides technical equipment and trains local instructors at the Don Bosco School in Cairo.

PARTICIPATING IN EMERGENCY RELIEF EFFORTS

The Group always aims to respond rapidly to the needs of populations affected by natural disasters. When a disaster strikes, Fiat Industrial and its sectors channel resources (vehicles, funds and technical support) and employee efforts to aid the communities hit.

In January 2011, three heavy duty New Holland machines – a grader, a dozer and a backhoe loader – assisted in the reconstruction works in the areas affected by heavy rain in the region in **Aiuruoca**, in the south of the state of Minas Gerais in Brazil. The equipment was loaned by New Holland and used in a number of cities for a period of 180 days, carrying out operations including opening of access routes and roads, loading and transportation of materials and removal of debris. Along with the equipment, the company also sent a truck carrying three tons of donations from employees, including water, hygiene and cleaning supplies, clothes and food. In addition to loaning the equipment, New Holland provided all assistance support for the products as well as training for operators.

Following the 2011 **Japan** tsunami and earthquake disaster, the whole company responded by donating about €189,000 to the Red Cross International relief efforts as well as matching donations made by employees in support of this humanitarian initiative. At the same time, the Group provided concrete support on-site.



When floods struck the eastern coast of **Liguria** (Italy) in late 2011, Fiat Industrial provided vehicles, manpower and assistance support to the authorities coordinating the relief effort. Specifically, CNH furnished crawler excavators, wheel loaders and other vehicles able to work in tight spaces and tough conditions. Iveco instead provided off-road vehicles for the transport of rubble. CNH and Iveco also sent expert operators to operate the vehicles loaned and mobile service vans with mechanics. Finally, special sale and financing conditions were offered by Iveco to purchasers of the new Daily who live in the areas devastated by the floods. The Group together with Fiat S.p.A. has also continued its strong commitment to supporting the communities affected by the severe earthquake that shook **Abruzzo** in 2009. During 2011, the nursery school in Bazzano, an outlying district of L'Aquila (Italy), was completed. The infant school comprises five interconnected buildings, designed to

accommodate around a hundred children in the crèche and nursery school. The 1,300 square meters of the *Scatola delle Esperienze* also includes a multipurpose room to serve as a meeting point for the local community. The structure displays cutting-edge anti-seismic technology and is designed to be environmentally sustainable. The year 2011 also saw the completion of the rehabilitation center for disabled children and young amputees in Petionville, in the heart of **Haiti**, so badly hit by the 2010 earthquake. The Kay Eliane center, built by the nonprofit association Fondazione Francesca Rava – N.P.H. Italia (www.nphitalia.org) with funding from the Group, aims above all to offer care and education to Haiti's disabled and disadvantaged children. The facility provides services for around fifty day-pupils, as well as being used by many others, who come for a hot meal or take part in the physiotherapy and educational activities organized by the specialist staff.





APPENDIX

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REPORT PARAMETERS

Through the Sustainability Report, Fiat Industrial Group aims to provide its stakeholders a comprehensive picture of the activities carried out, results achieved and commitments made in the economic, environmental and social spheres. Having come into being as of 1 January 2011, this is the Group's first Sustainability Report. The Sustainability Report has been prepared in conformity with the guidelines of the Global Reporting Initiative, GRI-G3.1,⁽¹⁾ and has been externally assured by an independent organization to satisfy the criteria of Application Level A+, the highest level possible.

Application level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Labor practices, Human rights, Society, Product responsibility.		Report on each core G3 and Sector Supplement (in final version) Indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

See also the Statements of assurance on page 195

⁽¹⁾ The Global Reporting Initiative (GRI) is a multi-stakeholder organization for the development and disclosure of guidelines for sustainability reporting. The GRI-G3.1 guidelines set out principles and indicators for reporting on the economic, environmental and social dimensions and represent a standard for content to assist the organization in the preparation of the Sustainability Report, enabling comparability over time and between similar organizations (www.globalreporting.org).

OBJECTIVES, SCOPE AND METHODOLOGY

The subjects addressed in this first Fiat Industrial Group Sustainability Report have been chosen on the basis of an analysis that takes account of the information needs of stakeholders concerning the Group's commitments and performance in the areas of economic, environmental and social sustainability (see also pages 21-23), and the requirements of the principal international reporting standards and the specific characteristics of the capital goods industry. Significant attention has also been given to the information requirements of socially responsible investors (SRIs) and financial and non-financial analysts who periodically review the Group's sustainability performance.

The contents of the report therefore reflect the need to satisfy these information requirements, while also benefiting from the results of regular benchmarking against major players in the capital goods industry.

The areas discussed (governance, product, manufacturing processes, human resource management and relationships with local communities, dealer network, customers and suppliers) are organized into five main sections. The first illustrates the Group's organizational structure; the second gives an overview of its strategic approach to sustainability; the third and fourth sections report on environmental and social initiatives implemented in 2011; and the last section provides information on additional economic, environmental and social indicators.

Based on the feedback obtained during meetings and interviews with the principal stakeholders, this document examines certain areas in specific depth and includes reporting on approximately 200 key performance indicators. In particular:

- the scope of many indicators has been extended (in terms of regional, sector or gender reporting)
- a Sustainability Plan has been formulated
- special focus has been placed on the emerging issue of water-related risks
- commitments and targets have been adapted from the 2010–2014 Environmental Plan (concerning water management, biodiversity, atmospheric emissions and waste management) formulated by Fiat S.p.A. pre-demerger, for sectors now forming part of Fiat Industrial Group
- initiatives targeted at promoting employee well-being and equal opportunity have been reported
- information has been included concerning the proportion of Fiat Industrial free-float shares held by socially responsible investors.

