

FCA Sustainability Guidelines for Suppliers

Foreword

FCA Group considers collaboration with the supply chain an integral part of its success and, therefore, strives to operate as an integrated team with suppliers. The selection of suppliers is based not only on the quality and competitiveness of their products and services, but also their adherence to social, ethical and environmental principles, which is a pre-requisite to becoming a Group supplier and developing a lasting business relationship with Group companies.

In addition to the FCA Code of Conduct and the international standards endorsed by the Group, the "Sustainability Guidelines for Suppliers" set out expectations for Group suppliers and sub-suppliers worldwide.

Legal Framework

The Group expects its suppliers to be fully compliant with all laws and regulations applicable in the countries in which they operate.

Suppliers are also expected to conduct their activities in line with the following principles:

Human Rights and Working Conditions

Forced labour and child labour

No form of labour practice involving forced, compulsory or child labour is tolerated. Employing people younger than the legally established minimum age in the country where the work is carried out and, in any case, younger than fifteen, unless an exception is expressly provided by local legislation, is strictly forbidden.

Freedom of association

The freedom of employees to join a trade union in accordance with local law and the rules of the various trade union organizations has to be recognised, as does an employee's right to be represented by trade unions or other representatives established in accordance with local legislation and practice. Relationships with these organisations is to be conducted in a constructive manner.

Health and safety

Occupational health and safety standards which meet at least law and regulation must be guaranteed to all employees.

Non-discrimination

Employees must be treated in a fair and non-discriminatory manner, with the guarantee of equal opportunity and the absence of any policy aimed at, or indirectly resulting in, discrimination toward them on any basis whatsoever, including but not limited to, race, gender, sexual orientation, social and personal position, health condition, disability, age, nationality, religion or personal belief (in accordance with applicable laws and regulations).

Fair working conditions

Working conditions, working time and compensation must be fair, complying with the regulations, standards and practices applicable in those countries where suppliers operate.

Training and development

Appropriate tools for the development of skills and capabilities should be guaranteed to all employees.

Lay-off practices

In dealing with redundancies, responsible behavior is expected so that, where possible and within the applicable legal framework, the effects are mitigated. Each employee affected is to receive appropriate information and assistance in line with local legislation.

Environment

To minimise the impact of production processes and products on the environment, suppliers should: (i) make every effort to optimise the use of resources and minimize polluting and GHG emissions; (ii) design and develop products taking into account the impact they have on the environment and the potential to re-use and recycle them; (iii) properly manage, in compliance with any applicable laws, waste treatment and disposal; (iv) avoid the use of potentially dangerous substances (as defined by current legislation); and, (v) apply a logistics management that takes environmental impacts into consideration.

An Environmental Management System (EMS) is required. Certification of the EMS according to international standards (i.e. ISO14001, EMAS) is strongly recommended for manufacturing processes of large scale or having a significant influence on the environment.

Business Ethics and Corruption

The highest standards of integrity, honesty and fairness are required in all business activities. Any form of bribery, corruption or money laundering is strictly forbidden. In particular, no employee, agent or representative shall directly or indirectly accept, solicit, offer or pay a bribe or other perquisite (including gifts or gratuities, with the exception of commercial items of modest economic value universally accepted in an international context) even if unlawful pressure has been exerted.

The adoption of a Code of Conduct and periodic auditing of its application is strongly recommended.

Monitoring and Remedial Actions

FCA Group monitors the adherence of all suppliers with these Guidelines.

In the event of non-conformity, the FCA Group:

- reserves the right to early termination of the business relationship with any supplier that materially infringes on the basic principles of the FCA Code of Conduct or Guidelines;
- shall require that suppliers implement an action plan to bring their performance into line and shall provide suppliers technical support to jointly define the required remedies. Moreover, FCA Group reserves the right to conduct a follow up audit to verify implementation of the prescribed remedial actions. If such remedial actions are not implemented, FCA Group reserves the right to early termination of the business relationship.

FCA promotes a wide range of activities intended to further enhance the sustainability of relationships with suppliers, including:

Integrated Collaboration with Suppliers

FCA Group fosters long-term partnerships with its suppliers through specific tools and periodic workshops designed to achieve a smooth integration between the respective business cultures and processes and to work jointly toward meeting market expectations.

Support of Small and Local Suppliers

In specific circumstances, FCA Group is also committed to supporting small and local suppliers, helping to facilitate technological upgrades and acquisition of longterm assets.

Training

Through the offer of technical support, FCA Group encourages suppliers to establish training programs for their employees to enhance the level of their professional skills.

Contact for Sustainability

FCA Group asks its suppliers to conduct a self-assessment of their compliance with these Guidelines and offers them technical support toward enhancing their performance. Any enquiries or suggestions on sustainability issues can be sent to the following address:

sustainability_supplychain@fcagroup.com

In order to maximise the effectiveness of the FCA Group "Sustainability Guidelines for Suppliers", the principles are periodically updated and their implementation is monitored on a regular basis.