Annual Report on Corporate Governance

February 2013

FIAT
SOCIETÀ PER AZIONI

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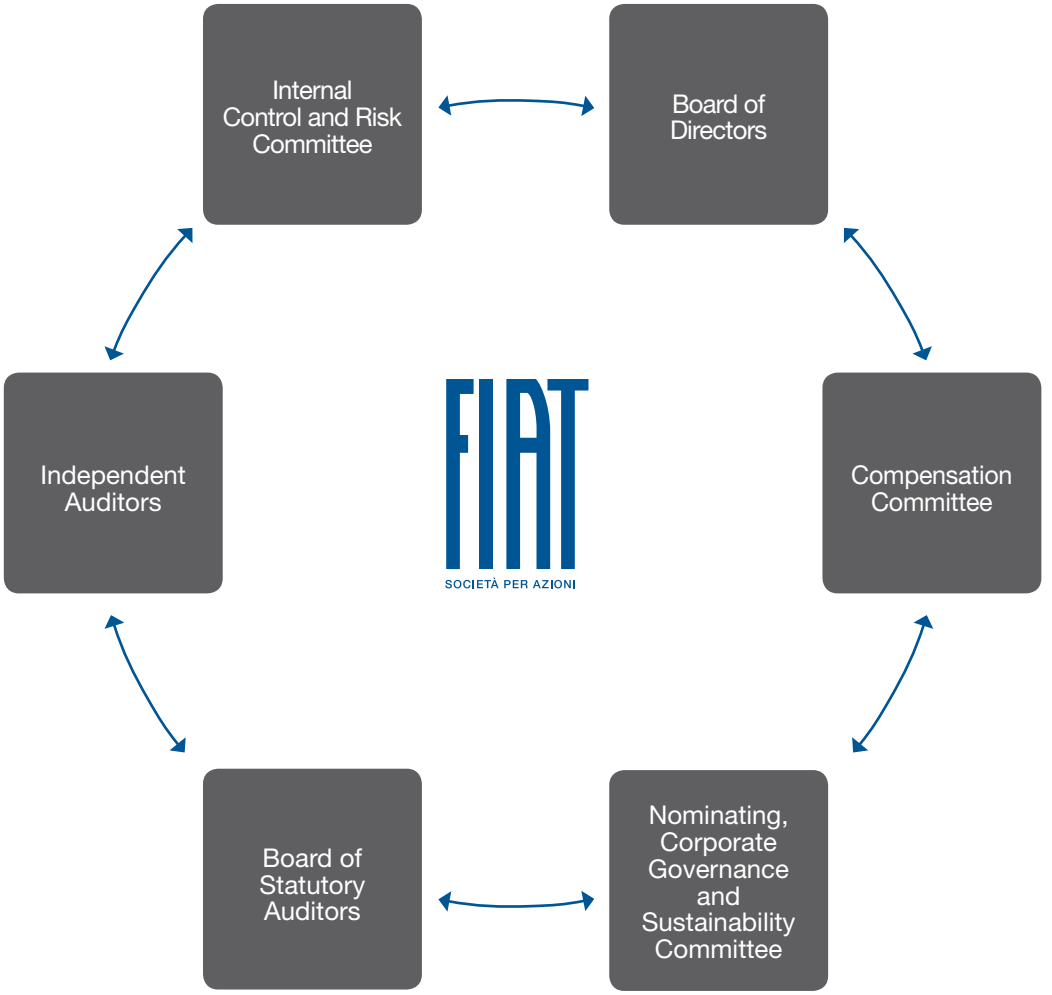
This document has been translated into English for the convenience of international readers. The original Italian document should be considered the authoritative version.

Corporate Governance Structure



Annual Report on Corporate Governance

Foreword

Fiat Group adheres to the Corporate Governance Code for Italian Listed Companies issued in December 2011, with modifications (described below) that take into account the specific characteristics of the Group. During February 2012, the Board of Directors, at the proposal of the Compensation Committee, formulated a Compensation Policy which incorporates the recommendations of the Corporate Governance Code and regulations issued by Consob that took effect on 31 December 2011. The Policy (which, in accordance with statute, forms the first section of the Compensation Report) was submitted to the non-binding vote of shareholders who voted in favor at the General Meeting of 4 April 2012.

In addition, with support from the respective Committees, the Board undertook a comparative review of the principles and criteria in the Corporate Governance Code that have been amended or revised and their effective implementation by the Group. On the basis of that review, at the General Meeting called for approval of the 2011 financial statements and election of the new Boards of Directors and Statutory Auditors, Shareholders were asked to consider the benefits of gender diversity in determining the composition of the new Board of Directors and, accordingly, they voted to elect two women, resulting in early application of the legal requirements that will apply from 2015.

The Board also introduced changes to the Guidelines for the Internal Control and Risk Management System, including redefinition of the role of the Internal Control Committee (which was renamed Internal Control and Risk Committee) and other entities and individuals having an involvement.

The results of the Board's review are presented in this Report which, in keeping with the regulatory requirement, provides a general description of the Group's corporate governance system together with information on ownership structure and adherence to the Corporate Governance Code, including key governance practices and the principal characteristics of the system of internal control and risk management, including with reference to financial reporting. This Report is divided into four sections: the first contains a description of the governance structure; the second gives information on the ownership structure; the third provides an analysis of implementation of specific recommendations of the Corporate Governance Code and describes the principal characteristics of the system of internal control and risk management, including with reference to financial reporting and key governance practices; and, the fourth includes tables summarizing Fiat's ownership and Board structure, a side-by-side comparison illustrating how Fiat has applied the principles and criteria of the revised Code, as well as the principal corporate governance related documents. Throughout the Report, reference is made to various documents that are available in the Corporate Governance section of the Group website (www.fiatspa.com).

The Corporate Governance Code is available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).

Section I – General Information

The Group's governance structure consists of a management and control system and general meetings of shareholders. In addition, as required by law, the accounts are reviewed by independent auditors.

The system of management and control adopted by Fiat is based on a Board of Directors and a Board of Statutory Auditors. Within that structure, the Board of Directors – which is responsible for management and, both directly and through committees assigned propositive and advisory functions, ensuring that the necessary controls are in place to adequately monitor company performance – is supported by the Board of Statutory Auditors that has an independent role

and powers and is composed of individuals who meet the requirements of professionalism, integrity and independence prescribed by law and the By-laws.

Board of Directors

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company. It guides the Group's activities through definition of a model of delegation and the direct delegation and revocation of powers, as well as review, approval and continuous monitoring of: the strategic, industrial, and financial plans formulated by directors with executive powers; the organizational structure of the Group; transactions having a material impact on the earnings and financial position of the Group; transactions in which the executive directors have a conflict of interest; and, transactions with related parties that are subject to its approval pursuant to the relevant procedures. Based on the recommendations of the Internal Control and Risk Committee, the Board also sets guidelines for the system of internal control and risk management aimed at identifying, measuring, managing and monitoring the principal risks to which the Company and its subsidiaries are exposed, determining the level of acceptable risk consistent with its strategic objectives. The Board of Directors is also responsible for: evaluating the adequacy of the organizational, administrative, and accounting structure; the system of risk management and internal control; and the general performance of the Group on the basis of reports from the executive directors, as well as for supervising effective compliance with the administrative and accounting procedures and the adequacy of the powers and resources attributed to the manager responsible for the Company's financial reporting. Article 15 of the By-laws authorizes the Board of Directors to adopt resolutions relating to mergers and demergers (where specifically permitted by law), transfer of the Company's registered office to another location in Italy and establishment or closure of branch offices, designation of directors empowered to represent the Company, reductions in share capital where shareholders exercise the right of withdrawal and amendment of the By-laws to reflect changes in the law.

The Board of Directors includes the executive directors – who are responsible for management of the Company within the limits of the powers delegated to them by the Board – as well as the Internal Control and Risk Committee, the Nominating, Corporate Governance and Sustainability Committee, and the Compensation Committee, each of which has both propositive and advisory roles.

The current members of the Board of Directors were elected by Shareholders on 4 April 2012 for a three-year term – which expires on the date of the General Meeting called for approval of the 2014 financial statements – and they may be re-elected. It is a provision of the By-laws (Article 11) that no individual 75 years of age or more may be appointed as a director. In addition, directors are also subject to the provisions of law relating to ineligibility and termination.

Directors are elected through a voting list system which ensures minority shareholders the opportunity to elect a director to the Board. The minimum equity interest required for submission of a list of candidates is established by Consob with reference to the Company's market capitalization in the fourth quarter of the last financial year of the Board's mandate. Any list for which the votes received are less than half the percentage required for submission are excluded from consideration. Each list must include at least one candidate that satisfies the legal requirements for independence, in addition to those set out in the corporate governance code adhered to by the Company.

The appointment, replacement or termination of directors or the revocation or lapsing of their mandate are subject to the requirements of law.

In consideration of the Group's increased concentration on the automobiles business following the demerger of the capital goods activities to Fiat Industrial, at the General Meeting of 4 April 2012 Shareholders voted – at the recommendation of the Board – to set the number of board members at nine and, on the basis of the lists presented by both the majority shareholder and minority shareholders, also elected two women to the Board.

Pursuant to Article 12 of the By-laws, after consultation with the Board of Statutory Auditors, the Board of Directors shall appoint one or more managers responsible for the Company's financial reporting. If more than one manager is attributed that responsibility, it is to be carried out jointly and with joint responsibility. It is a requirement that the individual(s) appointed have several years of accounting and financial experience within a large company. In implementation of that provision, the Board of Directors appointed the Chief Financial Officer as the manager responsible for the Company's financial reporting, vesting him with the relevant powers.

Board of Statutory Auditors

The Board of Statutory Auditors is responsible for supervising compliance with law and the By-laws, respect of the principles of proper management and, in particular, the adequacy of the internal control and risk management system and the organizational, administrative, and accounting structure of the Company and its effective functioning, in addition to supervising effective implementation of the rules of corporate governance to which the Company adheres. It is also the role of the Statutory Auditors to express an opinion to Shareholders in relation to the appointment, removal and compensation of the independent auditors.

In relation to their activities, the Statutory Auditors may request that the Internal Audit function conduct audits of specific operational areas and corporate transactions.

In addition, Legislative Decree 39/2010 attributes the Board of Statutory Auditors the role of committee for internal control and audit with specific responsibility for overseeing: the financial reporting process; the effectiveness of the internal control, internal audit and risk management systems; the audit of the annual separate and consolidated financial statements; and the independence of the audit firm. The Statutory Auditors are also responsible for evaluating the proposals and work plans of the independent auditors, in addition to the content of their reports and any letters of recommendation.

The members of the Board of Statutory Auditors were elected by Shareholders on 4 April 2012. Their three-year term expires on the date of the General Meeting called for approval of the 2014 financial statements and they may be re-elected. Each member of the Board of Statutory Auditors must satisfy the requirements of integrity and independence established by law. Article 17 of the By-laws requires that all statutory auditors be entered in the Register of Auditors and possess at least three years of experience as a statutory account auditor. Candidates may be nominated by shareholders who, individually or together with others, hold shares representing a minimum equity interest equal to the percentage established by Consob with reference to the Company's market capitalization in the fourth quarter of the last financial year of their mandate. The statutory auditor elected by minority shareholders serves as the Chairman of the Board of Statutory Auditors. In the event of substitution of a statutory auditor, the first alternate auditor appearing on the same list as the auditor being substituted is to serve the remaining term of office, subject to confirmation that he continues to satisfy the requirements of the position. In the event the auditor being substituted is Chairman, that office will also be assumed by his substitute.

General Meetings of Shareholders

General meetings are the mechanism through which all shareholders are represented. At ordinary general meetings, Shareholders vote on approval of the annual financial statements, appointment and dismissal of members of the Board of Directors, appointment of members of the Board of Statutory Auditors and its Chairman, compensation of the Directors and Statutory Auditors, engagement of the independent auditors, and actions relating to the obligations of the Directors and Statutory Auditors. At extraordinary general meetings, Shareholders vote on amendments to the By-laws and transactions of an extraordinary nature such as capital increases, mergers and demergers, except where decision-making authority is attributed to the Board of Directors under Article 15 of the By-laws, as indicated above. As required under Article 123-*ter* of Legislative Decree 58/98, Shareholders are also asked to give a non-binding vote on the Compensation Policy, which forms the first section of the Compensation Report.

Pursuant to Article 8 of the By-laws, holders of voting rights are entitled to attend, or be represented at, general meetings, provided that the appropriate certification from an authorized intermediary is communicated to the Company in accordance with the applicable law. For each general meeting, the Company may designate one or more representatives that holders of voting rights can designate as their proxy and instruct to vote on one or more motions on the agenda. Details of the designated representative(s) and the procedure and deadline for conferring proxy are provided in the notice calling the meeting. For the General Meeting to be held 9 April 2013 (single call), the Company has designated Servizio Titoli S.p.A.

An ordinary general meeting is considered regularly convened and any resolutions adopted valid when the majorities required by law are present (at first call, at least one-half of shares must be represented and resolutions are adopted by an absolute majority; at a single or second call, any portion of shares may be represented and resolutions are adopted by an absolute majority). For elections of Directors and Statutory Auditors, a relative majority is sufficient.

An extraordinary general meeting is considered regularly convened and resolutions adopted valid when the majorities required by law are present. At first call, at least one-half of shares must be represented; at second call, more than one-third

of shares must be represented; and, for a single or third call, at least one-fifth of shares must be represented. Resolutions are adopted when at least two-thirds of votes represented at the meeting are in favor.

Independent Audits

As required by law, accounting audits are performed by independent auditors entered in the official register. Based on the recommendation of the Statutory Auditors, Shareholders voted on 30 March 2011 to appoint Reconta Ernst & Young S.p.A. as the Company's independent auditors, as provided by law, for a period of nine years (1 January 2012 – 31 December 2020). On 4 April 2012, Shareholders voted (based on the recommendation of the Statutory Auditors) to approve an increase in the originally agreed auditors fees for the nine-year period 2012-2020, as proposed by Reconta Ernst & Young S.p.A. in its letter dated 10 February 2012. The motivation for the upward revision in fees was the significant increase in work required in relation to the audit of the Group's consolidated financial statements resulting from the acquisition of control of Chrysler Group LLC during 2011 and the consequent inclusion of Chrysler in the audit plan. The revision took into account the fact that, for 2012, the Chrysler consolidated financial statements would be audited by Deloitte & Touche.

Direction and Coordination

Fiat S.p.A. is not subject to the direction and coordination of any other company or entity and has full independence to define its strategic and operating guidelines. Fiat's direct and indirect subsidiaries in Italy have, with a few specific exceptions, named Fiat as the entity which, pursuant to Article 2497-*bis* of the Civil Code, exercises direction and coordination over them. That activity consists in setting general strategic and operating guidelines for the Group through definition and updating of the internal control and risk management system, corporate governance model and corporate structure, establishment of a group-wide Code of Conduct, in addition to definition of policies for the management of personnel and financial resources, and for the procurement of production materials, and marketing and communications services. Coordination of the Group also encompasses centralized cash management, corporate and accounting, and internal audit services, including through specialized companies.

Direction and coordination undertaken at group level enables subsidiaries, which retain full management and operating autonomy, to realize economies of scale by availing themselves of professional and specialized services with improving levels of quality and to concentrate their resources on management of their core business.

Subsidiaries headquartered outside Italy generally benefit from those activities. However Chrysler Group LLC, which has a board of directors composed by a majority of members not affiliated with Fiat S.p.A., relies directly on capital markets funding for its operations and for those of its subsidiaries and manages its financial resources independently. The board of directors of Chrysler Group LLC, in addition to ensuring maintenance of Chrysler Group's standalone financial integrity, also reviews and approves any transactions above de minimis levels between Fiat and Chrysler Group LLC and has oversight responsibilities for Chrysler Group operations, including approval of capital expenditures above certain levels.

Section II – Ownership Structure

Share Capital

The Company's issued share capital totals €4,476,441,927.34, divided into 1,250,402,773 ordinary shares with a par value of €3.58 each.

The current capital structure reflects the mandatory conversion – effective 21 May 2012 and approved at the special meetings of shareholders on 2 April 2012 and the extraordinary general meeting of shareholders of 4 April 2012 – of all 103,292,310 preference shares and 79,912,800 savings shares, having a par value of €3.50 each, into 157,722,163 newly-issued ordinary shares. The exchange ratios for the conversion were 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share, resulting in the issue of 87,798,463 new ordinary shares in exchange for cancellation of all 103,292,310 preference shares and 69,923,700 new ordinary shares in exchange for cancellation of all 79,912,800 savings shares. The new shares accrued dividend rights from 1 January 2012.

In order to avoid a reduction in share capital, there was an increase in par value per share following conversion. The new par value of €3.58 per share was determined by dividing total share capital by the number of shares in issue post conversion, rounded up to the nearest cent. The resulting increase from €4,465,600,020 to €4,476,441,927.34 was paid through the transfer of €10,841,907.34 from the share premium reserve.

On the basis of existing shareholder approvals, share capital may also be increased by a further €34,249,412.50 through the issue of a maximum 9,566,875 ordinary shares at a price of €13.37 to managers employed by the Company and/or its subsidiaries who are beneficiaries of the relative incentive plan. That capital increase is subject to the conditions of the plan being satisfied. No other authorizations have been granted pursuant to Article 2443 of the Civil Code permitting share capital increases.

Following shareholder approval for the mandatory conversion, the right of withdrawal was exercised under Article 2437 (1) (g) of the Civil Code in relation to 863,761 ordinary shares resulting from conversion of preference shares and 1,414,445 ordinary shares resulting from conversion of savings shares. Pursuant to Article 2437-*quater* of the Civil Code, those shares were offered on a rights basis to existing shareholders. At the conclusion of the offer period on 20 June 2012 – during which Rights and Pre-emption Rights were exercised pursuant to Article 2437-*quater* (3) of the Civil Code – a total of 36,244 shares resulting from conversion of preference shares had been purchased at the offer price of €3.902 per share and 46,242 shares resulting from conversion of the savings shares had been purchased at the offer price of €3.952 per share. All shares requested in relation to the exercise of Pre-emption Rights were allocated as requested.

Pursuant to Article 2437-*quater* (4) of the Civil Code, the Company offered the remaining 827,517 shares resulting from conversion of the preference shares and 1,368,203 shares resulting from conversion of the savings shares on the Mercato Telematico Azionario (MTA) on 4 July 2012 through Banca IMI S.p.A.

Rights of Shares

The rights attached to the shares are described in Articles 6, 20, 21 and 23 of the By-laws. The main provisions of those articles are provided below. All shares are registered shares and are issued in dematerialized form.

Each share confers the right to participate pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up.

Each share confers one voting right with no restrictions.

The Company's share capital may also be increased through contributions in kind or the assignment of receivables.

Annual profit is allocated as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equivalent to one-fifth of share capital
- further allocations to the legal reserve, allocations to the extraordinary reserve, retained profit reserve and/or other allocations that Shareholders may approve
- to each share, distribution of any remaining profit that Shareholders may approve.

Where the Board of Directors sees fit in relation to the Company's operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

Any dividends unclaimed within five years of the payment date are forfeit and shall revert to the Company.

In the event of a winding-up, the Company's assets shall be distributed in an equal pro rata amount to all shares.

No shares have been issued granting special rights of control, no restrictions exist on voting rights or share transfers, and there are no employee stock ownership plans.