Unless otherwise indicated, the information and data contained in this

Sustainability Report relates to the 2011 financial year (which coincides with the calendar year) and to all Fiat Industrial Group companies worldwide falling within the scope of consolidation at 31 December 2011. The exclusion of any geographic area or company or specific site from the scope of reporting is attributable to the inability to obtain data of a satisfactory quality or their immateriality in relation to the Group as a whole, as is often the case for newly-acquired entities, certain joint ventures or production activities that are not yet fully operational. In some cases, entities that are not consolidated in the financial statements have been included in the scope of reporting because they have significant environmental and social impacts. Specifically:

- occupational health and safety data relate to 61,998 employees, representing approximately 93% of the total Group workforce
- the Group's environmental and energy performance refers to 59 fully consolidated plants (covering more than 98% of the Group's industrial revenues⁽¹⁾) plus two plants for environmental and four for energy performance not included in the scope of consolidation.

Moreover, the Sustainability Report has adopted a definition of "plant" that corresponds to the definition used in the Consolidated Financial Statements. Data has been collected and reported with the aid of existing management control and information systems, where available, in order to ensure reliability of information flows and correct monitoring of sustainability performance. For certain indicators, a specific reporting process has been established using electronic databases (e.g., Standard Aggregation Data for environmental, health and safety data and SAP HR for human resources data) or files that are populated directly by the individual or entity responsible for each aspect worldwide. To enable comparison over time, the data presented covers the three year period 2009–2011, restated, where possible, to cover the activities of all three Group sectors prior to the demerger from Fiat S.p.A. Details of calculation methods and explanations of trends are provided alongside the corresponding graphs and tables.

Finally, no gender breakdown has been provided for injury data, as such information is not considered consistent with the business of the Group, where the presence of women workers in factories is still very low. Nevertheless, in accordance with the principles of the Code of Conduct, Fiat Industrial works constantly to prevent any form of discrimination and promote equal opportunities at every stage of the employment relationship, and to disseminate safe working principles throughout all its sites worldwide through specific training delivered to all the people who work at those sites.

⁽¹⁾ Revenues attributable to the operations of plants directly controlled by the Group.

GUARANTEE OF QUALITY OF INFORMATION

The quality of the information contained in the Sustainability Report is guaranteed by compliance with the following principles:

- materiality: inclusion of all information deemed to be of interest to stakeholders due to its economic, environmental or social impact
 - completeness: inclusion of all material issues and indicators
 - balance: coverage of both positive and negative aspects of the Group's performance
 - comparability: ability to compare between time periods and with similar organizations
 - accuracy: provision of adequate levels of detail
 - reliability: reporting process subject to audit by an independent organization
 - timeliness: report made available together with the Annual Report at the Annual General Meeting of Fiat Industrial
 - clarity: the language used is directed at all stakeholders.
- Preparation of the Sustainability Report is part of an annual reporting process subject to audit, analysis and approval by a number of individuals and entities. The document is:
- prepared by the Sustainability Unit, which is part of Group Control and centrally coordinates and engages the relevant sectors and Group functions
 - approved by the Group Executive Council, the decision-making body headed by the Group Chairman and composed of the CEOs of the operating sectors and various heads of function
 - examined by the Nominating, Compensation and Sustainability Committee, a sub-committee of the Board of Directors of Fiat Industrial
 - subject to an assurance audit by SGS Italia S.p.A.⁽¹⁾, an independent certification body, in accordance with the Sustainability Reporting Assurance procedure (SRA), in compliance with the GRI-G3 1 guidelines and the AA1000 APS (2008) standard. SGS is an AA1000 Licensed Assurance Provider. In addition, the Group's sustainability management system is aligned with ISO 26000 Guidelines on social responsibility. The statement of assurance, which describes the activities carried out and the opinion expressed, is provided on page 195
 - presented, in the Italian and English versions, together with the Annual Report at the Annual General Meeting of Fiat Industrial to provide a complete, up-to-date overview of the Group's financial, environmental and social performance
 - published and freely available for download from the sustainability section of the Group website.

This is Fiat Industrial's first report as an independent group; however, information on each of the Group sectors was disclosed in aggregate form in the 2010 Sustainability Report of Fiat S.p.A. pre-demerger.



⁽¹⁾ Sergio Marchionne and John Elkann, Chairman and Director of the Fiat Industrial Board, are also, respectively, Chairman and non-executive director of the Board of Directors of SGS S.A.

ADDITIONAL INFORMATION

This section contains additional figures and information to that provided in other parts of the Sustainability Report. These are based on the recommendations of the GRI-G3.1 guidelines, in addition to responding to the specific requirements of SRI analysts and investors.

ECONOMIC DIMENSION

COMPLIANCE⁽¹⁾

A summary is provided below of the final court judgments, final arbitration awards and other final orders deemed material because of their value and for which a final decision was awarded in 2011 against Fiat Industrial Group companies ("final judgments").

There were no significant final judgments concerning violations of law governing environmental protection, intellectual property, advertising and marketing, product and service information, data protection or violations of the rights of local communities.

Final judgments were, however, given against Fiat Industrial Group companies in relation to the following:

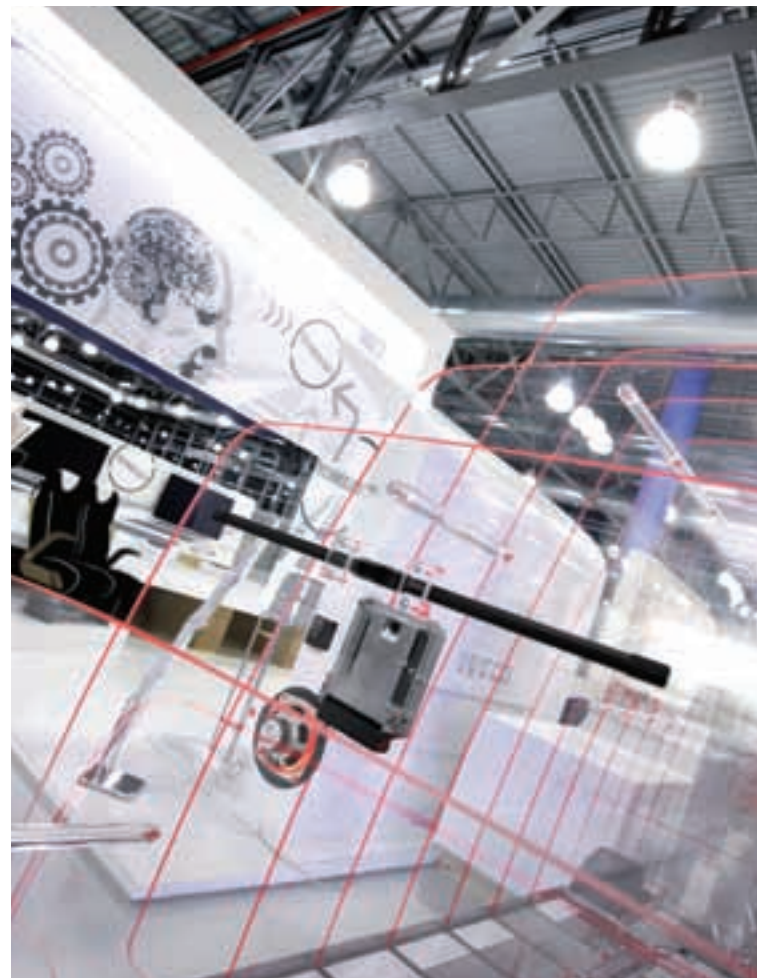
- two cases of contractual liability for defective products, totaling €63,000
- two cases of contractual liability over the termination of dealership and agency contracts, totaling €550,000
- one case of damages for occupational illness, totaling €100,000.

In addition, we report that the fine imposed by the Federal Cartel Office (Bundeskartellamt) in Germany on Iveco Magirus Brandschutztechnik GmbH, totaling €17.5 million, was settled in full, thus ending a dispute over past anti-competitive behavior that the company had long stopped at its own initiative.

Lastly, final judgments awarded against Fiat Industrial Group companies in 2011 in relation to labor and social security law involved a total payment corresponding to 0.1% of labor costs for the year. The level of litigation was proportionately higher in Brazil where final judgments, mainly relating to the interpretation of particularly controversial legislation, represented 67% of total final judgments, corresponding to around 47% of the total payout made by the Group.

However, within the specific context of Brazil, these final judgments were not exceptional in nature or in number.

⁽¹⁾ This comment refers to GRI-G3.1 indicators EN28, HR9, SO7, SO8, PR2, PR4, PR7, PR8 and PR9.



ENVIRONMENTAL DIMENSION

Emissions of nitrogen oxides (NOx)

Fiat Industrial Group worldwide (tons)

	2011	2010	2009
CNH	286	273	232
Iveco	125	131	113
FPT Industrial	28	17	23
Total	439	421	368

Emissions of sulfur oxides (SOx)

Fiat Industrial Group worldwide (tons)

	2011	2010	2009
CNH	9	13	8
Iveco	53	55	56
FPT Industrial	1	1	1
Total	63	69	65

Emissions of dust

Fiat Industrial Group worldwide (tons)

	2011	2010	2009
CNH	0.8	1.1	0.7
Iveco	5.4	5.7	5.8
FPT Industrial	0.1	0.1	0.1
Total	6.3	6.9	6.6

Water recycling index

Fiat Industrial Group worldwide (thousands of m³)

2011	Fiat Industrial Group	CNH	Iveco	FPT Industrial
Plants	61	29	23	9
Total water requirement	9,410	2,391	3,003	4,016
of which covered by recycling	1,736	252	113	1,371
of which water withdrawal	7,674	2,139	2,890	2,645
Recycling Index	18.4%	10.5%	3.8%	34.1%

2010

Plants	63	31	23	9
Total water requirement	8,737	2,133	3,173	3,431
of which covered by recycling	1,501	142	108	1,251
of which water withdrawal	7,236	1,991	3,065	2,180
Recycling Index	17.2%	6.7%	3.4%	36.5%

2009

Plants	65	31	25	9
Total water requirement	10,054	1,955	3,381	4,718
of which covered by recycling	1,850	92	0.16	1,758
of which water withdrawal	8,204	1,863	3,381	2,960
Recycling Index	18.4%	4.7%	0.005%	37.3%

Emissions of Volatile Organic Compounds by sector

Fiat Industrial Group worldwide

	Measurement units	2011
CNH	kg/year	1.483.138,26
	m²/year	30.181.342,00
	g/m²	49,14
Iveco	kg/year	1.244.515,50
	m²/year	19.506.543,74
	g/m²	63,80
FPT Industrial	kg/year	39.594,99
	m²/year	1.748.678,84
	g/m²	22,64
Average VOC emissions	kg/year	2.767.248,75
	m²/year	51.436.564,58
	g/m²	53,80

Presence of Ozone Depleting Substances (ODS)⁽¹⁾

Fiat Industrial Group worldwide (kg)

2011	Fiat Industrial Group	CNH	Iveco	FPT Industrial
Plants	61	29	23	9
CFCs	38,28	15	23,08	0,2
HCFCs	7,755.47	4,958.66	2,275.87	520.94
Halons	-	-	-	-
Methyl bromide	-	-	-	-
Other CFCs fully halogenated	-	-	-	-
Total	7,793.75	4,973.66	2,298.95	521.14

⁽¹⁾ Data include quantities of ozone-depleting substances found in office air conditioning equipment, equal to approximately 3600 kg.