The Company's shares are listed on the Mercato Telematico Azionario managed by Borsa Italiana as well as the Paris and Frankfurt stock exchanges. Furthermore, share certificates (ADS or American Depositary Shares) issued by the depository bank Deutsche Bank Trust Company Americas are traded over-the-counter in the U.S.

Own Shares

On 4 April 2012, Shareholders voted to renew authorization for the share buyback program to ensure the Company the necessary operating flexibility over an adequate time horizon in consideration of the fact that the existing authorization expired on 30 September 2012. The purpose of the buyback program is to ensure adequate coverage of the Company's share-based incentive plans and, more generally, provide the Company a strategic investment opportunity for all other purposes permitted by law. The authorization was given for a period of 18 months and permits the Company to buy and sell its own shares, either directly or through subsidiaries, up to a maximum not to exceed the legally established percentage of share capital or a maximum aggregate value of €1.2 billion, including the existing reserve for own shares totaling €259 million. The authorization related to the three classes of shares (ordinary, preference and savings) outstanding on that date.

As at 20 February 2013, the Company held 34,577,790 own shares, representing 2.76% of share capital, and the "Reserve for Own Shares" totaled €259 million.

At 31 December 2012, there was a reduction of 4,000,000 shares compared with year-end 2011 (to 34,577,766 ordinary shares, from 38,568,458 shares at a value of €289 million) associated with the Stock Grant plan for the CEO approved by Shareholders on 27 March 2009 and amended on 25 March 2010; that reduction was partially offset by the purchase from shareholders of 9,308 own shares, which represented the fractions of ordinary shares resulting from the mandatory conversion of all preference and savings shares into ordinary shares, as described above.

In 2013 to-date, a further 24 shares have been purchased from shareholders in connection with the mandatory conversion, resulting in an increase in the number of own shares held from 34,577,766 at 31 December 2012 to 34,577,790 at 20 February 2013.

At the meeting of 20 February 2013, the Board determined that it would seek renewal of the authorization for the purchase and disposal of own shares at the General Meeting called for approval of the 2012 financial statements. Although the Company's share buyback program is currently on hold, in view of the fact that the existing authorization expires on 4 October 2013, renewal of the authorization is intended to guarantee the Company continued operating flexibility for an adequate period by ensuring coverage of its share-based incentive plans, in addition, more generally, to providing an additional opportunity to invest strategically for all other purposes permitted by law. Purchases are subject to the procedures established by law and the purchase price may not be more than 10% below or 10% above the reference price reported by Borsa Italiana for the last trading day prior to purchase. Consistent with current regulations, the authorization is valid for a period of 18 months. The Company has no obligation to make share buybacks up to the maximum amount of €1.2 billion and, accordingly, the authorization may be executed only in part.

Under the program, established in April 2007 and subsequently renewed, the Company has repurchased approximately 37.3 million ordinary shares at an aggregate value of €664.6 million. No repurchases have been made since the General Meeting of 27 March 2009 (with the exception of those related to the mandatory conversion, as described above).

Shareholder Structure

As defined under Article 93 of Legislative Decree 58/98, the Company is controlled by Giovanni Agnelli e C. S.a.p.A. indirectly through Exor S.p.A. which holds 30.05% of total shares.

In addition, Fiat S.p.A. holds 2.76% of its own shares.

The Company has approximately 240,000 shareholders in total. As at 20 February 2013, other shareholders holding more than 2% of shares (and, therefore, more than 2% of voting rights) were Baillie Gifford & Co (2.64%); Vanguard International Growth Fund (2.01%). For the remaining shares, approximately 24.9% are held by institutional investors within the European Union, 11.2% by institutional investors outside the European Union and 26.44% by other shareholders. No shareholder agreements, as defined under Article 122 of Legislative Decree 58/98, currently exist.

Change of Control Clauses

As part of their normal activities, operating companies within the Group are party to joint venture or supply and cooperation agreements with industrial and financial partners that, as is customary for such agreements, contain clauses giving each party the right to terminate or modify the agreement in the event of a direct and/or indirect change in control of one of the parties.

Some of the principal loan agreements guaranteed by Fiat S.p.A. and the majority of bonds issued by Group companies and guaranteed by Fiat S.p.A., representing total borrowings of approximately €12.4 billion, contain clauses that, as is customary for such financial transactions, require immediate repayment in the event of a change of control of Fiat S.p.A.

Severance Compensation for Directors

Information on compensation payable in the event of termination without cause for Sergio Marchionne, Chief Executive Officer, and Luca Cordero di Montezemolo, in relation to his position as Chairman of Ferrari S.p.A., is provided in the Compensation Report approved by the Fiat S.p.A. Board of Directors on 22 February 2012.

Section III – Implementation of the Corporate Governance Code. Principal Characteristics of the System of Internal Control and Risk Management, including with reference to financial reporting and governance practices

Board of Directors

The By-laws establish that the Company's Board of Directors may be composed of between nine and fifteen members. With due consideration given to the Company's increased concentration in the automobiles sector and the benefits of gender diversity on the Board, on 4 April 2012 Shareholders approved the proposal for the election of a total of nine members to the Board of Directors whose term of office expires at the General Meeting called for approval of the 2014 financial statements, including election of two women directors.

Delegation of Powers

Under Article 16 of the By-laws, all directors with executive responsibilities are vested, separately and individually, with the power to represent the Company and under Article 12 the Vice Chairman, if appointed, shall act as acting Chairman if the latter is absent or unable to carry out his duties. Additionally, the Board of Directors has, as in the past, adopted a model for delegation of broad operating powers to the Chairman and the Chief Executive Officer by which they are authorized, separately and individually, to perform all ordinary and extraordinary acts that are consistent with the Company's purpose and not reserved by law for, or otherwise delegated or assumed by, the Board of Directors itself. In practice, the Chairman has the role of coordination and strategic direction for the activities of the Board of Directors, while the Chief Executive Officer is responsible for the operational management of the Group.

From an operational perspective, the Chief Executive Officer is supported by the Group Executive Council (GEC), a decision-making body led by the Chief Executive and composed of the heads of the operating sectors and certain central functions. As a result of the acquisition of majority ownership of Chrysler Group and consistent with the objective of enhancing the operational integration of Fiat and Chrysler, on 1 September 2011 a new Group Executive Council was formed which is composed of 4 main groupings: regional operations, brands, industrial processes, and support/corporate functions; certain functions that are fundamental to the governance structure of the individual companies (such as Legal and Internal Audit) remain independent within the ambit of the operating companies (Fiat and Chrysler Group).

Transactions with Related Parties

In accordance with Consob Regulation 17221 of 12 March 2010, the Company adopted, effective 1 January 2011, procedures for transactions with related parties (the "Procedures") to ensure full transparency and substantial and procedural fairness in transactions with related parties, as defined under IAS 24.

The Procedures define "significant transactions" which require the prior approval of the Board – subject to the binding opinion of the Internal Control and Risk Committee, which is the committee responsible for related-party transactions, with the exception of those matters relating to compensation, for which the Compensation Committee is responsible – and must be publicly disclosed in the form of an information document.

Other transactions, except those falling within the residual category of minor transactions – i.e., transactions less than €200,000 in value or, for transactions with legal entities having consolidated annual revenues in excess of €200 million only, transactions less than €10 million in value – are defined as "non-significant" and may be entered into with the prior non-binding opinion of the above committee.

The Procedures also establish exemptions, including: transactions taking place in the ordinary course of business and entered into at standard or market terms; transactions with or between subsidiaries and transactions with associates, provided that no other parties related to the Company have a significant interest; and transactions of minor value.

The task of implementing the Procedures and disseminating them to Group companies is assigned to the manager responsible for the Company's financial reporting, who must also ensure coordination with the administrative and accounting procedures required under Article 154-*bis* of Legislative Decree 58/98.

Information on the most significant related-party transactions carried out in 2012 is provided in the Annual Report.

Significant Transactions

As established in the "Guidelines for Significant Transactions" (previously the "Guidelines for Significant Transactions and Transactions with Related Parties"), transactions having a significant impact on the Company's earnings and financial position are subject to prior examination and approval by the Board.

Accordingly, the powers attributed to the executive directors specifically exclude decision-making authority for significant transactions, pursuant to the criteria for significance established by Consob. A reasonable period in advance of the Company undertaking a significant transaction, the executive directors are to provide the Board a summary report on their analysis of the strategic compatibility, economic feasibility and expected return.

As provided under Articles 70 (8) and 71 (1-*bis*) of the Consob Issuer Regulations, on 30 October 2012 the Board of Directors approved the opt-out from the obligation to publish an information document for significant transactions (e.g., significant mergers, spin-offs, share capital increases by means of in-kind contributions of assets, acquisitions and disposals).

Meetings and Duties of the Board of Directors

The By-laws (Article 13) require that the Board of Directors meet at least once each quarter and that, on those occasions, directors delegated specific powers report to the Board of Directors and the Board of Statutory Auditors on general operating performance and expected future developments, as well as the most significant transactions carried out by the Company or its subsidiaries. Additionally, Article 13 also requires that the Board examine the strategic, industrial, and financial plans and evaluate the adequacy of the organizational and administrative structure and accounting systems of the Company and, on the basis of reports from the executive directors, the overall operating performance. As part of that

process, the Board considers the nature and acceptable level of risk compatible with the Company's strategic objectives and assesses the adequacy of the system of internal control and risk management. Directors are also required to disclose any interest that they may have, either direct or on behalf of a third party, in any transaction to which the Company is a party.

During 2012, the Board met six times to examine and vote on resolutions relating to the activities of the various businesses, the quarterly and half-year financial reports, and motions submitted by the executive directors relating to significant transactions and transactions with related parties. The Board also formulated and submitted several proposals to Shareholders for approval on 4 April 2012, including: approval of the Statutory Financial Statements and allocation of 2011 profit; determination of the number of members of the Board of Directors; election of the Boards of Directors and Statutory Auditors and related compensation; the proposal of the Statutory Auditors concerning a fee increase for the independent auditors Reconta Ernst & Young S.p.A. for the nine-year period 2012-2020. The Board also approved the Compensation Policy pursuant to Article 123-*ter* of Legislative Decree 58/98, as proposed by the Compensation Committee and subsequently voted in favor by Shareholders on 4 April 2012, together with proposals relating to a new incentive plan and renewed authorization for share buybacks and disposals.

The Board also formulated a proposal for mandatory conversion of the Company's preference and savings shares into ordinary shares together with the associated changes to the By-laws, approved by Shareholders on 4 April 2012, and following the renewal of the Board of Directors, appointed the corporate officers and vested them with the relevant operating powers. In addition, the Board also reviewed the Company's ownership interest in Chrysler Group LLC and voted to exercise the relative call option rights.

The Board was assisted in its activities by the Internal Control and Risk Committee, the Nominating, Corporate Governance and Sustainability Committee and the Compensation Committee. Documents containing information relevant to the discussion were sent to directors and statutory auditors a few days preceding the meetings, with the exception of certain items which were particularly urgent or confidential. To ensure the directors and statutory auditors timely and complete access to information in advance of Board meetings and to optimize their participation in the decision-making process, information channels have been put in place which provide immediate access to the relevant meeting documentation, while guaranteeing the confidentiality of the data and information provided.

At 31 December 2012, the Board of Directors was composed of three executive directors and six non-executive directors (i.e., directors without specific executive powers or responsibilities within the Company or the Group), four of whom qualified as independent on the basis of the criteria approved by Shareholders on 4 April 2012 and adopted for past elections.

All of those independent directors (Joyce Victoria Bigio, René Carron, Gian Maria Gros-Pietro and Patience Wheatcroft) also meet the independence requirements established under Legislative Decree 58/98.

Attendance at Board and Committee meetings

Directors are expected to prepare themselves for and to attend all Board meetings, the Annual General Meeting of Shareholders and the meetings of the Committees on which they serve, with the understanding that, on occasion, a director may be unable to attend a meeting.

During 2012, the attendance was 98% of the total for Board meetings and 100% of the total for Committee meetings.

Executive Directors

The Chairman and Chief Executive Officer are executive directors. They also hold executive responsibilities at subsidiary companies: John Elkann is Chairman of Editrice La Stampa S.p.A. and Sergio Marchionne, in addition to being Chairman of the principal subsidiaries, is also Chief Executive Officer of Fiat Group Automobiles S.p.A. and of Chrysler Group LLC. Luca Cordero di Montezemolo also qualifies as an executive director by virtue of his position as Chairman of Ferrari S.p.A.

Independent Directors

An adequate number of independent directors is an essential element in protecting the interests of shareholders, particularly minority shareholders, and third parties, assuring that potential conflicts between the interests of the Company and those of the controlling shareholder are assessed impartially. The contribution of independent directors is also fundamental to

the composition and proper functioning of committees tasked with undertaking *ex ante* evaluations of risk and, where identified, formulating proposals to address that risk. Those committees represent one of the most effective means of managing potential conflicts of interest.

On 4 April 2012, Shareholders elected a new Board of Directors with a significant representation of independent directors. In consideration of the current legal requirement that at least two directors are independent and the provision of the Corporate Governance Code that at least one-third of the members of the Board of Directors are independent, Shareholders voted to elect four directors who meet the requirements of independence adopted for previous elections.

Those criteria – first adopted in 2005 and subsequently ratified by Shareholders on 3 May 2006, 27 March 2009 and 4 April 2012 – are based on the absence or non-relevance, during the previous three years, of any economic or shareholding relationship with the Company, its executive directors and executives with strategic responsibilities, its controlling companies or subsidiaries, or any family relationship to the executive directors of those companies. The criteria also exclude directors as being considered independent if they were partners or directors of major competitors, rating agencies or audit firms engaged by the Company or Group companies in the previous three years, or are executive directors at other companies where the Company's directors are non-executive directors.

The independence of directors is assessed annually and at the meeting held on 4 April 2012, the Board of Directors verified that Joyce Victoria Bigio, René Carron, Gian Maria Gros-Pietro and Patience Wheatcroft satisfied the requirements of independence.

Positions held at other companies

Some directors also hold positions at other listed companies or companies of significant interest.

Excluding the positions held by the executive directors within Fiat Group, the most significant are as follows:

- **Andrea Agnelli**: Chairman of Juventus FC S.p.A., General Partner of Giovanni Agnelli e C. S.a.p.A., Director of EXOR S.p.A. and Vita Società Editoriale S.p.A.
- **Joyce Victoria Bigio**: Director of Simmel Difesa S.p.A.
- **Tiberto Brandolini D'Adda**: Chairman of Sequana S.A. and EXOR S.A., General Partner of Giovanni Agnelli e C. S.a.p.A., Vice Chairman of EXOR S.p.A. and Director of SGS S.A.
- **Luca Cordero di Montezemolo**: Chairman of Charme Management S.r.l., Vice Chairman of Unicredit S.p.A., Director of Poltrona Frau S.p.A., N.T.V. S.p.A., Tod's S.p.A., Pinault Printemps Redoute S.A., Montezemolo & Partners SGR and Delta Topco Ltd.
- **John Elkann**: Chairman and General Partner of Giovanni Agnelli e C. S.a.p.A., Chairman and Chief Executive Officer of EXOR S.p.A., Director of Fiat Industrial S.p.A., SGS S.A., Gruppo Banca Leonardo S.p.A. and The Economist Group.
- **Gian Maria Gros-Pietro**: Chairman of ASTM S.p.A., Director of Edison S.p.A., Caltagirone S.p.A. and IVS Group S.A.
- **Sergio Marchionne**: Chairman of CNH Global N.V., Fiat Industrial S.p.A., Iveco S.p.A., FPT Industrial S.p.A. and SGS S.A., Director of EXOR S.p.A. and Philip Morris International Inc.
- **Patience Wheatcroft**: Member of the Advisory Board of Huawei Technologies (UK) and Director of St. James's Place PLC.

Composition of the Board of Directors

At 31 December 2012, the composition of the Board of Directors was as follows:

John Elkann (Chairman)	Executive	
Sergio Marchionne (Chief Executive Officer)	Executive	
Andrea Agnelli	Non-Executive	
Joyce Victoria Bigio	Non-Executive	Independent
Tiberto Brandolini D'Adda	Non-Executive	
René Carron	Non-Executive	Independent
Luca Cordero di Montezemolo	Executive*	
Gian Maria Gros-Pietro	Non-Executive	Independent
Patience Wheatcroft	Non-Executive	Independent

* Chairman of Ferrari S.p.A.

Election of Directors

In 2007, the By-laws were amended to introduce the new legal requirement for application of a voting list system for the election of directors, which grants the right to elect a director to minority shareholders who, individually or together with others, hold shares representing a percentage of voting rights at least equivalent to the minimum established by law. The By-laws also require that two directors satisfy the requirements of independence established in Legislative Decree 58/98. The voting list system was utilized for the first time for the election of the Board of Directors at the General Meeting of 27 March 2009 and was used for the renewal of the Boards of Directors and Statutory Auditors at the General Meeting of 4 April 2012.

The Company invited shareholders who, individually or jointly with others, owned at least 1% of ordinary shares (as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2011) to submit lists of candidates – indicated in numerical order and who satisfied the legal requirements of integrity – to the Company at its registered office at least 25 days prior to the general meeting.

It was also a requirement that the candidate appearing first on the list satisfied the independence requirements established under Legislative Decree 58/98.

Prior to the 2012 General Meeting, two lists of candidates for the Board of Directors were presented: one list was presented by EXOR S.p.A., holder of 30.465% of ordinary shares, and the other by a group of Italian and international asset managers and institutional investors, holders of a combined 1.86% of ordinary shares. Both lists were presented together with: certification from an authorized intermediary verifying ownership of the shares represented, declarations from each candidate accepting the nomination and stating that they satisfied the legal requirements to serve as a director, in addition to CVs for each candidate containing the relevant personal and professional information. Joyce Victoria Bigio, René Carron, Gian Maria Gros-Pietro and Patience Wheatcroft also declared that they satisfied the independence requirements established under Legislative Decree 58/98, in addition to those adopted by Fiat. The above documents are available in the Investor Relations section of the Group website (www.fiatspa.com).

Board Committees

In 1999, the Board of Directors established the Internal Control Committee and the Nominating and Compensation Committee. The roles and requirements of these committees are constantly updated to reflect current best practice in corporate governance.

On 24 July 2007, as part of the continuous review of the system of corporate governance and to better align itself with best practice as well as the recommendations of the Corporate Governance Code, the Board passed a resolution to split the Nominating and Compensation Committee into the Compensation Committee and the Nominating and Corporate Governance Committee, which in 2009 was also assigned responsibility for sustainability issues. In implementation of the most recent recommendations of the Corporate Governance Code, on 22 February 2012 the Board of Directors redefined the role of the Internal Control Committee, as described in more detail below, and changed its name to Internal Control and Risk Committee.

Nominating, Corporate Governance and Sustainability Committee

In recognition of the importance of integrating economic choices with those of a social and environmental nature, in 2009 Fiat S.p.A. assigned the Nominating and Corporate Governance Committee the additional responsibility of evaluating proposals relating to the strategic focus on sustainability, as well as reviewing the annual Sustainability Report. At the same time, the name of the Committee was changed to Nominating, Corporate Governance and Sustainability Committee.

The Committee is composed of the following three directors, two of whom are independent: John Elkann (Chairman), Joyce Victoria Bigio and Patience Wheatcroft.