Water withdrawal and discharge by sector

Fiat Industrial Group worldwide (thousands of m³)

2011	Fiat Industrial Group	CNH	Iveco	FPT Industrial
Plants	61	29	23	9
Withdrawal				
Groundwater	5,278	969	2,094	2,215
Municipal water supply	2,357	1,168	766	423
Surface water	30	-	30	-
of which salt water	-	-	-	-
Other	9	2	-	7
Total water withdrawal	7,674	2,139	2,890	2,645
Discharge				
Surface water	1,338	410	772	156
of which salt water	-	-	-	-
Public sewer systems	3,901	1,153	858	1,890
Other destinations	47	34	13	-
Total water discharge	5,286	1,597	1,643	2,046
2010				
Plants	63	31	23	9
Withdrawal				
Groundwater	5,090	952	2,344	1,794
Municipal water supply	2,091	1,034	683	374
Surface water	42	4	38	-
Other	13	1	-	12
Total water withdrawal	7,236	1,991	3,065	2,180
Discharge				
Surface water	1,503	297	1,005	201
Public sewer systems	4,311	1,957	804	1,550
Other destinations	399	50	349	-
Total water discharge	6,213	2,304	2,158	1,751
2009				
Plants	65	31	25	9
Withdrawal				
Groundwater	5,944	910	2,480	2,554
Municipal water supply	2,192	952	857	383
Surface water	44	-	44	-
Other	24	1	-	23
Total water withdrawal	8,204	1,863	3,381	2,960
Discharge				
Surface water	1,718	276	1,301	141
Public sewer systems	4,613	1,210	1,172	2,231
Other destinations	40	31	9	-
Total water discharge	6,371	1,517	2,482	2,372

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

Biochemical Oxygen Demand (BOD) by sector

Fiat Industrial Group worldwide (maximum level under applicable regulation = 100)

	2011	2010 ⁽¹⁾
CNH	n.a.	n.a.
Iveco	33.9	20.0
FPT Industrial	28.0	n.a.

Chemical Oxygen Demand (COD) by sector

Fiat Industrial Group worldwide (maximum level under applicable regulation = 100)

	2011	2010 ⁽¹⁾
CNH	n.a.	n.a.
Iveco	37.9	32.0
FPT Industrial	40.0	n.a.

Total Suspended Solids (TSS) by sector

Fiat Industrial Group worldwide (maximum level under applicable regulation = 100)

	2011	2010 ⁽¹⁾
CNH	n.a.	n.a.
Iveco	18.4	6.0
FPT Industrial	38.0	n.a.

Hazardous waste

Fiat Industrial Group worldwide (tons/production unit)

	Targeted reduction 2014 vs 2009	2011	2010	2009	Unit of measurement
CNH	-35%	0.57	0.79	0.85	kg/hour of production
Iveco	-20%	0.49	0.49	0.58	kg/hour of production
FPT Industrial	-35%	14.15	19.55	19.98	kg/produced units

Fiat Industrial Group worldwide (milligram/liter)

	2011	2010
CNH	n.a.	n.a.
Iveco	100.8	50.7
FPT Industrial	64.8	n.a.

Fiat Industrial Group worldwide (milligram/liter)

	2011	2010
CNH	n.a.	n.a.
Iveco	218.1	161.0
FPT Industrial	189.1	n.a.

Fiat Industrial Group worldwide (milligram/liter)

	2011	2010
CNH	n.a.	n.a.
Iveco	73.7	98.8
FPT Industrial	74.4	n.a.

⁽¹⁾ Figures take into account worst level registered for all plants in each sector.

Direct and indirect energy consumption

Fiat Industrial Group worldwide (GJ)

2011	Fiat Industrial Group	CNH	Iveco	FPT Industrial
Plants	63	31	23	9
Electricity	3,086,682	1,552,909	838,193	695,580
Natural gas	3,634,593	2,437,683	968,241	228,669
Other fuels	456,014	205,529	244,220	6,265
Other energy sources	1,196,985	99,025	628,701	469,259
Total energy consumption	8,374,274	4,295,146	2,679,355	1,399,773
from renewable sources	12.4%	15.0%	12.2%	4.9%

2010	Fiat Industrial Group	CNH	Iveco	FPT Industrial
Plants	63	31	23	9
Electricity	2,804,134	1,407,491	825,386	571,257
Natural gas	3,561,322	2,330,196	1,003,714	227,412
Other fuels	463,738	194,817	263,686	5,235
Other energy sources	1,132,023	99,175	661,434	371,414
Total energy consumption	7,961,217	4,031,679	2,754,220	1,175,318
from renewable sources	8.8%	12.0%	7.5%	0.7%

2009	Fiat Industrial Group	CNH	Iveco	FPT Industrial
Plants	65	31	25	9
Electricity	2,483,244	1,283,732	757,553	441,959
Natural gas	3,148,809	2,106,243	852,979	189,587
Other fuels	401,699	128,548	265,303	7,848
Other energy sources	1,010,061	71,649	587,597	350,815
Total energy consumption	7,043,813	3,590,172	2,463,432	990,209
from renewable sources	6.9%	10.3%	4.5%	0.0%

Direct and indirect energy consumption per production unit

Fiat Industrial Group worldwide (GJ/production unit)

	Targeted reduction 2014 vs 2009 (%)	2011	2010	2009	Unit of measurement
CNH	-15%	0.145	0.173	0.177	GJ/hour of production
Iveco	-30%	0.174	0.223	0.233	GJ/hour of production
FPT Industrial (small engines and transmissions)	-25%	1.425	1.521	1.875	GJ/unit produced
FPT Industrial (large engines)	-17%	4.454	4.991	5.343	GJ/unit produced

Acting responsibly

Economic
dimension

Environmental
dimension

Social
dimension

Appendix

Direct and indirect CO₂ emissions

Fiat Industrial Group worldwide (tons)

2011	Fiat Industrial Group	CNH	Iveco	FPT Industrial
<i>Plants</i>	63	31	23	9
Direct emissions	228,447	138,016	77,138	13,293
Indirect emissions	369,608	175,383	95,944	98,281
Total CO₂ emissions	598,055	313,399	173,082	111,574
2010				
<i>Plants</i>	63	31	23	9
Direct emissions	223,292	129,332	80,814	13,146
Indirect emissions	378,502	181,946	114,136	82,420
Total CO₂ emissions	601,794	311,278	194,950	95,566
2009				
<i>Plants</i>	65	31	25	9
Direct emissions	199,545	115,757	72,569	11,219
Indirect emissions	346,613	164,477	114,127	68,009
Total CO₂ emissions	546,158	280,234	186,696	79,228

Direct and indirect CO₂ emissions per production unitFiat Industrial Group worldwide (tons of CO₂/production unit)

	2011	2010	2009	Unit of measurement
CNH	0.011	0.013	0.014	tons of CO ₂ /hour of production
Iveco	0.011	0.016	0.018	tons of CO ₂ /hour of production
FPT Industrial (small engines and transmissions)	0.121	0.142	0.171	tons of CO ₂ /unit produced
FPT Industrial (large engines)	0.274	0.325	0.374	tons of CO ₂ /unit produced

Energy consumption from renewable sources

Fiat Industrial Group worldwide (%)

	Target 2012	2011	2010	2009
CNH	16.0	15.0	12.0	10.3
Iveco	13.0	12.0	7.5	4.5
FPT Industrial	6.0	4.9	1.0	-
Average	13.0	12.4	8.8	6.9

Direct energy consumption by source

Fiat Industrial Group worldwide (GJ)

2011	Fiat Industrial Group	CNH	Iveco	FPT Industrial
<i>Plants</i>	63	31	23	9
Non-renewable sources				
Natural gas	3,634,593	2,437,683	968,241	228,669
Coal	229,407	-	229,407	-
Diesel	78,595	69,501	2,829	6,265
LPG	73,421	72,049	1,372	-
Other (HS and LS fuel oil)	10,613	-	10,613	-
Total non-renewable sources	4,026,629	2,579,233	1,212,462	234,934
Renewable sources				
Biomass	63,979	63,979	-	-
Photovoltaic	-	-	-	-
Solar-thermal	-	-	-	-
Total renewable sources	63,979	63,979	-	-
Total direct energy consumption	4,090,607	2,643,212	1,212,462	234,934
from renewable sources	1.56%	2.48%	-	-
2010				
<i>Plants</i>	63	31	23	9
Non-renewable sources				
Natural gas	3,561,322	2,330,196	1,003,714	227,412
Coal	241,505	-	241,505	-
Diesel	102,858	87,145	10,478	5,235
LPG	45,556	43,963	1,593	-
Other (HS and LS fuel oil)	10,914	804	10,110	-
Total non-renewable sources	3,962,155	2,462,108	1,267,400	232,647
Renewable sources				
Biomass	62,905	62,905	-	-
Photovoltaic	-	-	-	-
Solar-thermal	-	-	-	-
Total renewable sources	62,905	62,905	-	-
Total direct energy consumption	4,025,060	2,525,013	1,267,400	232,647
from renewable sources	1.56%	2.50%	-	-
2009				
<i>Plants</i>	65	31	25	9
Non-renewable sources				
Natural gas	3,148,809	2,106,243	852,979	189,587
Coal	246,383	-	246,383	-
Diesel	64,696	50,982	5,866	7,848
LPG	48,394	45,865	2,529	-
Other (HS and LS fuel oil)	11,783	1,258	10,525	-
Total non-renewable sources	3,520,065	2,204,348	1,118,282	197,435
Renewable sources				
Biomass	30,443	30,443	-	-
Photovoltaic	-	-	-	-
Solar-thermal	-	-	-	-
Total renewable sources	30,443	30,443	-	-
Total energy consumption	3,550,508	2,234,791	1,118,282	197,435
from renewable sources	0.86%	1.40%	-	-

Acting responsibly

Economic dimension

Environmental dimension

Social dimension

Appendix

Indirect energy consumption by source

Fiat Industrial Group worldwide (GJ)

2011	Fiat Industrial Group	CNH	Iveco	FPT Industrial
<i>Plants</i>	63	31	23	9
Electricity				
Non-renewable sources	2,190,796	1,010,891	552,424	627,481
Renewable sources	895,885	542,017	285,770	68,098
Total electricity	3,086,681	1,552,909	838,193	695,580
Thermal energy				
Non-renewable sources	981,879	59,394	546,328	376,157
Renewable sources	81,034	39,631	41,403	-
Total thermal energy	1,062,913	99,025	587,731	376,157
Other energy sources				
Non-renewable sources	134,073	-	40,970	93,103
Renewable sources	-	-	-	-
Total other energy sources	134,073	-	40,970	93,103
Total indirect energy consumption	4,283,667	1,651,934	1,466,894	1,164,839
from renewable sources	22.8%	35.2%	22.3%	5.8%
2010				
<i>Plants</i>	63	31	23	9
Electricity				
Non-renewable sources	2,257,593	1,028,466	666,666	562,461
Renewable sources	546,540	379,025	158,719	8,796
Total electricity	2,804,133	1,407,491	825,385	571,257
Thermal energy				
Non-renewable sources	933,111	57,323	591,743	284,045
Renewable sources	88,683	41,494	47,189	-
Total thermal energy	1,021,794	98,817	638,932	284,045
Other energy sources				
Non-renewable sources	110,229	358	22,502	87,369
Renewable sources	-	-	-	-
Total other energy sources	110,229	358	22,502	87,369
Total indirect energy consumption	3,936,156	1,506,666	1,486,819	942,671
from renewable sources	16.1%	27.9%	13.8%	0.9%
2009				
<i>Plants</i>	65	31	25	9
Electricity				
Non-renewable sources	2,054,352	966,727	645,666	441,959
Renewable sources	428,892	317,005	111,887	-
Total electricity	2,483,244	1,283,732	757,553	441,959
Thermal energy				
Non-renewable sources	893,502	47,397	551,613	294,492
Renewable sources	23,996	23,996	-	-
Total thermal energy	917,498	71,393	551,613	294,492
Other energy sources				
Non-renewable sources	92,564	256	35,985	56,323
Renewable sources	-	-	-	-
Total other energy sources	92,564	256	35,985	56,323
Total indirect energy consumption	3,493,306	1,355,381	1,345,151	792,774
from renewable sources	13.0%	25.2%	8.3%	-