The Committee's Charter sets out minimum requirements for the Committee's composition, functioning and main advisory functions, which are as follows:

- at the time of co-opting or renewal of mandates, selecting and proposing nominees to the Board of Directors, indicating the specific individual and/or the qualifications required
- formulating recommendations regarding the size and composition of the Board, and the appropriate professional and managerial profile of board members
- evaluating, on an annual basis, the activities carried out by the Board of Directors and its Committees
- examining proposals from the Chief Executive Officer concerning appointment and succession for members of the Group Executive Council and executives with strategic responsibilities
- providing periodic updates to the Board of Directors on changes in corporate governance practice and regulation and, where appropriate, making proposals for changes to the governance model
- evaluating proposals relating to the strategic focus on sustainability and, where necessary, presenting recommendations to the Board of Directors, as well as reviewing the annual Sustainability Report

The Committee may also utilize external consultants at the Company's expense.

The Committee met once during 2012 (February 22nd) to formulate its recommendations, in view of the expiry of the Board's term of office, on the size and composition of the Board, as well as the appropriate combination of skills and professional experience.

On 19 February 2013, the Nominating, Corporate Governance and Sustainability Committee examined the Report on Corporate Governance and the Sustainability Report.

Board Self-Assessment

Additionally, with the Board's three-year mandate drawing to a close, the Nominating, Corporate Governance and Sustainability Committee conducted the annual evaluation of the activities of the Board and its Committees through a self-evaluation questionnaire and, at the board meeting of 22 February 2012, it reported the positive results.

All members participated in the self-evaluation process, which examined the size, composition, mix of skills and experience, and functioning of the Board. There was also a comprehensive review of the various activities of the Committees.

The analysis focused on the most material aspects, including: (i) the structure, composition, role, functioning and responsibilities of the Board and each of its Committees; (ii) procedures for board and committee meetings, management of information and decision-making processes; (iii) the effectiveness, efficiency and completeness of the information provided to the Board on the work of the Committees; (iv) the relationship between the Board, the Committees and the Statutory Auditors; (v) an evaluation of the performance of the various boards and committees; and, (vi) the value of the self-evaluation process itself.

The overall conclusion of the evaluation process was very positive in terms of the effective and efficient functioning of the Board of Directors and its Committees. In particular, one of the most positive aspects to emerge from the self-evaluation process was that the increased concentration on the automobile and automobile-related businesses resulting from the demerger of activities to Fiat Industrial had enabled a more in-depth examination of issues specific to the industry sector in which the Group operates.

The structure and composition of the Board of Directors was found to be adequate in terms of the mix of executive, non-executive and independent directors, as well as professional knowledge and experience. With regard to the size of the Board, it was considered to adequately reflect the multi-sectoral make up of the Group prior to the demerger. A similar conclusion was reached concerning the committees.

Results were also positive concerning the maximum number of offices held by individual directors and, consequently, the amount of time and attention they are able to devote to fulfillment of their obligations to Fiat. Meetings were also considered to be adequate in terms of number and duration, as were the work agendas and the information provided to support the decision-making process. Material provided to directors was considered more than adequate and it emerged that, for certain complex issues requiring lengthy briefing materials, the documentation was made available adequately in advance of the normal timetable, which for standard matters is considered satisfactory. It was confirmed that the cohesive environment at meetings observed in past years remains, allowing for open and constructive debate, with due respect given to the contribution of each individual director and decisions generally being reached with broad consensus. The rare cases involving a potential conflict of interest were managed effectively and transparently. The relationship with the Statutory Auditors is considered both clearly defined and constructive.

Identified areas for improvement related substantially to increasing opportunities for greater examination of issues relative to the competitive environment.

The self-evaluation process itself was considered beneficial and largely adequate in terms of the methodology adopted.

The independent directors also met in the absence of the other directors to review the process.

Compensation Committee

The Committee is composed of three independent directors: René Carron (Chairman), Gian Maria Gros-Pietro and Patience Wheatcroft.

The Committee's Charter – amended on 22 February 2012 to reflect the recommendations of the 2011 Corporate Governance Code – sets out minimum requirements for the Committee's composition, functioning, and main advisory functions, which include:

- presenting proposals to the Board in relation to compensation policies for directors and executives with strategic responsibilities
- presenting proposals to the Board in relation to individual compensation plans for the Chairman, Chief Executive Officer and other directors with specific responsibilities, as well as in relation to the establishment of performance targets for their variable compensation and, on an annual basis, verifying the level of achievement

- examining proposals from the Chief Executive Officer concerning compensation and performance evaluations for executives with strategic responsibilities
- periodically evaluating the adequacy, overall coherence and concrete application of compensation policies for directors and, on the basis of information provided by the Chief Executive Officer, for executives with strategic responsibilities
- carrying out the functions of the committee for transactions with related parties, where related to compensation
- examining specific issues relating to compensation when requested by the Board and providing recommendations.

With adoption of the procedures for transactions with related parties pursuant to Consob Regulation 17221 of 12 March 2010 (as amended), the Compensation Committee was assigned responsibility, for matters relating to compensation only, for reviewing transactions with related parties.

Accordingly, the Committee is required to give an opinion on the substantial and procedural fairness of transactions with related parties of particular significance, as defined in those procedures.

To enable it to perform that role, the Committee is provided timely and adequate information on transactions during the evaluation phase, and, for significant transactions, it has the authority to communicate its views to the individuals responsible for conducting negotiations. During the year, the Committee provides the Boards of Directors and Statutory Auditors a quarterly report on transactions with related parties.

The Committee may also utilize external consultants at the Company's expense. The Compensation Committee met 3 times during 2012 and its activities included examining and formulating proposals relating to definition, by the Board, of the Compensation Policy, which was subsequently approved by Shareholders on 4 April 2012, in addition to the approval and implementation of a new shared-based incentive plan.

So far in 2013, the Committee has met two times during which it reviewed the Compensation Policy and other matters.

On 4 April 2012, Shareholders voted to set fixed compensation for directors at €50,000 per annum. In addition, on 31 July 2012 the Board of Directors also voted to set gross annual compensation for directors with specific responsibilities pursuant to Article 2389 (3) of the Civil Code, as follows: €30,000 to the Chairman of the Internal Control and Risk Committee and €20,000 each to the other members of the Committee; €20,000 to the Chairmen of the Nominating, Corporate Governance and Sustainability Committee and the Compensation Committee and €15,000 each to the other members of those Committees.

The Chairman and the Chief Executive Officer also receive fixed compensation for their office, established in accordance with Article 2389 of the Civil Code. The Chief Executive Officer is also entitled to variable compensation linked to the achievement of specific financial objectives that are established annually, as well as incentive plans for which exercise is, in part, subject to satisfaction of profitability targets, the value and reference period of which are set in advance.

Detailed information on compensation and incentive plans for directors is provided in the Compensation Report approved by the Board of Directors on 20 February 2013.

Internal Control and Risk Committee

In 1993, Fiat adopted a Code of Ethics and, in May 1999, an Internal Control System based on a model derived from the COSO Report. The Board of Directors then decided to disseminate an "Internal Control Policies and Procedures" document and establish an Internal Control Committee.

In early 2012, following the amendments introduced by the Corporate Governance Code of December 2011, the Board changed the name of the Committee to Internal Control and Risk Committee and redefined its duties and responsibilities under the new charter which replaces the version approved in 2005.

The Internal Control and Risk Committee is composed entirely of independent directors and its role is to support the evaluation and decision-making process of the Board of Directors by providing advice and proposals in relation to the System of Internal Control and Risk Management and periodic financial reporting.

In particular, the Committee is responsible for:

- assisting the Board in defining and updating guidelines for the System

- evaluating – in collaboration with the manager responsible for the Company's financial reporting and after consultation with the independent auditors and Board of Statutory Auditors – correct application of the accounting principles adopted and consistency with the principles applied for the consolidated financial statements
- making recommendations on specific aspects relating to identification, measurement, management and monitoring of the principal corporate risks, in addition to defining the nature and acceptable level of risk consistent with the Company's strategic objectives
- reviewing periodic reports providing an evaluation of the System of Internal Control and Risk Management and other reports of particular significance from Internal Audit
- monitoring the independence, adequacy, efficiency and effectiveness of Internal Audit, including with reference to Legislative Decree 231/2001 on corporate liability
- reviewing, in consultation with the Board of Statutory Auditors, findings submitted by the independent auditors in their report and letter of recommendations
- reporting to the Board of Directors, at least every six months (on the occasion of the approval of the annual and half-year financial report), on the activities carried out, as well as on the adequacy of the System of Internal Control and Risk Management
- reviewing, with the support of the head of Internal Audit, whistleblowing reports received for the purpose of monitoring the adequacy of the System of Internal Control and Risk Management
- reviewing the work plan prepared by the head of Internal Audit
- carrying out the functions of the committee for transactions with related parties, except where related to compensation.

The Committee may request that Internal Audit perform audits of specific operational areas, at the same time informing the Chairman of the Board of Statutory Auditors that such request has been made.

The Committee is entitled to access company information and functions necessary to its activities and to utilize external consultants, in accordance with the procedures established by the Board of Directors. The Company shall make adequate financial resources available to the Committee to carry out its role, within the limits approved by the Board.

The head of Internal Audit makes available to the Committee, at its request, specialist personnel and retains, at the Company's expense and at the instruction of the Committee, independent consultants selected by the Committee to assist on matters relating to its activities.

The Internal Control and Risk Committee has been assigned responsibility for transactions with related parties, except for matters relating to compensation, which as noted above are the responsibility of the Compensation Committee.

Meetings of the Committee are called by the Chairman whenever he deems appropriate and, in any event, at least every six months. The Chairman of the Board of Statutory Auditors, or other Statutory Auditor designated by him, shall attend meetings of the Committee. The other Statutory Auditors may also attend the meetings, as may – at the invitation of the Committee Chairman and in relation to specific items on the agenda – other individuals, including Directors that are not members of the Committee and company personnel.

The Committee is composed of three independent directors: Gian Maria Gros-Pietro (Chairman), Joyce Victoria Bigio and René Carron. All three individuals have significant experience in finance and accounting or risk management. During 2012, the Committee held eight meetings during which it focused in particular on analyzing the principles and criteria in the Corporate Governance Code that have been amended or revised and supporting the Board of Directors in formulating the Guidelines for the Internal Control and Risk Management System. In addition, the Committee also undertook an analysis of the quarterly and annual results and related comments from the independent auditors; the work plans of both the independent and internal auditors; review of the proposal concerning a fee increase for the independent auditors for the nine-year period 2012-2020; and verification of the adequacy of the System of Internal Control and Risk Management, including a specific assessment of accounting processes and procedures for preparation of the consolidated and parent company financial statements and other communications of a financial nature, as well as related-party transactions. During the first two months of 2013, the Committee met three times and its activities focused, in particular, on review of the full-year and fourth quarter results for 2012 and examination of the valuation of certain items in the consolidated financial

statements with particular emphasis on impairment tests conducted on intangible assets with an indefinite life and assets in the EMEA region.

System of Internal Control and Risk Management

In 2012, the Board approved the "Guidelines for the Internal Control and Risk Management System", which constituted a revision of the procedures established in 1999 and 2003, including adoption of changes introduced by the Corporate Governance Code in 2011.

The Internal Control and Risk Management System, based on the model provided by the COSO Report and the principles of the Corporate Governance Code, consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks to which the Company is exposed. The system is integrated within the organizational and corporate governance framework adopted by the Company, and contributes to the protection of corporate assets, as well as ensuring the efficiency and effectiveness of business processes, reliability of financial information and compliance with laws and regulations, as well as the By-laws and internal procedures.

The system, which has been developed on the basis of international best practice, consists of the following 3 levels of control:

- Level 1: operating areas, which identify and assess risk and establish specific actions for management of that risk
- Level 2: departments responsible for risk control, which define methodologies and instruments for managing risk and monitor that risk
- Level 3: internal audit, which conducts independent evaluations of the System in its entirety. The head of Internal Audit is also assigned the role of Compliance Officer pursuant to Article 150 of Legislative Decree 58/98.

The Guidelines for the System of Internal Control and Risk Management provide a detailed description of the duties and responsibilities of the principal individuals and entities involved and set out the procedures for their coordination in order to ensure the effectiveness and efficiency of the system and reduce potential duplication of activities.

To identify and manage the principal risks, since 2005 the Group has adopted its own Enterprise Risk Management (ERM) model which is subject to continuous revision on the basis of experience acquired over the years, as well as improvements indicated by best practice and benchmarking against other industrial groups.

The central functions responsible for risk management produce and circulate a map of risk drivers to all the operating Regions/Sectors/Companies to enable identification and assessment of risks, together with the associated control measures and specific action plans.

System of Internal Control and Risk Management in relation to financial reporting

The Company has developed a system of internal control and risk management in relation to financial reporting based on the model provided by the COSO Report aimed at ensuring the reliability, accuracy, completeness and timeliness of the information reported. The periodic evaluation of the system of internal control over financial reporting is designed to ensure the overall effectiveness of the components of the COSO Framework model (control environment, risk assessment, control activities, information and communication, monitoring) in achieving those objectives.

Fiat has administrative and accounting procedures in place that ensure a high degree of reliability in the system of internal control over financial reporting. That system functions at two levels.

The first consists of a set of rules, procedures and guidelines through which the Parent Company ensures an efficient flow of information between itself and its subsidiaries and carries out the necessary activities of coordination. Substantially, they are of two principal types: rules for application of the accounting standards (consisting essentially of the Group Accounting Manual) and procedures for preparation of the annual consolidated financial statements and periodic financial reports (e.g., operating manuals for the consolidation process and the chart of accounts, accounting procedures for intercompany

transactions, etc.). The Parent Company is responsible for communicating those rules and procedures to subsidiaries for immediate application.

The second level consists of operating policies and procedures established at subsidiary level based on guidelines issued by the Parent Company. The approach adopted by Fiat for the evaluation, monitoring and continuous updating of the system of Internal Control over Financial Reporting follows a 'top-down, risk-based' approach consistent with the COSO Framework. This enables a focus on areas of higher risk and/or materiality, where there is risk of significant errors, including those attributable to fraud, in the component parts of the financial statements and related documents. The key components of the process are:

- identification and evaluation of the source and probability of occurrence of significant errors in elements of financial reporting
- assessment of the adequacy of key controls in enabling *ex ante* or *ex post* identification of potential misstatements in elements of financial reporting
- verification of the operating effectiveness of controls based on assessment of the risk of misstatement in financial reporting, with testing focused on areas of higher risk.

Identification and evaluation of areas where misstatements could have a material effect on financial reporting is carried out through a risk assessment process that uses a top-down approach to identify the organizational entities, processes and related accounting items, in addition to specific activities which could potentially generate significant errors. Under the methodology adopted by Fiat, risks and related controls are associated with the accounting and business processes upon which accounting information is based.

For significant risks, identified through the risk assessment process, key controls are established to address those risks and mitigate the potential for material misstatements in financial reporting.

The controls in place for the Group, which are based on international best practice, are of two principal typologies:

1. controls that operate at group or subsidiary level, such as delegation of authority and responsibilities, separation of duties and assignment of access rights for IT systems
2. controls that operate at process level, such as authorizations, reconciliations, consistency checks, etc. This category includes controls for operating processes, controls for closing processes and cross-sector controls carried out by captive service providers. Such controls can be preventive (i.e., designed to prevent errors or fraud that could result in misstatements in financial reporting) or detective (i.e., designed to reveal errors or fraud that have already occurred). They may also be defined as manual or automatic, such as application-based controls relating to the technical characteristics and configuration of IT systems supporting business activities.

An assessment of the design and operating effectiveness of key controls is carried out through tests performed by internal audit functions, both at group and subsidiary level, using sampling techniques recognized as best practice internationally. Internal Audit also carries out quality reviews on tests conducted by subsidiaries.

Where appropriate, the assessment may result in the establishment of compensating controls, corrective actions or plans for improvement. The results of monitoring activities are periodically subject to review by the manager responsible for the Company's financial reporting and communicated by him to senior management, the Internal Control and Risk Committee (which in turn reports to the Board of Directors) and the Board of Statutory Auditors of the Parent Company.

Code of Conduct

The Code of Conduct, adopted in 2002 to replace the Code of Ethics established in 1993, is an integral part of the Internal Control and Risk Management System which sets out the ethics principles to which the Company adheres and which directors, statutory auditors, employees, consultants and partners are required to observe. The Code of Conduct has been adopted by all Group companies worldwide. The revised Code, which became effective in February 2010, gives further importance to a sustainable model of operating which takes the legitimate interests of all stakeholders into consideration. In particular, the Code of Conduct was amended to incorporate specific guidelines related to the Environment, Health and Safety, Business Ethics and Anti-Corruption, Suppliers, Management of Human Resources and the Respect of Human Rights.

Furthermore, the Code of Conduct is distributed to all employees in accordance with local legal and regulatory requirements. Consultants and partners are also informed of the Group's adherence to the Code either through direct notification or, when entering into contract agreements, through inclusion of specific clauses making reference to the principles contained in the Code.

Compliance Program

On 20 February 2013, the Board was presented Fiat S.p.A.'s revised Compliance Program and Guidelines for Adoption and Revision of the Compliance Program by Group companies in Italy, which incorporate new categories of offenses introduced in Italian legislation. Legislative Decree 109/2012 – which came into effect on 9 August 2012 – introduced as Article 25-*duodecies* of Legislative Decree 231/2001 the offense of "Employment of foreign nationals residing illegally in Italy" (Article 22 (12-*bis*) of Legislative Decree 286/98, which addresses immigration and legal status of foreign nationals). Law 190/2012 – which came into effect on 28 November 2012 – introduced the offense of being induced to give a bribe as Article 25 (3) and the offense of bribery between private individuals as Article 25-*ter* (1)(S-*bis*) with direct reference to Article 2635 (3) of the Civil Code which establishes penalties for giving or promising financial or other advantage to directors, managers, statutory auditors or employees of a company.

The Compliance Program Supervisory Body is composed of the head of Audit & Compliance, the General Counsel, and an external advisor. It has its own Internal Policies and Procedures and operates on the basis of a specific supervisory program. It meets at least once per quarter and reports to the Board of Directors (including through the Internal Control and Risk Committee) and the Board of Statutory Auditors.

Procedures for Engagement of Independent Auditors

The purpose of the procedures is to regulate the engagement of audit firms and other related parties, by Fiat S.p.A. and its subsidiaries, in order to ensure the independence of firms engaged to audit the financial statements. Related parties of an audit firm are considered to be entities belonging to the same network, as well as equity partners, shareholders, directors, members of management and supervisory bodies and employees of the audit firm.

The procedures make a distinction between audit services, audit-related services, and non-audit services and, for each category, they establish the scope of engagements, procedures for approval, and obligations relating to internal reporting of costs.

Whistleblowing Procedures

In application of the Compliance Program, the Code of Conduct, and the provisions of the Sarbanes-Oxley Act (to which the Company was subject while listed on the NYSE) on whistleblowing, the Whistleblowing Procedures were adopted on 1 January 2005 for the management of reports and claims filed by persons inside and outside the Company in relation to suspected or presumed violations of the code of conduct, fraud involving company assets or financial reporting, oppressive behavior towards employees or third parties, reports or claims regarding accounting, internal accounting controls and independent audits.

The procedures define the duties and responsibilities of the various corporate bodies, requirements relating to management of reports/complaints received (including verification of the circumstances) and determination and communication of any disciplinary measures.