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SOCIAL DIMENSION

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In the European Union, Directive 01/23 stipulates that in the event of the transfer of businesses, plants or parts of businesses or plants following a contractual sale or merger, an information and consultation procedure must be conducted with employee representatives. The procedure must be activated reasonably in advance of the transfer.

Accordingly, Fiat Industrial Group companies comply with the regulatory provisions resulting from the adoption of the above directive in each individual EU Member State. Outside the European Union, local laws and practices apply. In the United States, the federal Worker Adjustment and Retraining Notification

Act (WARN), which applies to both unionized and non-unionized sites, requires an employer to give a minimum of 60 days' notice of any action that will cause at least fifty employees or 33% of the workforce to lose their jobs.

At unionized sites and/or plants, the level of union involvement is normally defined by the collective bargaining agreement signed between the company and the union and applicable at site level, which usually also sets out the information and consultation procedures to be activated in such circumstances. At non-unionized sites, it is common practice to make a company-wide announcement to all employees of organizational changes relating to outsourcing, with appropriate notice prior to the operation.

Appendix

EMPLOYEES IN NUMBERS

Workforce gender distribution by region

Fiat Industrial Group worldwide

	2011		2010	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Europe	41,520	12.7	40,603	12.1
North America	10,976	18.8	9,733	20.2
Latin America	9,927	8.0	8,197	5.8
Asia	3,536	10.7	2,613	13.5
Rest of the world	1,039	17.4	977	17.8
World	66,998	13.0	62,123	12.7

Workforce gender distribution by sector

Fiat Industrial Group worldwide

	2011		2010	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)
CNH	32,693	13.5	28,831	14.2
Iveco	26,202	14.2	25,583	13.3
FPT Industrial	8,008	6.5	7,707	4.9
Other businesses ⁽²⁾	95	45.3	2	50.0

Workforce gender distribution by length of service

Fiat Industrial Group worldwide

	2011		2010 ⁽³⁾	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 5 years	28,778	14.7	22,178	16.2
6 to 10 years	9,592	16.2	9,254	15.3
11 to 20 years	13,394	11.2	12,503	11.5
21 to 30 years	8,560	9.0	7,811	8.8
Over 30 years	6,674	9.5	6,752	9.9

Workforce gender distribution by category⁽¹⁾

Fiat Industrial Group worldwide

	2011		2010	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Hourly	43,877	8.0	41,404	8.1
Salaried	10,815	29.6	9,681	29.2
Professional	11,411	16.8	10,248	15.8
Manager	895	9.6	790	7.2

Workforce gender distribution by age

Fiat Industrial Group worldwide

	2011		2010 ⁽³⁾	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 30 years	14,648	11.5	11,364	12.6
31 to 40 years	20,333	15.2	17,443	15.3
41 to 50 years	17,409	13.0	14,983	13.2
Over 50 years	14,608	11.4	14,726	11.0

Workforce gender distribution by level of education

Fiat Industrial Group worldwide

	2011 ⁽⁴⁾	
	Total (no.)	of which women (%)
University degree or equivalent	9,711	21.0
High school	22,772	11.1
Elementary/middle school	21,105	8.0

⁽¹⁾ Employees are divided into four main categories: hourly, salaried, professional and manager. Professional encompasses all individuals that perform specialized and managerial roles (including "professional" and "professional expert" under the Fiat Industrial classification system). Manager refers to individuals in senior management roles (including those identified as "professional masters", "professional seniors" and "executives" under the Fiat Industrial classification system).

⁽²⁾ Other businesses include holding and other companies.

⁽³⁾ FPT Industrial employees outside of Italy (about 2,800) and a portion of Iveco employees outside of Italy (about 800) not mapped for 2010.

⁽⁴⁾ About 10,990 CNH employees, 186 Iveco employees and 2,234 FPT Industrial employees not mapped for 2011.

Employees by country

Fiat Industrial Group worldwide (%)

	2011	2010
Italy	27.8	29.2
USA	14.7	13.9
Brazil	12.1	10.7
France	8.9	9.6
Germany	5.3	5.7
Belgium	5.3	5.1
Spain	5.3	6.2
Czech Republic	2.8	3.1
India	2.6	1.5
China	2.0	2.0
Poland	2.0	2.0
Argentina	1.7	1.6
Canada	1.7	1.8
UK	1.6	1.6
Australia	1.3	1.3
Austria	1.1	1.1
Switzerland	0.8	0.8
Venezuela	0.6	0.6
Uzbekistan	0.5	0.5
Mexico	0.4	0.4
Russia	0.3	0.1
Other countries	1.2	1.2

Nationality of managers

Fiat Industrial Group worldwide (%)

	2011
Italian	49.7
American	21.0
Brazilian	4.8
French	4.5
British	4.1
Belgian	3.5
German	3.0
Spanish	1.2
Other nationalities	8.2