The procedures reaffirm the Group's commitment to safeguarding those who report in good faith against any form of reprisal.

Regulation of Subsidiaries Incorporated in a non-EU Member State

In application of the requirements of Articles 36 and 39 of Consob's Market Rules, having established the scope of application of that regulation within the Group (changed during 2011 to reflect the acquisition of a controlling interest in Chrysler Group LLC), Fiat has determined that the accounting and reporting systems are adequate for public disclosure of certain accounting information upon which the consolidated financial statements are based (as required by the above

regulation), as well as providing management and the independent auditors of the Parent Company with the information used for preparation of the consolidated financial statements.

Similarly, information flows to the independent auditor of the Parent Company – in place at various levels in the chain of corporate control, continuous throughout the entire financial year and instrumental for the auditing of the Parent Company's interim and annual accounts – was found to be effective.

Finally, Fiat receives regular information on the composition of corporate bodies within subsidiaries along with information on the positions held by each member and is responsible for maintaining centralized records of formal documentation relating to the by-laws and delegation of powers to the members of the corporate bodies, in addition to keeping them properly updated.

Corporate Information and Relationships with Investors

Fiat has a policy of active communication to individual shareholders, institutional investors and the financial markets, as it believes transparency and completeness in financial and corporate reporting are of primary importance.

Management of corporate information

Internal procedures for the management of confidential information were adopted in 2000. Those procedures were implemented through the issue of a specific organizational announcement by the Chief Executive Officer.

Following implementation of European market abuse regulations, Fiat S.p.A.'s Board of Directors approved two resolutions (in 2006 and 2007) that led to adoption of the Procedures for internal management and public disclosure of confidential information. Those procedures contain the rules for establishing and managing the list of persons with access to inside or potential inside information (the "Insider List"). They define the types of "inside", "potential inside" and "confidential" information, establish different sections into which the Insider List is divided – in addition to concrete procedures for application – and the duties and responsibilities of individuals delegated management of that information. The procedures also cite the specific laws and regulations which govern the disclosure of price sensitive information and the procedures to be followed in relation to the management and disclosure of such information. The procedures – whose primary objective is to establish how information is monitored and disseminated, both inside and outside the Group, as well as requirements relating to management of the Insider List – also detail the sanctions applicable to employees under the Code of Conduct and the obligations of compliance and due care applicable to directors and statutory auditors.

Internal Dealing

In accordance with the Market Rules of Borsa Italiana, a code had been adopted for disclosure by relevant persons of internal dealing. The code imposed time and quantity limits lower than those imposed by stock exchange regulations for reporting of transactions by the relevant persons identified in the specific appendix.

In implementation of the EU regulation on market abuse, on 1 April 2006 the code referred to above ceased to be effective and Fiat adopted a procedure for the identification of individuals subject to the internal dealing rules (Relevant Persons). Those relevant persons are required to communicate any transactions undertaken in excess of €5,000 in any given year. During 2012, one transaction was reported to the market and supervisory authorities.

Investor Relations

The Company has created dedicated entities to establish and maintain a constant dialog with the market for the purpose of maintaining the confidence of investors and improving their understanding of the Company and its activities.

Throughout the year, the Investor Relations team maintains constant contact with financial analysts, individual shareholders and institutional investors, as well as organizing conference calls and public presentations to present financial results, and participating in industry conferences. Information presented and discussed on those occasions is also published on the corporate website (www.fiatspa.com). Corporate information, regular and extraordinary financial information, the corporate calendar, and corporate governance documentation are also available on the website (in both Italian and English).

Shareholders can request general information or information on specific transactions by phone (toll free in Italy: 800-804027) or by e-mail (serviziotitoli@fiatspa.com and investor.relations@fiatspa.com).

General Meetings

General meetings provide an opportunity to meet and communicate with shareholders, within the limits applicable to disclosure of price sensitive information. Fiat has always encouraged the active involvement of its shareholders, who have responded with significant and widespread interest. In order to ensure that shareholders receive information in a timely and effective manner and can exercise their right to participate actively and in full respect of the rights of other shareholders, the timing of the annual general meeting has been brought forward significantly. Meetings are conducted in accordance with the Procedures for General Meetings.

From 21 May 2012, following the conversion of all outstanding Fiat preference and savings shares into ordinary shares, all special share classes ceased to exist and, accordingly, so did all provisions for special meetings and common representatives of holders of preference and savings shares.

Procedures for General Meetings

Procedures were adopted in 2000 to ensure that general meetings are conducted in an orderly and efficient manner, set out the rights and obligations of all participants and establish clear and unambiguous rules, without limiting or infringing on the right of individual shareholders to express their opinion or request explanation of items on the agenda.

Board of Statutory Auditors

In accordance with Article 17 of the By-laws, the Board of Statutory Auditors is composed of three regular auditors and three alternates, all of whom must be entered in the Register of Auditors and have at least three years of experience as a statutory account auditor. They may, within the legal limit, also hold other positions as director or statutory auditor.

The Statutory Auditors are: Ignazio Carbone, Chairman; Lionello Jona Celesia and Piero Locatelli, regular auditors; and Corrado Gatti, Fabrizio Mosca and Lucio Pasquini, alternate auditors.

List of Minority Shareholders

In accordance with Legislative Decree 58/98, Article 17 of the By-laws establishes the right for appropriately constituted minority groups to appoint one regular auditor, who serves as Chairman, and one alternate. The By-laws also establish that the minimum equity interest required for submission of a list of candidates for elections of the Statutory Auditors may not be lower than the percentage required by law for elections of the Board of Directors. Where two or more lists receive the same number of votes, candidates from the list representing the greatest number of shares or, if equal, the list representing the greatest number of shareholders, shall be elected. The lists, together with documentation required by law and the By-laws, must be placed on record at the Company's registered office at least 25 days prior to the date of the meeting, while certification of percentages held must, if not presented at the time the lists are filed, be provided at least 21 days prior to the date of the meeting.

Composition of the Board of Statutory Auditors

On 4 April 2012, the Board of Statutory Auditors was elected using a voting list system. The regular auditors Lionello Jona Celesia and Piero Locatelli were elected from the list presented by the majority shareholder EXOR S.p.A. and Ignazio Carbone, Chairman of the Board of Statutory Auditors, was elected from the minority list presented by a group of Italian and international asset managers and institutional investors holding 1.86% of ordinary shares. The minimum equity interest required to submit a list of candidates was 1% of ordinary shares, as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2011. The minority list was presented by the following shareholders: Aletti Gestielle SGR S.p.A. manager of Gestielle Obiettivo Europa, Gestielle Obiettivo Internazionale, Gestielle Obiettivo Italia, Gestielle Obiettivo Cedola and Gestielle Obiettivo Più; Allianz Global Investors Italia SGR S.p.A. manager of Allianz Azioni Italia All Stars; Anima SGR S.p.A. manager of Prima Geo Italia and Anima Italia; APG Algemene Pensioen Groep N.V. manager of Stichting Depositary APG Developed Markets Equity Pool; ARCA SGR S.p.A. manager of Arca Azioni

Italia and Arca BB; BNP Paribas Investment Partners SGR S.p.A. manager of BNL Azioni Italia; Ersel Asset Management SGR S.p.A. manager of Fondersel Italia; Eurizon Capital SGR S.p.A. manager of Eurizon Azioni Europa and Eurizon Azioni Italia; Eurizon Capital S.A. manager of Eurizon EasyFund Equity Consumer Discretionary LTE, Eurizon EasyFund, Equity Euro LTE, Eurizon Easy Fund Equity Italy LTE; FIL Investments International manager of Fidelity Funds Italy; Fideuram Investimenti SGR S.p.A. manager of Fideuram Italia; Fideuram Gestions S.A. manager of Fonditalia Equity Italy, Fonditalia Euro Cyclical, Fideuram Fund Equity Italy and Fideuram Fund Equity Europe; Interfund Sicav manager of Interfund Equity Italy; Kairos Partners SGR S.p.A. manager of Kairos Italia – Fondo Speculativo and the Kairos Trading segment of Kairos International Sicav; Mediolanum International Funds Limited – Challenge Funds and Pioneer Asset Management S.A.

Together with the lists referred to above, certifications were submitted by authorized intermediaries verifying ownership of the shares represented, as well as, for the minority list, declarations stating that no relationship (as defined under Article 144-*quinquies* of the Issuer Regulations) exists with shareholders having, individually or jointly, a controlling stake or relative majority in the Company.

Contemporaneously, each candidate accepting the nomination provided a declaration stating that no basis for ineligibility or incompatibility existed and confirming that they satisfied the requirements of law and the By-laws to serve as statutory auditor of the Company.

Finally, CVs containing information on the personal and professional profile of each candidate were attached, together with a list of positions of director or statutory auditor held at other companies and considered by law as significant. The most important positions are detailed in this Report. Those documents are available in the Investor Relations section of the Fiat website (www.fiatspa.com).

Following is a list of the most significant positions held by the members of the Board of Statutory Auditors.

Ignazio Carbone is Director of Banca Popolare del Frusinate S.c.p.a. and Europrogetti & Strategie d'Impresa S.r.l.; Lionello Jona Celesia is Chairman of the Board of Statutory Auditors of Giovanni Agnelli e C. S.a.p.A., IBM Italia S.p.A., Lazard S.r.l. and Chairman of the Board of Directors of Banca del Piemonte S.p.A.; Piero Locatelli is a statutory auditor of Giovanni Agnelli e C. S.a.p.A. and Simon Fiduciaria S.p.A.

Attendance at meetings of Board of Statutory Auditors, Board of Directors and Committees

Statutory Auditors are expected to prepare themselves for and to attend all meetings of the Boards of Statutory Auditors and Directors, the Annual General Meeting of Shareholders and meetings of Committees at which they are expected or required to attend, with the understanding that on occasion a statutory auditor may be unable to attend a meeting.

During 2012, the attendance was 100% for all meetings of the Board of Statutory Auditors, Board of Directors and Committee meetings at which they are expected or required to attend.

Section IV – Ownership and Board Structure. Application of Principles and Criteria of the Corporate Governance Code. Annexes

Table 1: Ownership Structure

Capital Structure

	No. of shares	% total share capital	Listed
Ordinary shares	1,250,402,773	100%	YES

Significant Holdings

Ultimate shareholder	Direct shareholder	% ordinary shares	% voting rights
Giovanni Agnelli e C. S.a.p.A.	Exor S.p.A.	30.05%	30.05%
Baillie Gifford & Co.	(1)	2.64%	2.64%
Vanguard International Growth Fund	Vanguard International Growth Fund	2.01%	2.01%

Fiat S.p.A. also holds 2.76% own ordinary shares (2.76% of voting rights).

(1) Baillie Gifford Overseas Limited e Baillie Gifford & Co.

Table 2: Structure of Board of Directors and Committees at 31 December 2012

						Other positions held		Internal Control & Risk		Nominating, Corporate Governance and Sustainability		Compensation	
Position	Name[1]	Year of appointment	Executive	Non-executive	Independent[2]	***	*	**	***	**	***	**	***
Chairman	John Elkann	1997	x			100%	6			x	100%		
CEO	Sergio Marchionne	2003	x			100%	7						
Director	Andrea Agnelli	2004		x		100%	4						
Director	Joyce Victoria Bigio	2012		x	x	100%	1	x	100%	x	-		
Director	Tiberto Brandolini d'Adda	2004		x		100%	5						
Director	René Carron	2007		x	x	100%	-	x	100%			x	100%
Director	Luca Cordero di Montezemolo	2003	x[3]			83%	8						
Director	Gian Maria Gros-Pietro	2005		x	x	100%	4	x	100%			x	100%
Director	Patience Wheatcroft	2012		x	x	100%	2			x	-	x	100%

* Indicates number of positions held as director or statutory auditor at other companies listed on a regulated market, in Italy or abroad, as well as financial companies, banks, insurance companies or large corporations in general. Does not include positions held by executive directors at subsidiaries of Fiat S.p.A. A detailed list of those positions is provided in Section III of this Report.

** An "X" indicates that the director is a member of the Committee.

*** Percentage attendance of each director at Board and Committee meetings.

(1) The Board was elected by Shareholders at the General Meeting of 4 April 2012 and the term of office expires on the date of the General Meeting called for approval of the 2014 financial statements. For the General Meeting of 4 April 2012, two lists of candidates were presented: one by EXOR S.p.A., holder of 30.465% ordinary shares, and the other by a group of Italian and international asset managers and institutional investors, holders of a combined 1.86% ordinary shares. The minimum equity interest required to submit a list of candidates was 1% of ordinary shares. The list presented by EXOR S.p.A. was voted for by approximately 69% of shares represented at the meeting and the list presented by the group of assets managers and institutional investors by approximately 29% of shares represented.

(2) Considered independent pursuant to the Corporate Governance Code. As reported in Section III of this Report, Bigio, Carron, Gros-Pietro and Wheatcroft have provided a declaration stating that they also satisfy the requirements of independence pursuant to Legislative Decree 58/98.

(3) By virtue of his position as Chairman of Ferrari S.p.A.

Number of meetings held during the financial year	
Board of Directors	6
Internal Control and Risk Committee	8
Nominating, Corporate Governance and Sustainability Committee	1
Compensation Committee	3
Average duration of Board/Committee meetings	2-4 hrs

Table 3: Board of Statutory Auditors

Position	Name	% attendance	Other positions held*
Chairman	Ignazio Carbone**	100%	1
Regular Auditor	Lionello Jona Celesia	100%	4
Regular Auditor	Piero Locatelli	100%	1
Alternate Auditors	Lucio Pasquini		
	Fabrizio Mosca		
	Corrado Gatti**		

* Indicates number of director or statutory auditor positions held at other companies listed on a regulated market in Italy or abroad. A detailed list of these positions is provided in Section III of this Report.

** Drawn from the minority list presented jointly by Aletti Gestielle SGR S.p.A. manager of Gestielle Obiettivo Europa, Gestielle Obiettivo Internazionale, Gestielle Obiettivo Italia, Gestielle Obiettivo Cedola and Gestielle Obiettivo Più; Allianz Global Investors Italia SGR S.p.A. manager of Allianz Azioni Italia All Stars; Anima SGR S.p.A. manager of Prima Geo Italia and Anima Italia; APG Algemene Pensioen Groep N.V. manager of Stichting Depositary APG Developed Markets Equity Pool; ARCA SGR S.p.A. manager of Arca Azioni Italia and Arca BB; BNP Paribas Investment Partners SGR S.p.A. manager of BNL Azioni Italia; Ersel Asset Management SGR S.p.A. manager of Fondersel Italia; Eurizon Capital SGR S.p.A. manager of Eurizon Azioni Europa and Eurizon Azioni Italia; Eurizon Capital S.A. manager of Eurizon EasyFund Equity Consumer Discretionary LTE, Eurizon EasyFund, Equity Euro LTE, Eurizon Easy Fund Equity Italy LTE; FIL Investments International manager of Fidelity Funds Italy; Fideuram Investimenti SGR S.p.A. manager of Fideuram Italia; Fideuram Gestions S.A. manager of Fonditalia Equity Italy, Fonditalia Euro Cyclical, Fideuram Fund Equity Italy and Fideuram Fund Equity Europe; Interfund Sicav manager of Interfund Equity Italy; Kairos Partners SGR S.p.A. manager of Kairos Italia – Fondo Speculativo and the Kairos Trading segment of Kairos International Sicav; Mediolanum International Funds Limited – Challenge Funds and Pioneer Asset Management S.A.
For the General Meeting of 4 April 2012, the minimum equity interest required to present a list of candidates was 1% of ordinary shares. The list presented by EXOR S.p.A. was voted for by approximately 69 % of shares represented and the list presented by the group of assets managers and institutional investors by approximately 28% of shares represented.

Number of meetings held during the financial year: 25

Application of the Principles and Criteria of the Corporate Governance Code

The Corporate Governance Code is constituted by principles and criteria. The left-hand column reports the individual principles and criteria of the Code, and the right-hand column provides a summary description of their implementation at Fiat.

Recommendations of the 2011 Corporate Governance Code	Implementation by Fiat S.p.A.
Role of the Board of Directors	
1.P.1 Listed companies are governed by a Board of Directors that meets at regular intervals, adopts an organisation and a modus operandi which enable it to perform its functions in an effective manner.	The Company's By-laws (Article 13) require that the Board of Directors meet at least once each quarter and that on those occasions the executive directors report to the Board of Directors and the Board of Statutory Auditors on activities performed in exercise of their delegated powers, on the most significant transactions carried out by the Company or its subsidiaries and on transactions where there is a potential conflict of interest. During 2012, the Board met six times. The Board has also assigned the Nominating, Corporate Governance and Sustainability Committee the task of conducting an annual evaluation of the activities of the Board and its Committees.
1.P.2 The directors act and make decisions with full knowledge of the facts and autonomously pursuing and placing priority on the objective of creating value for the shareholders over a medium-long term period.	The objective of the Board of Directors is to create value for all of the Company's shareholders over the medium–long term. The presence of six non-executive directors out of a total of nine directors, in addition to a significant representation of independent directors, guarantees the absence of any dominating influence over the decision-making process and ensures directors have full independence to express their views, particularly in relation to potential conflicts of interest.
1.C.1 The Board of Directors shall:	The role of the Board of Directors is described in detail in the Annual Report on Corporate Governance, of which this comparison forms part. Following are excerpts from the Report as well as applicable provisions of the By-laws.
a) examine and approve the strategic, operational and financial plans of both the issuer and the corporate group it heads, monitoring periodically the related implementation; it defines the issuer's corporate governance and the relevant group structure;	The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company. It guides the Group's activities through definition of a model of delegation and the direct delegation and revocation of powers, as well as review, approval and continuous monitoring of: strategic, industrial, and financial plans formulated by the directors with executive powers; the organizational structure of the Group; transactions

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	having a material impact on the earnings and financial position of the Group; transactions in which the executive directors have a conflict of interest; and transactions with related parties that are subject to its approval pursuant to the relevant procedures.
b) define the risk profile, both as to nature and level of risks, in a manner consistent with the issuer's strategic objectives;	Based on the recommendations of the Internal Control and Risk Committee, the Board also sets and updates guidelines for the system of internal control and risk management aimed at identifying, measuring, managing and monitoring the principal risks to which the Company and its subsidiaries are exposed, determining the level of acceptable risk consistent with its strategic objectives.
c) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer as well as of its strategically significant subsidiaries in particular with regard to the internal control system and risk management;	Under Article 13 of the By-laws, the Board of Directors is responsible for evaluating the adequacy of the organizational, administrative, and accounting structure and the general performance of the Group on the basis of reports from the executive directors. The Board of Directors is also responsible for evaluating the adequacy of the system of internal control and risk management.
d) specify the frequency, in any case no less than once every three months, with which the delegated bodies must report to the Board on the activities performed in the exercise of the powers delegated to them; e) evaluate the general performance of the company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;	The Company's By-laws also require that the Board of Directors meet at least once each quarter and that, on those occasions, the executive directors report to the Board of Directors and the Board of Statutory Auditors on activities performed in exercise of their delegated powers, on the most significant transactions carried out by the Company or its subsidiaries and on transactions where there is a potential conflict of interest.
f) resolve upon transactions to be carried out by the issuer or its controlled companies having a significant impact on the issuer's strategies, profitability, assets and liabilities or financial position; to this end, the Board shall establish general criteria for identifying the material transactions;	Under Article 12 of the By-laws, the Board of Directors shall appoint a Chairman, a Vice Chairman, where deemed appropriate, and one or more chief executive officers. Under Article 16 of the By-laws, the Chairman, Vice Chairman and Chief Executive Officer, separately and individually, shall be the Company's legal representatives in relation to the execution of resolutions adopted by the Board and in legal proceedings, as well as execution of other powers conferred on them by the Board. Finally, Article 13 requires that directors to whom powers have been delegated report, at least once each quarter, on general operating performance and expected future developments, as well

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as on the implementation of the strategic, industrial and financial plans of the Group.