Employee turnover by region

Fiat Industrial Group worldwide

Europe	
Employees at 31/12/2010	40,603
New Hires	3,041
Departures	(2,953)
Δ scope of operations	829
Employees at 31/12/2011	41,520

Asia	
Employees at 31/12/2010	2,613
New Hires	896
Departures	(499)
Δ scope of operations	526
Employees at 31/12/2011	3,536

North America	
Employees at 31/12/2010	9,733
New Hires	2,731
Departures	(1,488)
Δ scope of operations	-
Employees at 31/12/2011	10,976

Rest of the world	
Employees at 31/12/2010	977
New Hires	156
Departures	(206)
Δ scope of operations	112
Employees at 31/12/2011	1,039

Latin America	
Employees at 31/12/2010	8,197
New Hires	2,989
Departures	(1,358)
Δ scope of operations	99
Employees at 31/12/2011	9,927

Total worldwide	
Employees at 31/12/2010	62,123
New Hires	9,813
Departures	(6,504)
Δ scope of operations	1,566
Employees at 31/12/2011	66,998

Acting responsibly

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Appendix

Employee turnover by category

Fiat Industrial Group worldwide

Hourly

Employees at 31/12/2010	41,404
New Hires	6,495
Departures	(4,248)
Δ change in category	(311)
Δ scope of operations	537
Hourly at 31/12/2011	43,877

Professional

Employees at 31/12/2010	10,248
New Hires	1,317
Departures	(1,034)
Δ change in category	454
Δ scope of operations	426
Professionals at 31/12/2011	11,411

Salaried

Employees at 31/12/2010	9,681
New Hires	1,901
Departures	(1,120)
Δ change in category	(206)
Δ scope of operations	559
Salaried at 31/12/2011	10,815

Manager

Employees at 31/12/2010	790
New Hires	100
Departures	(102)
Δ change in category	63
Δ scope of operations	44
Managers at 31/12/2011	895

Employee turnover by age

CNH worldwide

Up to 30 years

Employees at 31/12/2010	6,261
New Hires	3,799
Departures	(1,508)
Δ age range	(748)
Δ scope of operations	254
Employees at 31/12/2011	8,058

41 to 50 years

Employees at 31/12/2010	7,490
New Hires	919
Departures	(577)
Δ age range	95
Δ scope of operations	149
Employees at 31/12/2011	8,076

31 to 40 years

Employees at 31/12/2010	8,202
New Hires	1,872
Departures	(1,063)
Δ age range	(44)
Δ scope of operations	257
Employees at 31/12/2011	9,224

Over 50 years

Employees at 31/12/2010	6,878
New Hires	404
Departures	(701)
Δ age range	697
Δ scope of operations	57
Employees at 31/12/2011	7,335

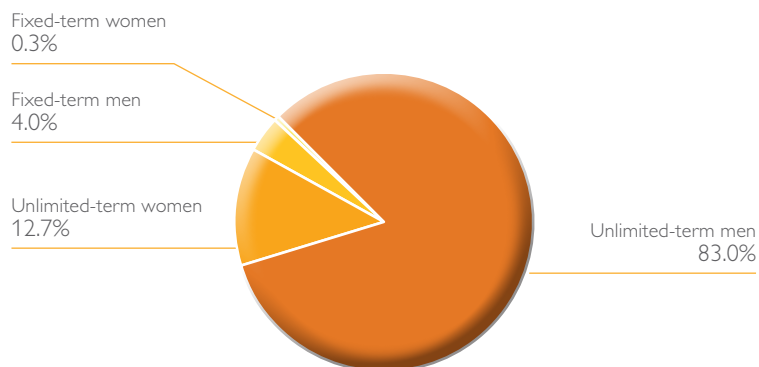
Employee turnover by gender

CNH worldwide

Men		Women	
Employees at 31/12/2010	24,738	Employees at 31/12/2010	4,093
New Hires	6,199	New Hires	795
Departures	(3,314)	Departures	(535)
Δ scope of operations	665	Δ scope of operations	52
Men at 31/12/2011	28,288	Women at 31/12/2011	4,405

Workforce gender distribution by contract

Fiat Industrial Group worldwide



Workforce gender distribution by contract and employment type

Fiat Industrial Group worldwide

	Unlimited-term				Fixed-term			
	Part-time		Full-time		Part-time		Full-time	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Europe	392	77.3	39,959	12.1	-	-	1,169	11.0
North America	2	50.0	10,917	18.8	-	-	57	8.8
Latin America	-	-	8,314	8.9	-	-	1,613	3.4
Asia	-	-	3,536	10.7	-	-	-	-
Rest of the world	16	68.8	1,003	16.7	-	-	20	10.0
World	410	76.8	63,729	12.9	-	-	2,859	6.7

Acting responsibly

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Appendix

OCCUPATIONAL HEALTH AND SAFETY

Number of injuries by region

Fiat Industrial Group (no. of persons)

	2011	2010	2009
Europe	441	n.a.	n.a.
of which Italy	151	n.a.	n.a.
North America	50	n.a.	n.a.
Latin America	79	n.a.	n.a.
Asia	-	n.a.	n.a.
Rest of the world	6	n.a.	n.a.
Total	576	616	599

Severity rate by region

Fiat Industrial Group worldwide (days of absence per 1,000 hours worked)

	2011
Europe	0.25
of which Italy	0.20
North America	0.07
Latin America	0.07
Asia	-
Rest of the world	0.01

Medical treatments

Fiat Industrial Group (number of persons)

	2011	2010	2009
Total visits (thousand)	85,58	107,58	88,17
Visits per employee	1.3	1.7	1.4

Days of absence⁽¹⁾ by region

Fiat Industrial worldwide Group (no.)