As provided in Article 12 of the By-laws, compensation for Directors with specific responsibilities is to be determined by the Board of Directors, after having received the opinion of the Board of Statutory Auditors. Additionally, the Board has entrusted the Compensation Committee with the duty of presenting proposals in relation to individual compensation plans for the Chairman, the Chief Executive Officer and the other directors with specific responsibilities, as well as in relation to the establishment of performance targets for their variable compensation and annual verification of the level of achievement of those targets.

In accordance with Consob Regulation 17221 of 12 March 2010, the Company adopted procedures for transactions with related parties (the "Procedures") to ensure full transparency and substantial and procedural fairness in transactions with related parties, as defined under IAS 24.

The Procedures define "significant transactions" which require the prior approval of the Board – subject to the binding opinion of the Internal Control and Risk Committee, which is the committee responsible for related-party transactions, with the exception of those matters relating to compensation, for which the Compensation Committee is responsible – and must be publicly disclosed in the form of an information document.

Other transactions, except those falling within the residual category of minor transactions – i.e., transactions less than €200,000 in value or, for transactions with legal entities having consolidated annual revenues in excess of €200 million only, transactions less than €10 million in value – are defined as "non-significant" and may be entered into with the prior non-binding opinion of the above committee.

The Procedures also establish exemptions, including: transactions taking place in the ordinary course of business and entered into at standard or market terms; transactions with or between subsidiaries and transactions with associates, provided that no other parties related to the Company have a significant interest; and transactions of minor value.

The task of implementing the Procedures and disseminating them to Group companies is assigned to the manager responsible for the Company's financial reporting, who must also ensure coordination with the administrative and

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	accounting procedures required under Article 154-*bis* of Legislative Decree 58/98. As established in the "Guidelines for Significant Transactions" (previously the "Guidelines for Significant Transactions and Transactions with Related Parties"), any transaction having a significant impact on the Company's earnings and financial position is subject to the prior examination and approval of the Board. Accordingly, the powers attributed to the executive directors specifically exclude decision-making authority for significant transactions, pursuant to the criteria for significance established by Consob. A reasonable period in advance of any significant transaction being undertaken, the executive directors are required to provide the Board a summary report on their analysis of strategic compatibility, economic feasibility and expected return. As provided under Articles 70 (8) and 71 (1-*bis*) of the Consob Issuer Regulations, on 30 October 2012 the Board of Directors approved the opt-out from the obligation to publish an information document for significant transactions (e.g., significant mergers, spin-offs, share capital increases by means of in-kind contributions of assets, acquisitions and disposals).
g) perform at least annually an evaluation of the performance of the Board of Directors and its committees, as well as their size and composition, taking into account the professional competence, experience (including managerial experience) gender of its members and number of years as director. Where the Board of Directors avails of consultants for such a self-assessment, the Corporate Governance Report shall provide information on other services, if any, performed by such consultants to the issuer or to companies having a control relationship with the issuer;	The Board of Directors has assigned the Nominating, Corporate Governance and Sustainability Committee responsibility for evaluating, on an annual basis, the activities performed by the Board and its Committees with particular emphasis on size, composition and functioning. In its periodic evaluations of the Board's composition, the Committee takes into account the relative mix of executive, non-executive and independent directors, as well as their specific technical abilities and professional background and experience. International experience and a solid understanding of the macro-economy and globalization are evaluated, as well as, more specifically, the level of experience in the industrial and financial sectors. An appropriate mix in terms of gender and length of time on the board are also taken into account.
h) taking into account the outcome of the evaluation mentioned under the previous item g), report its view to shareholders on the professional profiles deemed appropriate for the composition of the Board of Directors, prior to its nomination;	With the Board's three-year mandate due to expire on 4 April 2012, at the meeting of 22 February 2012 the Nominating, Corporate Governance and Sustainability Committee reported the positive results of the annual self-evaluation of the activities of the Board and its Committees (described in detail in Section III of this Report), providing

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an update on evaluations conducted in previous years. Those results formed part of the basis upon which the Committee formulated recommendations to Shareholders and the incoming Board of Directors. As in the past, the self-evaluation, in which all members participated, examined the size, composition, mix of professional capabilities and experience and functioning of the Board, and its Committees in particular, through a comprehensive review of their activities. One of the most positive aspects to emerge from the self-evaluation process was that the increased concentration on the automobile and automobile-related businesses resulting from the demerger of the capital goods activities to Fiat Industrial had enabled a more in-depth examination of issues specific to the industry sector in which the Group operates. It also reconfirmed as adequate the number of meetings, the effectiveness and efficiency of the work undertaken and the contribution to the decision-making process, in addition to the importance of the contribution from the independent directors and the cohesive atmosphere within the Board. Areas for improvement that were identified related substantially to increasing opportunities for greater examination of issues relative to the competitive environment.

On 22 February 2012, the Board formulated a proposal – subsequently approved by Shareholders on 4 April 2012 – to set the total number of directors at nine. It was the Board's view that a reduction in the number of members was appropriate in consideration of the Group's increased concentration in the automobiles business, and would also facilitate more effective execution of the Board's activities, while at the same time ensuring adequate diversity of membership on the Committees. The Board also emphasized the benefits of gender diversity in its membership.

On 19 February 2013, the Nominating, Corporate Governance and Sustainability Committee examined the Annual Report on Corporate Governance and the Sustainability Report.

The Board has entrusted the Nominating, Corporate Governance and Sustainability Committee with the duty of selecting and proposing, at the time of co-opting or renewal of mandates, nominees to the Board of Directors, in consideration of the number of positions they already hold, indicating the specific individual and/or the qualifications required.

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i) provide information in the Corporate Governance Report on (1) its composition, indicating for each member the relevant role held within the Board of Directors (including by way of example, chairman or chief executive officer, as defined by article 2), the main professional characteristics as well as the duration of his/her office since the first appointment; (2) the application of article 1 of this Code and, in particular, on the number and average duration of meetings of the Board and of the executive committee, if any, held during the fiscal year, as well as the related percentage of attendance of each director; (3) how the self-assessment procedure as at previous item g) has developed;	The Report on Corporate Governance is prepared on an annual basis and disclosed to the market. In addition to the elements required under Article 123-*bis* of Legislative Decree 58/98, the Report also includes information on application of recommendations made in the Code. The Report, of which this comparison is a part, provides details of: the composition of the Board; the roles held and length of time in office since first election for each director; the number of meetings held by the Board and its Committees and level of attendance of each director. The curricula vitae of the Board members are available on the Company's website (www.fiatspa.com). The length of Board of Directors' meetings varies according to the matters being addressed, but averages from 2 to 4 hours. Article 12 also states that the Board of Directors shall, after consulting with the Board of Statutory Auditors, appoint a manager responsible for the Company's financial reporting. Pursuant to the applicable laws and regulations, the appointed manager is responsible, with regard to the consolidated and parent company annual and half-yearly financial statements, for certifying that the administrative and accounting procedures implemented for reporting are adequate with respect to the size and characteristics of the organization and have been effectively applied. The certification also relates to the conformity of the financial statements with international financial reporting standards, their consistency with the accounting records and supporting documentation and their suitability in providing a true and fair representation of the earnings and financial position of the issuer and consolidated entities. The manager responsible for the Company's financial reporting is also required, in relation to the parent company and consolidated financial statements, to certify that the report on operations represents a reliable analysis of operations and operating results, in addition to the financial position of the issuer and the entities included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed. In relation to the interim financial statements, however, he certifies that the interim management report contains information on important events affecting the Company during the first six months of the financial year, including the impact of such events on the Company's financial statements, and a description of the principal risks and uncertainties for the

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	remaining six months of the year along with a description of significant related-party transactions. Finally, the abovementioned manager is also responsible for implementation and dissemination of the Procedures for Transactions with Related Parties to Group companies, ensuring coordination with the administrative and accounting procedures required under Article 154-*bis* of Legislative Decree 58/98.
j) in order to ensure the correct handling of corporate information, adopt, upon proposal of the managing director or the chairman of the Board of Directors, internal procedures for the internal handling and disclosure to third parties of information concerning the issuer, having special regard to price sensitive information.	Internal procedures for the management of confidential information were adopted in 2000. These procedures were implemented through the issue of a specific organizational announcement by the Chief Executive Officer. Following implementation of European market abuse regulations, Fiat S.p.A.'s Board of Directors approved two resolutions (in 2006 and 2007) that led to adoption of the Procedures for internal management and public disclosure of confidential information. Those procedures contain the rules for establishing and managing the list of persons with access to inside or potential inside information (the "Insider List"). They define the types of "inside", "potential inside" and "confidential" information, establish different sections into which the Insider List is divided – in addition to concrete procedures for application – and the duties and responsibilities of individuals delegated management of that information. The procedures also cite the specific laws and regulations which govern the disclosure of price sensitive information and the procedures to be followed in relation to the management and disclosure of such information. In addition, the procedures – whose primary objective is to establish how information is monitored and disseminated, both inside and outside the Group, together with the requirements for management of the Insider List (also to prevent untimely, selective, incomplete or inadequate disclosure of information) – detail the sanctions applicable to employees under the Code of Conduct and the obligations of compliance and due care applicable to Directors and Statutory Auditors.

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1.C.2 The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment relating to their own work and professional activity, the number of offices held as director or statutory auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The Board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or statutory auditor held by the directors in the above-mentioned companies and include them in the Corporate Governance Report.	The current members of the Board of Directors were elected also on the basis of recommendations made by the Nominating, Corporate Governance and Sustainability Committee and upon prior verification of the corporate positions held by each of them, as well as the commitments associated with their respective work and professional activities. The Annual Report on Corporate Governance contains detailed information on positions held by each director and statutory auditor at other listed companies or companies of significant interest.
1.C.3 The Board shall issue guidelines regarding the maximum number of offices as director or statutory auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties, taking into account the attendance by the directors to the committees set up within the Board. To this end, the Board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group.	With regard to the maximum number of positions held, the Board has determined that one of the necessary conditions for those serving as directors and statutory auditors is the availability of adequate time to execute their duties in an effective manner. This element is taken into consideration by the Nominating, Corporate Governance and Sustainability Committee when proposing candidates and during the annual self-evaluation process.
1.C.4 If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the Board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.	In a resolution passed on 22 February 2012, the Board of Directors decided to resubmit a number of criteria for determining the independence of directors for approval to Shareholders that had previously been approved by Shareholders in 2005 and ratified on 3 May 2006, 27 March 2009 and 4 April 2012. Those criteria stipulate that directors who have been directors of the Group's primary competitors during the last three years cannot be considered independent, except in special cases. That element is always taken into account by the Nominating, Corporate Governance and Sustainability Committee when proposing candidates.

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1.C.5 The chairman of the Board of Directors shall ensure that the documentation relating to the agenda of the Board are made available to directors and statutory auditors in a timely manner prior to the Board meeting. The Board of Directors shall provide information in the Corporate Governance Report on the promptness and completeness of the pre-meeting information, providing details, *inter alia*, on the prior notice usually deemed adequate for the supply of documents and specifying whether such prior notice has been usually observed.	Documents containing information relevant to the discussion are sent to directors and statutory auditors a few days preceding the meetings, with the exception of certain items which are particularly urgent or confidential. To ensure directors timely and complete access to information in advance of Board meetings and to optimize their participation in the decision-making process, information channels have been put in place that provide immediate access to the relevant meeting documentation, while guaranteeing the confidentiality of the data and information provided. This saves time that would be needed to print and send the documentation by fax, post or courier, and provides the individuals concerned with speedier access to the documents. In such circumstances 2 to 3 days' notice is generally considered acceptable.
1.C.6 The chairman of the Board of Directors, also upon request of one or more directors, may request to the managing directors that certain executives of the issuer or the companies belonging to its group, in charge of the pertinent management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda.	The heads of company functions that are responsible for matters to be discussed in the agenda usually also attend the Board and Committee meetings. In any event, the directors always have direct access to management.

Composition of the Board of Directors

2.P.1 The Board of Directors shall be made up of executive and non-executive directors, who should be adequately competent and professional.	The Board of Directors is currently made up of three executive directors and six non-executive directors.
2.P.2 Non-executive directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist.	The existence of an absolute majority of non-executive directors, the high number of independent directors, and the professionalism and experience of all members of the Board of Directors assures compliance with the principle in question.

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2.P.3 The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of Board's decisions.	See the comments on points 1.C.1 (g) and 2.P.2. Furthermore, all directors have significant past and present experience at other companies of the size and complexity of Fiat. In this regard, see the comments on principle 3.C.3.
2.P.4 It is appropriate to avoid the concentration of corporate offices in one single individual. **2.P.5** Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the Corporate Governance Report on the reasons for such organisational choice.	The model for delegation of powers, which is described in detail in this Report, is based on the fact that the Chairman and Chief Executive Officer have the same powers. In practice, the Chairman provides the coordination and strategic direction for the activities of the Board of Directors, while the Chief Executive Officer is responsible for the operational management of the Group. This division of responsibilities complies with the Code principle, which states that in principle, the Chairman should not be responsible for operational management of the Company. Accordingly, Fiat has not deemed it necessary to appoint a lead independent director.
2.C.1 The following are qualified executive directors for the issuer: – the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies; – the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer; – the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer. The granting of deputy powers or powers in cases of urgency to directors, who are not provided with management powers is not enough, *per se*, to cause them to be identified as executive directors, provided however, that such powers are not actually exercised with considerable frequency.	In accordance with the definition given in the principle of the Code, the following qualify as executive directors: the Chairman, who is also Chairman of Editrice La Stampa S.p.A., and the Chief Executive Officer who, in addition to being Chairman of the principal subsidiaries, is also CEO of Fiat Group Automobiles S.p.A. and Chrysler Group LLC. Luca Cordero di Montezemolo also qualifies as an executive director by virtue of his position as Chairman of Ferrari S.p.A.

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2.C.2 The directors shall know the duties and responsibilities relating to their office. The chairman of the Board of Directors shall use his best efforts for causing the directors and the statutory auditors, after the election and during their mandate, to participate in initiatives aimed at providing them with an adequate knowledge of the business sector in which the issuer runs its activity, of the corporate dynamics and the relevant evolutions, as well as the relevant regulatory framework.	The structure and content of the Board meetings, as well as participation at Committee meetings, guarantees that the Directors and Statutory Auditors are continuously informed about company operations and market conditions. Meetings to examine specific issues are also held periodically directly at industrial sites. The Directors and Statutory Auditors also receive constant updates on the principal changes in laws and regulations.
2.C.3 The Board shall designate an independent director as lead independent director, in the following circumstances: (i) in the event that the chairman of the Board of Directors is the chief executive officer of the company; (ii) in the event that the office of chairman is held by the person controlling the issuer. The Board of Directors of issuers belonging to FTSE-Mib index shall designate a lead independent director if so requested by the majority of independent directors, except in the case of a different and grounded assessment carried out by the Board to be reported in the Corporate Governance Report.	Given the current model for delegation of powers adopted by Fiat S.p.A., designation of a lead independent director is not required (see the comment on principle 2.P.4).
2.C.4 The lead independent director: (a) represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below; (b) cooperates with the Chairman of the Board of Directors in order to guarantee that directors receive timely and complete information.	
2.C.5 The chief executive officer of issuer (A) shall not be appointed director of another issuer (B) not belonging to the same corporate group, in the event that the chief executive officer of issuer (B) is a director of issuer (A).	The situation described in principle 2.C.5 is not present within Fiat.

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Independent Directors	
3.P.1 An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, directly or indirectly or on behalf of third parties, nor have recently maintained any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.	On 22 February 2012, the Board formulated a proposal – subsequently approved by Shareholders on 4 April 2012 – that the Board be composed of an appropriate number of independent directors, in line with the approval given in 2009.
3.P.2 The directors' independence shall be assessed by the Board of Directors, after the appointment and, subsequently, on a yearly basis. The results of the assessments of the Board shall be communicated to the market.	Existence of the requirements for independence is determined at the time of election and on an annual basis. Whenever a circumstance arises that could potentially cause a director to fail the requirements of independence, directors must report that situation in writing. The results of the assessments are communicated to the market.
3.C.1 The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to: a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or third parties, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer; b) if he/she is, or has been in the preceding three fiscal years, a significant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders agreement; c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship: – with the issuer, one of its subsidiaries, or any of its	Based on the proposal of the Board of Directors, on 4 April 2012 Shareholders reconfirmed the requirements for independence adopted in 2005 and 2006 and confirmed in 2009. Those requirements (described below), whose satisfaction by independent directors has been attested to by the Board, conform to the recommendations of the Code and are in line with international best practice. In particular, directors may be considered independent where they: a) do not directly, indirectly or on behalf of third parties, nor have they within the past three years, maintained an economic or shareholding relationship or relationship of any other nature with the individuals or entities listed below: – the Company, its subsidiaries and associates, or companies subject to control by the same entity as the Company; – any individual or entity which, including jointly with others, controls the Company, is a member of a shareholder agreement for the control of the Company or exercises significant influence over it; – executive directors or executives with strategic responsibilities for those entities; b) are not, or have not been within the past three years, executive directors or executives with strategic

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significant representatives;

– with a subject who, also jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;

or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;

d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;

e) if he/she was a director of the issuer for more than nine years in the last twelve years;

f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;

g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;

h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

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responsibilities for the entities described in point a);

c) have not been directors of the Company for more than nine years, including non-successive terms of office;

d) are not executive directors of companies outside the Group where one or more executive directors of the Company are non-executive directors;

e) have not, within the past three years, been partners or directors of one of the Company's major competitors;

f) have not been, within the past three years, partners or directors of a rating agency which is currently, or has been within the past three years, responsible for assigning a rating to the Company, a subsidiary of the Company or a company which, including jointly with others, controls the Company;

g) are not, or have not been within the past three years, partners or directors or members of an audit team – or of an entity forming part of its network – which has been engaged within the past three years to perform audits of the Company, its subsidiaries, companies subject to control by the same entity as the Company, or any company which, including jointly with others, exercises control or significant influence over the Company;

h) are not members of the immediate family and do not cohabit with individuals who would be ineligible under the preceding points.

Note that:

– criterion a), regarding what the Code addresses in criteria a), c), and d), also applies to associate companies of the issuer;

– criterion c), regarding what the Code addresses in criterion e), is "absolute" and not subject to any reference time period;

– criterion g) also refers to the members of the audit team;

– criterion h) also refers to persons who live in the same household as the directors.

Finally, directors who have been directors of the Company's primary competitors or worked for rating agencies during the last three years cannot be considered independent. The independence of directors is determined by the Board and where, during the course of such evaluation, it identifies the existence of a relationship included in point a), it may express a favorable view only where such relationship can be considered immaterial given its exact nature or amount.

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	As required by law and the By-laws, two directors also satisfy the requirements of independence set forth in Legislative Decree 58/98.
3.C.2 For the purpose of the above, the chairman of the entity, the chairman of the Board of Directors, the executive directors and key management personnel of the relevant company or entity, must be considered as "significant representatives".	This interpretative criterion is consistent with the one adopted by Fiat (see the previous comment on 3.C.1.).
3.C.3 The number and competences of independent directors shall be adequate in relation to the size of the Board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the Board, according to the indications set out in the Code. As for issuers belonging to FTSE-Mib index, at least one third of the Board of Directors members shall be made up of independent directors. If such a number is not an integer, it shall be rounded down. Anyway, independent directors shall not be less than two.	The Board of Directors is currently made up of nine members, four of whom are independent. As stated in the comment to Principle 1.C.1, in light of the Group's increased concentration in the automobiles business, on 4 April 2012 Shareholders voted, at the proposal of the Board of Directors, to set the number of members of the new Board of Directors at nine. Shareholders considered that the reduction in the members would also facilitate more effective execution of the Board's activities, while ensuring adequate diversity of membership on the Committees. The current number also allows for the Board to continue to have an adequate mix of technical abilities, professional background and experience, both general and specific, gained in an international environment and pertaining to the dynamics of the macro-economy and globalization of markets, more generally, as well as the industrial and financial sectors, more specifically. It also allows for a mix of skills and experience that is adequate in terms of the size of the Company and the Group, as well as the complexity and specific characteristics of the sectors in which the Group operates and the geographic distribution of its businesses. On 4 April 2012, Shareholders elected a new Board of Directors with a significant representation of independent directors. In addition to the two independent directors required by law and in consideration of the recommendation of the Corporate Governance Code that at least one-third of directors be independent, Shareholders elected a total of four directors who met the requirements of independence adopted for previous elections.

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3.C.4 After the appointment of a director who qualifies himself/herself as independent, and subsequently, upon the occurrence of circumstances affecting the independence requirement and in any case at least once a year, the Board of Directors shall evaluate, on the basis of the information provided by the same director or available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, after the appointment, through a press release to the market and, subsequently, within the Corporate Governance Report. In the documents mentioned above, the Board of Directors shall: – disclose whether they adopted criteria for assessing the independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons; – describe quantitative and/or qualitative criteria used, if any, in assessing the relevance of relationships under evaluation.	On the basis of the information provided by the individual concerned or otherwise available to the issuer, the Board of Directors reviews annually, as well as at the time of election or where necessary due to the occurrence of a significant event, whether the requirements for independence exist. The results of these assessments are communicated to the market at the time directors are elected by Shareholders or co-opted, and are also published annually in this Report. At the meeting held on 4 April 2012, the Board verified that Joyce Victoria Bigio, René Carron, Gian Maria Gros-Pietro and Patience Wheatcroft satisfied the independence requirements referred to above.
3.C.5 The Board of statutory auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The result of such controls is notified to the market in the Corporate Governance Report or in the report of the Board of statutory auditors to the shareholders' meeting.	Satisfaction of the independence requirements is reviewed by the Board of Directors with the participation of the Board of Statutory Auditors, which can thus verify the procedures used. The Board of Statutory Auditors reports the outcome of these audits in its report to Shareholders.
3.C.6 The independent directors shall meet at least once a year without the presence of the other directors.	The independent directors met once in early 2012 in the absence of the other directors to review, among other things, the results of the self-evaluation of the activities of the Board and Committees, as well as the evaluation process itself. The independent directors have direct access to management.

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Establishment and functioning of internal committees of the Board of Directors	
4.P.1 The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what is set out in the articles below.	Fiat's Board of Directors has long since established a Nominating and Compensation Committee, which in 2007 was split into the Nominating and Corporate Governance Committee and the Compensation Committee, and the Internal Control Committee. In 2009, the Nominating and Corporate Governance Committee, which was assigned the further responsibility of evaluating proposals related to strategic guidelines on sustainability-related issues and for reviewing the annual Sustainability Report, changed its name to Nominating, Corporate Governance and Sustainability Committee. On 22 February 2012, the Board of Directors redefined the role of the Internal Control Committee, as described in more detail below, and changed its name to Internal Control and Risk Committee.
4.C.1 The establishment and functioning of the committees governed by the Code shall meet the following criteria:	With regard to the criteria set out in point 4.C.1:
a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than eight members, committees may be made up of two directors only, provided, however, that they are both independent. The committees' activities shall be coordinated by a chairman;	a) all committees set up by Fiat have three members and are presided over by a Chairman who coordinates their activities;
b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;	b) the charters that define duties and regulate the work of each committee were approved by the Board of Directors and are periodically updated by it;
c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;	c) the propositive and advisory functions entrusted to the Internal Control and Risk Committee, the Nominating, Corporate Governance and Sustainability Committee and the Compensation Committee are in line with the provisions of the Code and best practice;
d) minutes shall be drafted of the meetings of each committee;	d) the charter of each committee envisages that minutes of each meeting be taken by the secretary;
e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. The issuer shall make available	e) the charter of each committee envisages that the committee may avail itself of external consultants at the Company's expense and members of the Board and the Committees are ensured access to the Company's functions and information;

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to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the Board;	
f) persons who are not members of the committee, including other Board members or persons belonging to issuer's structure, may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;	f) the charter of each committee envisages that other persons may be periodically invited to its meetings when their presence can help improve their work;
g) the issuer shall provide adequate information, in the Corporate Governance Report, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the fiscal year, the number of meetings held, their average duration and the relevant percentage of participation of each member.	g) detailed information on the activities of the committees is provided in the Annual Report on Corporate Governance.
4.C.2 The establishment of one or more committees may be avoided and the relevant duties may be assigned to the Board of Directors, under the coordination of the Chairman and provided that: (i) independent directors are at least half of the Board of Directors members; if the number of the Board members is odd, a rounding down to the lower unit shall be carried out; (ii) adequate time is dedicated during the Board meetings to actions that the Code requires the Committees to carry out, and this circumstance is disclosed in the Corporate Governance Report; (iii) as far as the control and risk committee is concerned, the issuer is neither controlled by another listed company nor it is subject to direction and coordination.	
The Board of Directors describes in detail in the Corporate Governance Report the reasons underlying the choice not to establish one or more committees; in particular, it provides adequate grounds for the choice not to establish the risks and control committee in consideration of the complexity level of the issuer and the sector in which it operates. In addition, the Board shall periodically reassess the choice made.	

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Election of Directors	
5.P.1 The Board of Directors shall establish among its members a committee to propose candidates for appointment to the position of director, made up, for the majority, of independent directors.	The Nominating and Corporate Governance Committee was established in July 2007 (following the splitting of the former Nominating and Compensation Committee). It inherited the propositive and advisory roles related to nominations, and was further given responsibility for reporting and formulating proposals on corporate governance issues. In 2009, the Committee was also assigned responsibility for evaluating proposals related to strategic guidelines on sustainability-related issues and for reviewing the annual Sustainability Report. As a consequence of this additional role, the Committee changed its name to the Nominating, Corporate Governance and Sustainability Committee. The Committee, as with its predecessor, is composed of a majority of independent directors.
5.C.1 The committee to propose candidates for appointment to the position of director shall be vested with the following functions: a) to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well with regard to the topics indicated by articles 1.C.3. and 1.C.4.; b) to submit the Board of Directors candidates for directors offices in case of co-optation, should the replacement of independent directors be necessary.	The Nominating, Corporate Governance and Sustainability Committee performs all functions indicated by the criteria and, in addition, conducts an annual evaluation of the activity of the Board and its committees and periodically updates the Board on changes in corporate governance rules as well as, where applicable, making proposals for modifications. It also has responsibility for evaluating proposals related to strategic guidelines on sustainability-related issues and for reviewing the annual Sustainability Report. See comments to points 1.C.3 and 1.C.4.
5.C.2 The Board of Directors shall evaluate whether to adopt a plan for the succession of executive directors. In the event of adoption of such a plan, the issuer shall disclose it in the Corporate Governance Report. The review on the preparation of the above mentioned plan shall be carried out by the nomination committee or by another committee established within the Board of Directors in charge of this task.	Given the three-year duration of the mandate of all the Directors and consequent need to periodically re-elect them, there has been no necessity to date to adopt a succession plan for the executive directors.

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Compensation of Directors	
6.P.1 The remuneration of directors and key management personnel shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the issuer.	The compensation of directors and executives with strategic responsibilities is in line with that of other Italian and international companies comparable to Fiat. Detailed information on compensation and incentive plans for directors and for executives with strategic responsibilities is provided in the Compensation Report.
6.P.2 The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. With regard to directors with managerial powers or performing, also *de-facto*, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined consistently with the guidelines contained in the policy described in principle 6.P.4.	In accordance with Article 12 of the By-laws, the Compensation for Directors with specific responsibilities is determined by the Board of Directors, after having received the opinion of the Board of Statutory Auditors. On 31 July 2012, the Board of Directors passed a resolution setting gross annual compensation for directors with specific responsibilities pursuant to Article 2389 (3) of the Civil Code, as follows: €30,000 to the Chairman of the Internal Control and Risk Committee and €20,000 each to the other members of the Committee; €20,000 to the Chairmen of the Nominating, Corporate Governance and Sustainability Committee and the Compensation Committee and €15,000 each to the other members of those Committees. The Board has also assigned the Compensation Committee the duty of making proposals to the Board in relation to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors with specific responsibilities, as well as setting the objectives for variable compensation and annually assessing the level of achievement of those objectives. Consistent with the comments provided to principle 2.P.4, the compensation of the Chief Executive Officer is composed of a fixed portion and a variable portion, which is linked to the achievement of predetermined targets. The Fiat Board has assigned the Chairman a fixed compensation.
The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees.	Executives with strategic responsibilities receive a fixed and variable compensation. The payment and amount of the variable compensation depend exclusively on the financial results of the Group and/or achievement of specific targets. Detailed information on compensation and incentive plans for directors and for executives with strategic responsibilities is provided in the Compensation Report.

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6.P.3 The Board of Directors shall establish among its members a remuneration committee, made up of independent directors. Alternatively, the committee may be made up of non executive directors, the majority of which to be independent; in this case, the chairman of the committee is selected among the independent directors. At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.	In July 2007, following the splitting of the Nominating and Compensation Committee, the Compensation Committee was established and is entirely composed of independent, non-executive directors with a propositive and advisory role for compensation issues.
6.P.4 The Board of Directors shall, upon proposal of the remuneration committee, establish a policy for the remuneration of directors and key management personnel.	In a resolution passed on 22 February 2012, the Board of Directors, at the proposal of the Compensation Committee, established a compensation policy for directors and executives with strategic responsibilities. That policy is consistent with the content of the Corporate Governance Code issued in December 2011 and legal requirements. In accordance with Article 123-*ter* of Legislative Decree 58/98, that policy, which forms the first section of the Compensation Report, was submitted for the approval of Shareholders at the General Meeting called for approval of the 2011 financial statements. The Compensation Report is available on the Company website (www.fiatspa.com). So far in 2013, the Compensation Committee has met two times during which it reviewed the Compensation Policy and addressed other matters. On 20 February 2013, the Board of Directors, at the proposal of the Compensation Committee, approved revisions to the Compensation Policy consistent with the provisions of law and the Corporate Governance Code. The revised version of the Policy will be submitted to Shareholders for review at the General Meeting called for approval of the 2012 financial statements.
6.C.1 The policy for the remuneration of executive directors and other directors covering particular offices shall define guidelines on the issues and consistently with the criteria detailed below: a) the non-variable component and the variable component are properly balanced according to issuer's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out; b) upper limits for variable components shall be established;	This principle has been observed. For details of the Compensation Policy see the Compensation Report.

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c) the non-variable component shall be sufficient to reward the director when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Directors; d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term; e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile; f) termination payments shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.	
6.C.2 In preparing plans for share-based remuneration, the Board of Directors shall ensure that: a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have an average vesting period of at least three years; b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria; c) directors shall retain a certain number of shares granted or purchased through the exercise of the rights referred to in paragraph a), until the end of their mandate.	Share-based compensation plans adopted by the Board of Directors follow guidelines recommended by the Compensation Committee, including benchmarking against international competitors and/or groups of a similar scale and include vesting periods which vary according to the objectives of the individual plan. Plans containing a performance element are based on targets that are both pre-established and measurable. Actual achievement of the targets is verified by the Compensation Committee and vesting is over a period of three years. Historically, at least 50% of the shares received by plan beneficiaries as a result of rights attributed have been held after the mandate or professional relationship has terminated.
6.C.3 The criteria 6.C.1 and 6.C.2 shall apply, mutatis mutandis, also to the definition – by the bodies entrusted with that task – of the remuneration of key management personnel.	See comment 6.C.2

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Any incentive plan for the person in charge of internal audit and for the person responsible for the preparation of the corporate financial documents shall be consistent with their role.	The incentive mechanisms applied for the head of internal audit and the manager responsible for the Company's financial reporting are consistent with their respective responsibilities.
6.C.4 The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons.	The compensation of non-executive directors complies with the recommendations set forth in the Code and consists of a fixed fee. There are no share-based incentive schemes for non-executive directors.
6.C.5 The remuneration committee shall: – periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard; – submit proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives.	The Board has assigned the Compensation Committee responsibility for: presenting proposals to the Board in relation to compensation policies for directors and executives with strategic responsibilities; periodically evaluating the adequacy, overall coherence and concrete application of compensation policies for directors and, on the basis of information provided by the Chief Executive Officer, for executives with strategic responsibilities; presenting proposals to the Board in relation to individual compensation plans for the Chairman, Chief Executive Officer and other directors with specific responsibilities, as well as in relation to the establishment of performance targets for their variable compensation and, on an annual basis, verifying the level of achievement and reviewing the proposals of the Chief Executive Officer related to compensation and evaluation of executives with strategic responsibilities. Finally, it is responsible for examining specific issues related to compensation when requested by the Board and providing recommendations; and carrying out the functions of the committee for transactions with related parties, where related to compensation. With the adoption of the procedures for transactions with related parties pursuant to Consob Regulation 17221 of 12 March 2010, as amended, the Compensation Committee, for matters relating to compensation only, was assigned responsibility for reviewing transactions with related parties. Accordingly, in addition to the responsibilities listed above, the Committee is required to give an opinion on the substantial and procedural fairness of transactions with related parties of a particular significance, as defined in those procedures.

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6.C.6 No director shall participate in meetings of the remuneration committee in which proposals are formulated to the Board of Directors relating to his/her remuneration.	This rule was strictly adhered to.
6.C.7 When using the services of an external consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence.	As established in its Charter, the Committee may utilize external consultants, at the Company's expense, subject to verification that no circumstances exist which would compromise the independence of that consultant.
6.C.8 Issuers are encouraged to apply article 6, as amended in March 2010, by the end of the year that begins in 2011, and to inform the market in the Corporate Governance Report to be published during 2012. The recommendations contained in the criteria 6.C.1, 6.C.2 and 6.C.3 shall apply without prejudice to the rights acquired from contracts or regulations adopted before March 31, 2010. The issuer shall inform the market in the Corporate Governance Report (or with the different formalities which may be provided by applicable law) of any case in which those recommendations are not applicable due to the contractual arrangements referred to above.	In a resolution passed on 22 February 2012, the Board approved the Compensation Policy of Fiat Group in accordance with the guidelines of the new Corporate Governance Code and the Consob implementing provisions that came into effect on 31 December 2011. On 4 April 2012, Shareholders passed a non-binding vote in favor of the policy. On 20 February 2013, the Board of Directors, at the proposal of the Compensation Committee, approved revisions to the Compensation Policy, consistent with the provisions of law and the Corporate Governance Code. The revised version of the Policy will be submitted to Shareholders for review at the General Meeting called for approval of the 2012 financial statements. The full text of the Report is available on the Company's website (www.fiatspa.com).

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System of Internal Control and Risk Management	
7.P.1 Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks. Such a system shall be integral to the organizational and corporate governance framework adopted by the issuer and shall take into consideration the reference model and the best practices that are applied both at national and international level.	The Board approved the "Guidelines for the Internal Control and Risk Management System", which constituted a revision of the procedures established in 1999 and 2003, including adoption of changes introduced by the Corporate Governance Code in 2011. The Internal Control and Risk Management System, based on the model provided by the COSO Report and the principles of the Corporate Governance Code, consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks. The system is integrated within the organizational and corporate governance framework adopted by Fiat. The Company's System of Internal Control and Risk Management, which is based on international and national best practice, consists of the following three levels of control: – Level 1: operating areas, which identify and assess risk and establish specific actions for management of that risk; – Level 2: departments responsible for risk control, which define methodologies and instruments for managing risk and monitor that risk; – Level 3: internal audit, which provides independent evaluations of the entire System.
7.P.2 An effective internal control and risk management system contributes to the management of the company in a manner consistent with the objectives defined by the Board of Directors, promoting an informed decision-making process. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of financial information and the compliance with laws and regulations, including the by-laws and internal procedures.	The Internal Control and Risk Management System contributes to: – promoting the efficiency and effectiveness of business processes, thereby enabling adequate management of risks of an operating, financial, legal or other nature; – ensuring the reliability of financial information and the quality of internal and external reporting through use of processes, procedures and systems that allow for a substantive and reliable flow of information both internally and externally; – ensuring compliance with legal and regulatory requirements, in addition to the Company By-laws and internal procedures; – protecting corporate assets and resources from inappropriate or fraudulent use or loss.

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	To identify and manage the principal risks, since 2005 the Group has adopted its own Enterprise Risk Management (ERM) model which is continuously updated on the basis of experience gained over the years and information gathered from comparisons with best practice and other industrial groups. The central functions responsible for risk management produce and circulate a map of risk drivers to all the operating Regions/Sectors/Companies to enable identification and assessment of risks, in addition to control measures and specific action plans.
7.P.3 The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities: a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board: *(i)* one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the "director in charge of the internal control and risk management system"), and *(ii)* a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports; b) the person in charge of internal audit, entrusted with the task to verify the functioning and adequacy of the internal control and risk management system; c) the other roles and business functions having specific tasks with regard to internal control and risk management, organised depending on the company's size, complexity and risk profile; d) the Board of statutory auditors, also as "audit committee", which is responsible for oversight of the internal control and risk management system. Each issuer shall provide for coordination methods between the above mentioned bodies in order to enhance the efficiency of the internal control and risk management system and reduce activities overlapping.	The Guidelines for the System of Internal Control and Risk Management provide a detailed description of the duties and responsibilities of the principal individuals and entities involved: – the Board of Directors, responsible for overseeing and assessing the adequacy of the System; – the Director responsible for the System of Internal Control and Risk Management, who is responsible for the design, implementation and management of the System, is the Chief Executive Officer of the Company; – the Internal Control and Risk Committee, tasked with supporting the evaluation and decision-making process of the Board of Directors in relation to the System of Internal Control and Risk Management; – the company departments responsible for "second level" controls, aimed at ensuring the monitoring and management of corporate risk; – the Head of Internal Audit, responsible for "third level" controls, tasked with verifying that the system of internal control and risk management is adequate and operational; – the Board of Statutory Auditors, which monitors the effectiveness of the system of internal control and risk management. The Guidelines also set out the procedures for coordination of those individuals and entities in order to ensure the effectiveness and efficiency of the system and reduce potential duplication of activities.