	2011	2010	2009
Europe	15,150	n.a.	n.a.
of which Italy	5,610	n.a.	n.a.
North America	1,572	n.a.	n.a.
Latin America	1,148	n.a.	n.a.
Asia	-	n.a.	n.a.
Rest of the world	63	n.a.	n.a.
Total	17,933	17,331	18,630

Frequency rate by region

Fiat Industrial Group

	2011
Europe	0.72
of which Italy	0.54
North America	0.23
Latin America	0.48
Asia	-
Rest of the world	0.13

Occupational Illness Frequency Rate (OIFR) by region

Fiat Industrial Group worldwide (cases of occupational illness per 100,000 hours worked)

	2011	2010	2009
Total	0.095	0.12	0.09
Europe	3.278	n.a.	n.a.
of which Italy	0.103	n.a.	n.a.
North America	0.005	n.a.	n.a.
Latin America	0.392	n.a.	n.a.
Asia	0.624	n.a.	n.a.
Rest of the world	-	n.a.	n.a.

⁽¹⁾ Days lost due to accidents – more than 3 days.

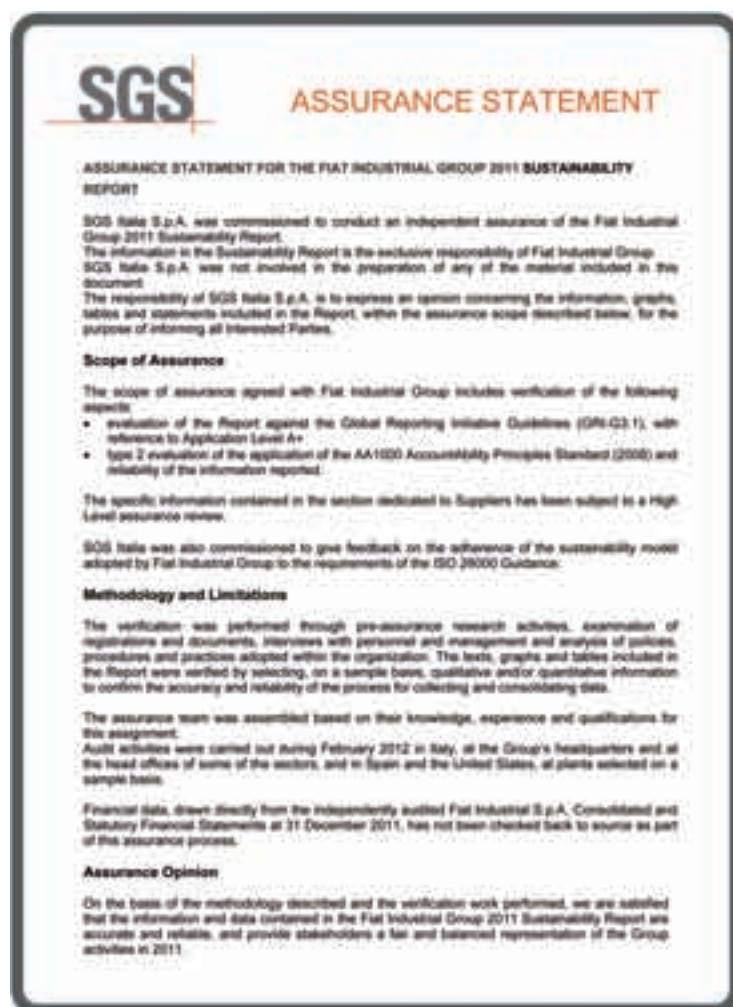
STATEMENT OF ASSURANCE

This Sustainability Report has been audited by SGS Italia S.p.A., an independent company that provides verification, testing, analysis and certification of goods, services and systems. The scope of the audit is reported in the following letter. The Report has also been submitted to GRI which conducted an Application Level Check (A+) of the GRI-G3.1 Guidelines.

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Appendix



INDEX OF GRI-G3.1 CONTENT

The following table has been provided to help the reader in locating content within the document that relates to specific GRI-G3.1 indicators. Each indicator is followed by reference to the appropriate pages in the 2011 Sustainability Report or other publicly available sources. Additional information is also available in the GRI-G3.1 index published on the Sustainability section of the Group website.

Key

SR = 2011 Sustainability Report

AR = Annual Report at 31 December 2011















ARCG = Annual Report on Corporate Governance, February 2012

 Fully disclosed

























 Partially disclosed

 Not disclosed

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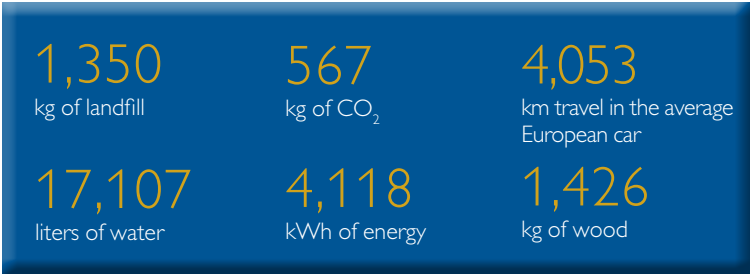
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Every person, every look captured, in an instant.
Not a glance or a stare, but a focused look.
All colleagues, facing my camera and being part of the exercise.

Me the artist, facing YOU.
I look at these faces.
I try to read into these eyes.
I try to question these looks.

Who is the onlooker and who is the judge?

There is this strange connection within, like a mirror.
It is not my image I am looking at, but it is somebody else's I wonder about.

I am curious, I would like to know what these eyes represent.
Is this an engineer from America, a technician from Europe
or a salesperson from Asia?
All of them together they form a big family covering all angles of the
globe, working every day to make Fiat Industrial successful.

A family that has more than meets the eye.

I hope they are satisfied, I dream of them being happy.
That is what I would be.

Roger Pfund

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