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7.P.4 The control and risk committee is made up of independent directors. Alternatively, the committee can be made up of non executive directors, the majority of which being independent ones; in this case, the chairman of the committee is selected among the independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination activity of another company, the committee shall be made up exclusively of independent directors. At least one member of the committee is required to have an adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.	The Internal Control and Risk Committee consists of three independent directors, all of whom have appropriate experience in accounting and financial matters or in risk management.
7.C.1 The Board of Directors, with the opinion of the control and risk committee, shall: a) define the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives; b) evaluate, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness; c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, after hearing the Board of statutory auditors and the director in charge of the internal control system; d) describe, in the Corporate Governance Report, the main features of the internal control and risk management system, expressing the evaluation on its adequacy; e) after hearing the Board of statutory auditors, it assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.	The Board approved the "Guidelines for the Internal Control and Risk Management System", which constituted a revision of the procedures established in 1999 and 2003, including adoption of changes introduced by the Corporate Governance Code in 2011. In addition to the establishment of the Guidelines for the System, the Board of Directors, including through its Committees, is responsible for: (a) defining the nature and acceptable level of risk consistent with the Company's strategic objectives; (b) examining the risks identified by the Director responsible for the System of Internal Control and Risk Management; (c) evaluating, at least annually, the adequacy and effectiveness of the System of Internal Control and Risk Management in relation to the profile of the Company and the Group; (d) approving, at least annually, the work plan prepared by the Head of Internal Audit (which must also address the reliability of information systems) based on recommendations of the Statutory Auditors and the Director responsible for the System of Internal Control and Risk Management; and (e) evaluating, with input from the Board of Statutory Auditors, findings presented by the independent auditors in a letter of recommendations, if any, and in their report of significant issues arising during the audit. In the Annual Report on Corporate Governance, the Board of Directors describes the essential elements of the System of Internal Control and Risk Management.

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	In order to properly fulfill its responsibilities, the Board of Directors has: – appointed a Director responsible for the design, implementation and management of an effective System of Internal Control and Risk Management; – established an Internal Control and Risk Committee, attributing it responsibility for providing advice and proposals in relation to the System of Internal Control and Risk Management, as well as periodic financial reporting.
The Board of Directors shall, upon proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee, as well as after hearing the Board of statutory auditors: – appoint and revoke the person in charge of the internal audit function; – ensure that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities; – define the relevant remuneration consistently with company's policies.	At the recommendation of the Director responsible for the System of Internal Control and Risk Management, and following consultation with the Statutory Auditors, in addition to a favorable opinion from the Internal Control and Risk Committee, the Board of Directors: (a) appoints and dismisses the Head of Internal Audit who cannot be responsible for any operational area and reports directly to the Board; (b) ensures that person has adequate resources for the fulfillment of his/her responsibilities; and (c) sets that person's remuneration consistent with Company policy.
7.C.2 The control and risk committee, when assisting the Board of Directors shall: a) evaluate together with the person responsible for the preparation of the corporate financial documents, after hearing the external auditors and the Board of statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of the preparation of the consolidated financial statements, in any; b) express opinions on specific aspects relating to the identification of the main risks for the company; c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant; d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function; e) request the internal audit function to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of statutory auditors;	On the basis of the Charter approved by the Board of Directors, the role of the Internal Control and Risk Committee is to support the evaluation and decision-making process of the Board of Directors relative to the System of Internal Control and Risk Management and periodic financial reporting. In particular, the Committee is responsible for: – assisting the Board in defining and updating guidelines for the System of Internal Control and Risk Management; – evaluating – in collaboration with the manager responsible for the Company's financial reporting and after consultation with the independent auditors and Board of Statutory Auditors – correct application of the accounting principles adopted and consistency with the principles applied for the consolidated financial statements; – making recommendations on specific aspects relating to identification, measurement, management and monitoring of the principal corporate risks; – reviewing periodic reports providing an evaluation of

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f) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system.	the System of Internal Control and Risk Management and other reports of particular significance from Internal Audit; – monitoring the independence, adequacy, efficiency and effectiveness of Internal Audit, including with reference to Legislative Decree 231/01 on the liability of legal persons; – reviewing, in consultation with the Board of Statutory Auditors, the findings submitted by the independent auditors in their report and letter of recommendations; – reporting to the Board of Directors, at least every six months (on the occasion of the approval of the annual and half-year financial report), on the activities carried out, as well as on the adequacy of the System of Internal Control and Risk Management; – reviewing, with the support of the Head of Internal Audit, whistleblowing reports received for the purpose of monitoring the adequacy of the System of Internal Control and Risk Management; – reviewing the work plan prepared by the Head of Internal Audit; – carrying out the functions of the committee for transactions with related parties, except where related to compensation. The Committee may request that Internal Audit perform audits of specific operational areas, at the same time informing the Chairman of the Board of Statutory Auditors that such request has been made. The Committee is entitled to access company information and functions necessary for its activities and to utilize external consultants, in accordance with the procedures established by the Board of Directors. The Company shall make adequate financial resources available to the Committee to carry out its role, within the limits approved by the Board. The Head of Internal Audit makes available to the Committee, at its request, specialist personnel and retains, at the Company's expense and at the instruction of the Committee, independent consultants selected by the Committee to assist on matters relating to its activities.

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7.C.3 The chairman of the Board of statutory auditors or another statutory auditor designated by this chairman shall participate in the works of the control and risk committee; the remaining statutory auditors are also allowed to participate.	On the basis of the Charter approved by the Board of Directors, meetings of the Committee are called by the Chairman whenever he deems appropriate and, in any event, at least every six months. The Chairman of the Board of Statutory Auditors, or other Statutory Auditor designated by him, attend the meetings of the Committee. The other Statutory Auditors may also attend the meetings, as may – at the invitation of the Committee Chairman and in relation to specific items on the agenda – other individuals or representatives of the independent auditors, including Directors that are not members of the Committee and company personnel.
7.C.4 The director in charge of the internal control and risk management system, shall: a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors; b) implement the guidelines defined by the Board of Directors, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness; c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework; d) request to internal audit function to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the Board of Directors, the chairman of control and risk committee and the chairman of the Board of statutory auditors; e) promptly report to the control and risk committee (or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.	As described in the "Guidelines for the System of Risk Management and Internal Control", the Director responsible for the System of Internal Control and Risk Management: – identifies and actively manages the Company's principal risks, submitting them periodically to the Board for evaluation; – implements guidelines for the System of Internal Control and Risk Management, reporting back to the Board in relation to significant aspects; – proposes candidates for the position of Head of Internal Audit to the Board. This Director may request that Internal Audit perform audits of specific operational areas.

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7.C.5 The person in charge of internal audit shall: a) verify, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks; b) not be responsible for any operational area and be subordinated to the Board of Directors; c) have direct access to all useful information for the performance of its duties; d) draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation on the adequacy of the internal control and risk management system; e) prepare timely reports on particularly significant events; f) submit the reports indicated under items d) and e) above to the chairman of the Board of statutory auditors, the control and risk committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system.	The Head of Internal Audit is appointed by the Board of Directors and reports solely to the Board. He prepares periodic reports for the Chairmen of the Board of Directors, the Internal Control and Risk Committee, and the Board of Statutory Auditors, and for the Director responsible for the System of Internal Control and Risk Management. His responsibilities, set out in the guidelines for the System of Internal Control and Risk Management, include: – verifying the adequacy and effective functioning of the System of Internal Control and Risk Management; – preparing periodic reports containing adequate information on Internal Audit activities, and on the Company's risk management process, as well as adherence internally to plans established for risk mitigation. These periodic reports include an evaluation of the adequacy of the System of Internal Control and Risk Management; – promptly reporting events of particular significance; – verifying, as part of the audit plan, the reliability of information systems, including accounting systems.
7.C.6 The internal audit function may be entrusted, as a whole or by business segments, to a person external to the issuer, provided, however, that it is endowed with adequate professionalism, independence and organization. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the Corporate Governance Report.	Fiat's Internal Audit function is internal to the Company. The Head of the function also performs the role of Compliance Officer pursuant to Article 150 of Legislative Decree 58/98.

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Statutory Auditors	
8.P.1 The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	The rule was strictly adhered to. Fiat believes that the independence of its Board of Statutory Auditors is guaranteed by the requirements of independence and professionalism prescribed by law and the By-laws and the unquestioned professional authoritativeness that has always distinguished its members.
8.P.2 The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the Board of statutory auditors.	Fiat provides the members of the Board of Statutory Auditors with the highest level of cooperation. This includes meetings with management, participation in meetings of the Internal Control and Risk Committee, and direct contact with the Compliance Officer/Head of Internal Audit in matters involving the Whistleblowing Procedures. The Board of Statutory Auditors may also request that independent consultants be appointed in regard to particularly complex matters.
8.C.1 The statutory auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of statutory auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in its Corporate Governance Report, according to manners complying with the ones provided with reference to directors.	In accordance with Legislative Decree 58/98, Article 17 of the Company's By-laws establishes the right for appropriately constituted minority groups to appoint one regular auditor, who serves as Chairman, and one alternate. The By-laws also establish that the minimum equity interest required for submission of a list of candidates may not be lower than the percentage required by law for submission of a list of candidates for the election of the Board of Directors. The lists, together with documentation required by law and the Company By-laws, must be placed on record at the Company's registered office at least 25 days prior to the date of the meeting, while certifications of percentages held must be provided at least 21 days prior to the date of the meeting. On 4 April 2012, the Board of Statutory Auditors was elected using a voting list system. The regular auditors Lionello Jona Celesia and Piero Locatelli were elected from the list presented by the majority shareholder EXOR S.p.A. and Ignazio Carbone, Chairman of the Board of Statutory Auditors, was elected from the minority list presented by a group of Italian and international asset managers and institutional investors holding 1.86% of ordinary shares. The minimum equity interest required to submit a list of

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	candidates was 1% of ordinary shares, as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2011.The full list of the Shareholders who submitted the list in 2012 is provided in Section III of this Report. For election of the current Board of Statutory Auditors, each candidate accepting the nomination provided a declaration stating that no basis for ineligibility or incompatibility existed and confirming that they satisfied the requirements of law and the By-laws to serve as statutory auditor of the Company. Finally, curricula vitae containing information on the personal and professional profile of each candidate were attached, together with a list of positions of director or statutory auditor held at other companies and considered by law as significant. The most important positions are detailed in this Report. Those documents are available in the Investor Relations section of the Fiat website (www.fiatspa.com). The members of the Board of Statutory Auditors satisfy the requirements of integrity, professionalism, and independence set out by law and the By-laws and possess the criteria set forth by the Code to be qualified as independent directors. The Board of Statutory Auditors annually reviews satisfaction of these requirements and the results of these assessments are provided in the Company's Financial Statements.
8.C.2 The statutory auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.	The procedure for submitting the names of candidates requires the acceptance of the candidates themselves. This assures that only those individuals who have guaranteed they will have the time necessary to discharge their duties are elected. In addition, Statutory Auditors are required to comply with regulatory restrictions as to the number of concurrent positions they may hold.
8.C.3 A statutory auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other statutory auditors and the chairman of the Board about the nature, the terms, origin and extent of his/her interest.	This rule was strictly adhered to.

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8.C.4 In the framework of their activities, the statutory auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.	Fiat provides the members of the Board of Statutory Auditors with the highest level of cooperation. This includes meetings with management, participation in meetings of the Internal Control and Risk Committee, and direct contact with the Head of Internal Audit. The Board of Statutory Auditors may request that: – Internal Audit perform audits of specific operational areas or corporate transactions; – independent consultants be appointed for particularly complex matters.
8.C.5 The Board of statutory auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties.	In accordance with the Charter, the Chairman of the Board of Statutory Auditors, or other statutory auditor designated by him, attend meetings of the Committee. In addition, under the "Guidelines for the System of Internal Control and Risk Management", the Board of Statutory Auditors promptly exchanges information with the Internal Control and Risk Committee relevant to fulfillment of their respective responsibilities.

Relations with Shareholders

9.P.1 The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	The Company has created dedicated entities to establish and maintain a constant dialog with the market for the purpose of maintaining the confidence of investors and improving their understanding of the Company and its activities. Throughout the year, the Investor Relations team maintains constant contact with financial analysts, individual shareholders and institutional investors, as well as organizing conference calls and public presentations to present financial results, and participating in industry conferences. Information presented and discussed on those occasions is also published on the Company's website (www.fiatspa.com). Corporate information, regular and extraordinary financial information, the corporate calendar, and corporate governance documentation are also available on the website (in both Italian and English). Shareholders can request general information or information on specific transactions by phone (toll free in Italy: 800-804027) or by e-mail (serviziotitoli@fiatspa.com and investor.relations@fiatspa.com).

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9.P.2 The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	See previous comment.
9.C.1 The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	Relations with shareholders are maintained by the specific structures of the Company (Investor Relations and Company Secretary).
9.C.2 All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting the activity performed and planned and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to adopt in an informed manner the resolutions that are the competence of the shareholders' meeting.	Fiat General Meetings represent an important and traditional occasion for communicating with shareholders. They typically attract intensive participation by a large number of shareholders.
9.C.3 The Board of Directors should propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the shareholders' meetings of the issuer, without prejudice, at the same time, to the right of each shareholder to express his or her opinion on the matters under discussion.	In order to ensure that General Meetings are conducted in an orderly and efficient manner, the Company, in addition to the existing legislation, has adopted Procedures for General Meetings that set out the rights and obligations of all participants and establish clear and unambiguous rules, without limiting or infringing on the right of individual shareholders to express their opinion or request explanation of items on the agenda.

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9.C.4 In the event of significant changes in the market capitalization of the company's shares or in the composition of its shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by-laws in respect to the majorities required for exercising actions and rights provided for the protection of minority interests.	In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates for the appointment of a statutory auditor or a director is equivalent to that required by existing regulation based on Fiat's market capitalization for the fourth quarter of the last financial year of the term of office. In addition, the Board of Directors constantly monitors new developments in corporate governance regulation and practice – including through the activity of the Nominating, Corporate Governance and Sustainability Committee – in order to adapt internal policies and procedures and submit amendments to the By-laws for the consideration and approval of Shareholders, as appropriate.

1 – Fiat Group Code of Conduct

Contents

General principles

Fiat S.p.A. ("Fiat") and its subsidiaries[1] (collectively, the "Fiat Group") is an international industrial group which, because of its size, activities and geographical spread, plays a significant role in the economic, social and environmental aspects of the communities and countries in which it operates.

The Fiat Group's mission is to grow and create value by supplying innovative products and services for maximum customer satisfaction with due respect to the legitimate interests of all categories of stakeholders[2]. We conduct our business in a socially responsible, impartial and ethical manner, adopting fair employment practices, protecting safety in the workplace, supporting and fostering environmental consciousness and in full compliance with the applicable laws of the countries in which a Fiat Group company operates. However, where laws and regulations in a particular jurisdiction are more lenient than those contained in this Code of Conduct (together with Fiat Group Guidelines, the "Code"), the Code shall prevail.

All business relationships will be established and maintained with integrity and loyalty and without any conflict of interest between business and personal affairs. To achieve this, the Group requires that all its directors, officers and other employees comply with the highest standards of business conduct in the performance of their duties as set out in this Code and the policies and guidelines referred to in this Code.

Fiat Group endorses the UN Declaration on Human Rights, the relevant ILO Conventions and the OECD Guidelines for Multinational Companies. Accordingly, the Code and Fiat Group practices and policies are intended to be consistent with such Guidelines.

The Code is intended to be a guide and a support for every Fiat Group director, officer and other employee and should enable him/her to pursue the Fiat Group's mission in the most effective manner possible.

The Code constitutes a fundamental element of the Corporate Governance of the Fiat Group.

As a result the Fiat Group is responsible for:

- the timely dissemination of the Code throughout the Fiat Group and to all persons to whom the Code is addressed;
- ensuring that all updates and amendments to the Code are provided on a timely basis to all persons to whom the Code is addressed;
- providing appropriate training, information and consulting support to all in relation to any questions regarding the interpretation of the Code;
- ensuring that anyone who reports violations of the Code in good faith shall not be subject to any form of retaliation;
- the imposition of sanctions which are fair and proportionate to the violation of the Code and to apply such sanctions consistently amongst all directors, officers and other employees (and, if applicable, third parties) subject to the Code;
- regularly monitoring compliance with the Code.

The Fiat Group welcomes constructive comments and suggestions from directors, officers, other employees and third parties with respect to the Code's content, enforcement, and other related matters.

The Fiat Group shall use its best endeavours to ensure that these commitments are shared by all consultants, suppliers and any other party who have at any time a relationship with the Group. The Fiat Group will not engage in or continue any relationship with third parties who refuse to abide by the principles of the Code.

1. See Appendix A for the definition of subsidiary.
2. In the Code, "stakeholder" is taken to mean an individual, a community or an organisation who influences the operations of one or more Group companies and who is materially influenced by the consequences of such operations. Stakeholders may be internal (for example, employees) or external (for example, customers, suppliers, shareholders, local communities) and include future generations.

1. Guide to the use of the code

What is the Code?

The Code is a document, approved by the Board of Directors of Fiat, that summarizes the Fiat Group's business conduct principles together with the corresponding commitments and responsibilities of directors, officers and other employees. The Code, issued by the Fiat Group, constitutes a critical component of the Fiat Group's program for assuring effective prevention and detection of violations of law and regulations applicable to its activities.

Who is the Code addressed to?

The Code applies to all board members, officers and other employees of all Fiat Group subsidiaries and to all other individuals or companies who act on behalf of the Fiat Group. The Fiat Group shall use its best endeavours to ensure that the companies in which it holds a minority interest adopt Codes of Conduct whose principles are inspired by or, in any case, are not inconsistent with those contained in this Code. The Fiat Group shall use its best endeavours to ensure that the Code is regarded as a best practice standard of business conduct on the part of those third parties with whom it maintains business relationships of a lasting nature such as advisors, counsels, agents, dealers and suppliers.

Where is the Code applied?

The Code is applied in all the countries in which the Fiat Group operates and applies to all aspects of the Fiat Group's business.

Where is the Code available?

The Code can be consulted by all directors, officers and other employees in an accessible place, using the most appropriate procedures and in conformity with local standards and customs. The Code is available and may be freely downloaded from the Fiat Group's website (internet: www.fiatspa.com and intranet). Copies of the Code can also be obtained from local Human Resources Department, the Legal Department or from the Group/Sector Compliance Officer.

Can the Code be modified?

The Code is subject to review by the Fiat Board of Directors. Reviews take into account, among other things, the constructive comments and suggestions received from directors, officers and other employees and from third parties, as well as any developments in legislation or in best international practice, as well as experience acquired in applying the Code itself. Any modifications introduced into the Code as a result of this review activity are published and made available in accordance with the procedures outlined above.

Is the Code an all-inclusive document?

While the Code reflects the core ethical values which are to be followed by all Fiat Group board members, officers, employees and the individuals or companies who act on behalf of the Fiat Group, the Code should be read and construed in conjunction with the Fiat Group policies and guidelines. Such policies and guidelines are integral part of the Code and are available on the Fiat Group's website (internet: www.fiatspa.com and intranet).

2. Business conduct

The Fiat Group conducts its business, and requires all its directors, officers and other employees and other persons to whom the Code is addressed to behave on the basis of and consistent with its business conduct values. All its directors, officers and other employees and other persons to whom the Code is addressed must be aware that they represent Fiat Group and that their acts will influence the reputation of the Group and its internal culture. Therefore they must pursue the Fiat Group's business in compliance with the following policies:

Conflicts of interest

All business decisions taken on behalf of the Fiat Group must be made in the best interests of the Fiat Group. Therefore directors, officers and other employees and other persons to whom the Code is addressed must avoid every possible conflict of interest (and the appearance of a conflict of interest), with particular regard to personal, financial or family considerations (for example, the existence of a vested interest in a supplier, client or competitor; inappropriate advantages deriving from the role within the Group; ownership of or dealing in securities; etc.) which might influence (or appear to influence) the decision maker's independence of judgement when deciding what is in the Fiat Group's best interests and what is the most appropriate way to pursue such interests.

The Fiat Group policies concerning entertainment, meals, gifts or other gratuities or personal favours from business partners are set forth in the appropriate Guidelines which are integral part of the Code. Such Guidelines are available on the Fiat Group's website (internet: www.fiatspa.com and intranet).

Any situation that constitutes or might constitute a conflict of interest must be reported immediately to the direct supervisor or Group/Sector Compliance Officers or HR Department or Legal Affairs. Every employee shall also inform his/her immediate supervisor in writing if he/she works for, or if he/she is a director or officer of, any non-Fiat Group company on a recurring basis or if he/she has a relationship of a financial, business, professional, family or social nature having current or proposed business relationship with Fiat Group or that otherwise might influence (or be perceived to influence) the impartiality of his/her dealing with a third party.

Insider trading and prohibition to use confidential information

All directors, officers, and other employees are strictly required to comply with insider trading legislation under any jurisdiction.

In particular, no director, officer, or other employee or any other recipient of the Code shall ever make use (or disclose to unauthorized third parties) of information not in the public domain and obtained as a result of his/her position in the Fiat Group or because of the fact that he/she enjoys a business relationship with the Fiat Group, in order to trade, directly or indirectly, shares in a company of the Fiat Group or other companies or in any case to obtain a personal advantage, or to favour third parties.

Treatment of confidential and price sensitive information will always be dealt with by all directors, officers and other employees strictly in accordance with the specific procedures and regulations to such end issued by the Fiat Group.

In order to determine when confidential information should be made public, the Fiat Group will follow the procedures stipulated by law, and any such publication of such information will be made in accordance with applicable Fiat Group policies.

Confidentiality obligation

The know-how and intellectual property developed by the Fiat Group is a fundamental and critically valuable resource which every director, officer, and other employee, and other person to whom the Code is addressed, is called upon to protect. In the event of the improper dissemination of such know-how and intellectual property, the Fiat Group could suffer damage to both its capital and to its image. Therefore all directors, officers, and other employees, and other persons to whom the Code is addressed, are bound not to reveal to third parties any information regarding the technical, technological

and commercial know-how of the Fiat Group, nor any other information regarding the Fiat Group that is not in the public domain, except cases in which such disclosure is required by law or by other regulatory directives, or where it is expressly provided by specific contractual agreements whereby the parties have committed themselves to using such information exclusively for the purposes for which it was transmitted and to maintaining its confidentiality. Any publication of such information will be made in accordance with applicable Fiat Group policies.

Confidentiality obligations, as per the Code, continue after termination of the working relationship.

Bribery and illicit payments

The Fiat Group, its directors, officers, other employees and others to whom the Code is addressed are committed to the highest standards of integrity, honesty and fairness in all internal and external affairs, in compliance with national and international anti-corruption laws, with particular reference to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the OCSE Guidelines and Foreign Corrupt Practices Act ("FCPA").

The Group will not tolerate any kind of bribery (paying or offering to pay to obtain an improper business advantage) to public officials or representatives of international organizations or any other party connected with a public official and to private entities/individuals or which is otherwise prohibited by applicable laws.

No director, officer or other employee, agent or other 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 universally accepted in an international context of modest economic value and permitted by applicable laws and in compliance with the relevant Fiat Group's guidelines) even if unlawful pressure has been exerted.

Where mandated by law, or where appropriate, the companies Group establish compliance models to assess and maintain compliance with the applicable law and the Code.

Money laundering prevention

The Fiat Group and its directors, officers, and other employees will not be engaged or involved in any activity which may imply the laundering (i.e. the acceptance or processing) of proceeds of criminal activities in any form or manner whatsoever. Before establishing any business relationship with a third party, the Fiat Group and its officers or employees shall check available information (including financial information) on its proposed business partners and suppliers to ensure that they are reputable and involved in a legitimate business. The Group shall always comply with anti-laundering legislation in any competent jurisdiction.

Reputation

The corporate image of the Fiat Group as well as the reputation and the sustainability of its products are necessary conditions for its existence both now and in the future.

Therefore Fiat Group directors, officers, and employees are expected to abide by the Code around the clock. It is essential that employees share their commitment to the Code and cooperate with the Group in enforcing its provisions.

Competition

The Fiat Group recognises the paramount importance of a competitive market and is committed to fully comply with any anti-trust and other pro-consumer legislation in force in the countries where it operates. The Fiat Group and its directors, officers, and other employees will not engage in business practices (such as the establishment of cartels, market divisions, limitations to production or sales, tying arrangements, etc.) which may represent an antitrust violation. Within the framework of fair competition, the Fiat Group shall not knowingly infringe any third party's intellectual property rights.

The legal consequences of noncompliance with such laws can be severe. In addition, compliance with such laws is essential to maintain Fiat Group's reputation. Therefore if employees have questions about these laws, the advice of the Legal Department should be sought and the issue then submitted to the decision of the Chief Executive Officer of the applicable Fiat Group company.

Embargo and export control laws

The Fiat Group is committed to ensuring that its business activities do not violate applicable domestic or international embargo and export control laws established within or applied by the countries where it operates. Embargo and customs and control laws are complex. The legal consequences of noncompliance can be severe. In addition, compliance with such laws is essential to maintain Fiat Group's reputation, Therefore if employees have questions about these laws, the advice of the Legal Department should be sought and the issue then submitted to the decision of the Chief Executive Officer of the applicable Fiat Group company.

Privacy

In the conduct of its normal business operations, the Fiat Group collects a significant amount of personal data and proprietary information and is committed to processing such data and information in compliance with all existing privacy laws in force in any jurisdiction where it operates, including best practice privacy protection requirements. To this end, the Fiat Group shall ensure the highest level of security in the selection and use of its information technology systems designed to process personal data and proprietary information.

3. Employees

The Fiat Group recognises that motivated and highly professional people are an essential factor in maintaining competitiveness, creating value for stakeholders and ensuring customer satisfaction. The following principles, in compliance with the UN Declaration of Human Rights, and the relevant ILO Conventions confirm the importance of respect for the individual, ensure equality of treatment and exclude any form of discrimination. The Fiat Group supports the protection of fundamental human rights.

Child and forced labour

The Fiat Group does not employ any form of forced, mandatory or child labour, namely it does not employ people younger than the permissible age for working established in the legislation of the place in which the 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 Fiat Group is also committed to not establishing or maintaining working relationships with suppliers that employ child labour, as defined above.

Freedom of association

Fiat Group employees are free to join a trade union in accordance with local law and the rules of the various trade union organisations. The Fiat Group recognises and respects the right of its employees to be represented by trade unions or other representatives established in accordance with local applicable legislation and practice. When engaging in negotiations with such representatives, Fiat Group actions and behaviour seek a constructive approach and relationship.

Equal opportunities

The Fiat Group is committed to providing equal opportunities to all its employees, both on the job and in their career advancement.

The head of each department shall ensure that in every aspect of the employment relationship, such as recruitment, training, compensation, promotion, transfer and termination, employees are treated according to their abilities to meet job requirements and all decisions are free from any form of discrimination, in particular, discrimination based on race, gender, sexual orientation, social and personal position, physical and health condition, disability, age, nationality, religion or personal beliefs.

Harassment

Harassment of any kind, such as racial or sexual harassment or harassment related to other personal characteristics which has the purpose or the effect of violating the dignity of the person who is the victim of such harassment, is totally unacceptable to the Fiat Group whether it takes place inside or outside the workplace.

Working environment

All employees shall take such steps as are necessary to maintain a good and cooperative working environment in which the dignity of each individual is respected.

In particular, all Fiat Group employees:

- shall not work whilst under the influence of alcohol or drugs;
- where smoking is not already prohibited by the law, shall be sensitive to the needs of those who will physically suffer from the effects of "passive smoke" in their place of work;
- shall avoid behaviour that might create an intimidating or offensive climate with respect to colleagues or subordinates for the purpose of marginalising or discrediting them in the workplace.

Remuneration and working time

Compensation and benefits paid to the Fiat Group's employees will satisfy at least the applicable legal requirement.

In relation to working time and paid leave, Fiat Group complies with local legislation and business practices of the country in which operates.

Hiring and promotion practices

No employee of the Fiat Group shall accept or demand promises or transfers of money or goods or benefits, inducements or services of any kind whatsoever that may be designed to promote the hiring of any person as an employee or further his/her transfer or promotion.

Internal Control Systems, Reports and Records

All Fiat Group officers and employees shall act so as to maintain effective internal control systems (see Section 6). To achieve this standard they are, inter alia, expected to keep accurate and complete internal records of all business activities and procure that appropriate authorization of transactions and commitments with business partners has been duly given by the appropriate supervisor. Furthermore, business expenses are to be reported in an accurate and timely manner.

Company assets

All Fiat Group directors, officers, and other employees shall use those company assets and resources to which they have access, or which are in their care, in an efficient manner, solely in order to achieve the business goals and objectives of the Fiat Group, and shall use such assets in a way that is appropriate to protecting their value. In addition, all Fiat Group directors, officers, and other employees have the responsibility to protect the such assets and resources against loss, theft, and unauthorized use or disposal. Any use of such assets and resources that might be contrary to the interests of the Fiat Group, or that may be dictated by professional reasons lying outside the working relationship with the Fiat Group, is forbidden. All Fiat Group directors, officers, and other employees shall follow the Group's use, access and security guidelines for software and information technology, email, internet and intranet systems.

Outside Activities

All Fiat Group officers and employees may not serve on board of directors of companies without Fiat Group's approval and may not engage in recurring private business activities that interfere with their Fiat Group related duties. Any employment relationship of Fiat Group officers or employees with, or the performance of services to, Fiat Group business partners and competitors must be previously authorized in writing by the appropriate supervisor.

Commitments

The Code is considered to be an integral and important part of each Fiat Group officer and other employee's employment relationship. Consequently the Fiat Group expects all officers and other employees to strictly comply with all of the provisions of the Code. Any violation will be treated seriously and sanctions will be imposed accordingly (which may include termination of employment in appropriate cases). Accordingly, all officers and other employees shall therefore:

- read and understand the Code and, if necessary, attend training courses;
- act and behave in a manner consistent with the Code, refraining from any conduct that might damage the Fiat Group or jeopardise the Fiat Group's honesty, impartiality or reputation;
- promptly and in good faith report all violations of the Code using the procedures set out in Appendix B;
- cooperate with all internal procedures, introduced by the relevant Fiat Group company with the purpose of complying with the Code or of identifying violations of the Code;
- consult with the Legal Departments, as detailed in Appendix B, for explanations regarding interpretation of the Code;
- cooperate fully in any investigation regarding Code violations, maintaining strict confidentiality regarding the existence of said investigations and participating actively, where requested, in audit activities on the operation of the Code.

Employees in positions of responsibility

Any individual within the Fiat Group having a role as supervisor, department head or company executive shall act by way of example promoting positive employees morale, fostering transparent exchange of ideas, and providing leadership and guidance in accordance with the business and ethical principles of the Code, and shall act in such a way as to demonstrate to employees that respecting the Code is an essential aspect of their work and to make sure that employees are aware that business results are never more important than compliance with applicable laws and the Code. All supervisors, department heads or company executives shall report any incident of non-compliance with the Code and shall be responsible for ensuring the protection of those who have reported Code violations in good faith and for adopting and applying, after consulting the competent Compliance Officer or Human Resources Department, sanctions commensurate with the violation committed and sufficient to represent a deterrent against any further violations.

Corporate Officers

All Fiat Group employees who hold the position of Chief Executive Officer, Chief Financial Officer, Financial Controller, Treasurer, General Counsel, ISSO (Information System Security Officer) and Compliance Officer or who hold, even de facto, similar positions in one or more companies in the Fiat Group, are required to respect the Code as well as to rigorously comply with the specifications set out in Appendix C.

Any exception, even if partial or limited in time and nature, to the requirements set out in Appendix C must be authorised by the Board of Directors of Fiat and only for serious and justified reasons.

4. Health, Safety & Environment (HSE)

Occupational health and safety

The Fiat Group recognises health and safety in the workplace as a fundamental right of employees and a key element of the Fiat Group's sustainability. All choices made by the Group must respect the health and safety in the workplace. The Fiat Group has adopted and continues to improve an efficient occupational health and safety policy which implements preventive measures, both at the individual and collective level, to minimize the potential for injury in the workplace.

The Fiat Group also seeks to ensure industry leading working conditions, in accordance with principles of hygiene, industrial ergonomics and individual organizational and operational processes. The Fiat Group believes in and actively promotes the dissemination of a culture of accident prevention and risk awareness among workers, in particular through the provision of adequate training and information. Employees, for their part, are required to be personally responsible and to take the preventive measures established by the Fiat Group for the protection of their health and safety and communicated through specific directions, instructions, information and training. Each employee is responsible for proper management of safety and should not expose him/herself or other workers to dangers, which could cause injures or be damaging for themselves.

Environmental protection in processes

The Fiat Group considers environmental protection as a key consideration to be fostered in the overall approach to business.

The Fiat Group is committed to continuous improvement of the environmental performance of its operations, and to complying with all relevant legal and regulatory requirements. This includes the development and extension of an effective, certified Environmental Management System (EMS), based on the fundamental principles of the minimisation of environmental impacts and optimisation of the use of resources.

The Fiat Group stimulates and motivates employees to take an active part in the implementation of these principles through information dissemination and regular training and expects the employees to have an active role in applying such principles in their working activity.

Environmental impact and safety of products

The Fiat Group is committed to producing and selling, in full compliance with legal and regulatory requirements, products of the highest standard in terms of environmental and safety performance. Moreover, the Fiat Group endeavours to develop and implement innovative technical solutions to minimise environmental impact and maximise safety.

The Fiat Group also encourages the safe and eco-friendly use of its products, providing customers and dealers with information regarding the use, maintenance and dismantling of its vehicles and other products.

5. External relationships

The Fiat Group and its employees are committed to conducting and enhancing their relationships with all classes of stakeholders acting in good faith, with loyalty, fairness, transparency and with due respect for the Fiat Group's core ethical values.

Customers

The Fiat Group aspires to fully meet the expectations of the end customer. All directors of Fiat, Group, its officers and employees should act so as to exceed customers expectations and continuously improve the quality of the Group products and services.

The Fiat Group considers it essential that its customers always be treated fairly and honestly and therefore demands of its officers and other employees, and others to whom the Code applies, that each and every relationship and contact with customers be characterised by honesty, professional integrity and transparency.

All employees shall follow the internal procedures of their respective company which are directed at achieving this objective by developing and maintaining profitable and lasting relationships with customers; offering safety, service, quality and value supported by continuous innovation. Any relationship between Fiat Group companies and their customers shall not discriminate unfairly between customers in dealing with them nor shall they unfairly use bargaining position to a customer's disadvantage.

Suppliers

The supplier system plays a fundamental role in improving the Fiat Group's overall structural competitiveness. With a view toward achieving the highest level of customer satisfaction at all times, the Fiat Group selects suppliers, through the use of appropriate, objective methods, on the basis of the quality, innovation, costs and services offered, as well as their social and environmental performance and the values outlined by the Code. All Fiat Group officers and other employees are expected to establish and maintain stable, transparent and cooperative relations with suppliers.

Public Institutions

Relations with public Institutions shall be managed only by duly designated departments and appointed individuals. All such relations must be transparent and conducted in accordance with Fiat Group values. Any gift or gratuity made to representatives of any public institution (where permitted by law) shall be modest and proportionate and must not give any appearance that the Fiat Group is obtaining or seeking to obtain unfair advantage. The Fiat Group will fully co-operate with regulatory and governmental bodies within the context of their legitimate activity. Should one or more Fiat Group companies be subjected to legitimate inspections on the part of the public authorities, the Fiat Group will provide its full cooperation. Whenever a public institution is a customer or supplier of any Fiat Group company, the latter shall act in strict compliance with laws and regulations which govern the acquisition from, or the sale to, that public institution, of goods and/or services.

Any lobbying activity shall be conducted only where permitted by applicable law and in strict compliance with such laws and, in any case, in full observance of the Code and of any procedures to such extent specifically provided by the Fiat Group.

The Fiat Group aims to contribute positively to the future development of regulations and standards in the automotive industry and in all other sectors related to the mobility of people and goods. The Fiat Group is also committed to contributing to the technological advancement of society and to collaborating with public institutions, universities and other organizations in researching and developing innovative solutions for sustainable mobility and related technology.

Trade Unions and Political Parties

Any relationship of the Fiat Group with trade unions, political parties and representatives or candidates thereof shall be conducted with the highest level of transparency and fairness and in strict compliance with applicable laws. Contributions

of money, goods, services, or other benefits are prohibited unless required or expressly permitted by law and, in the latter case, authorised by the duly empowered corporate bodies of the relevant company of the Group. Any contribution made or activity performed by employees of the Fiat Group shall be intended only as a personal voluntary contribution.

Communities

The Fiat Group is aware that its decisions can have significant impacts, direct and indirect, on the local communities in which it operates. Accordingly, the Fiat Group shall take all reasonable steps to inform those communities of relevant actions and projects and shall promote an open dialogue to ensure that their legitimate expectations are taken into due consideration. Moreover the Fiat Group seeks to contribute to the social, economic and institutional development of local communities through specific programmes. Fiat Group employees are asked to behave in a socially responsible manner by respecting the cultures and traditions of each country in which the Fiat Group operates and acting with integrity and good faith in order to merit the trust of the community.

Communication and corporate information

The Fiat Group recognises the vital role that clear and effective communication plays in sustaining internal and external relationships, ensuring the highest standards in reporting financial and non-financial information to provide a clear and transparent presentation of its performance in economic, social and environmental matters. Communication and external relations influence the development of the Fiat Group both directly and indirectly. It is therefore necessary for these activities to be organised with clear, uniform criteria, which take into consideration both the requirements of the various business lines and the economic and social role of the Fiat Group as a whole as well as applicable legal requirements. The information communicated to the outside world must be timely and co-ordinated at Fiat Group level in order to take full advantage of the Fiat Group's size and potential as well as to ensure completeness and accuracy. Fiat Group employees who are required to provide information to the public regarding Fiat Group companies or Sectors, business lines or geographical areas, in the form of speeches, participation at conferences, publications or any other form of presentation, must comply with any specific procedures issued by the Fiat Group and receive the prior concurrence of the duly designated department or appointed person responsible for external communications.

The Fiat Group desires to maintain public confidence in the integrity of its operations by openly reporting on and consulting with others to improve understanding of both internal and external health, safety and environmental issues associated with its operations and its products. Every year the Fiat Group provides specific information on the implementation of its environmental and social policies through the publication of the Sustainability Report.

Communications to financial and capital markets and supervisory authorities thereof shall be supplied in an accurate, complete, fair, clear, comprehensible and timely manner and always in compliance with the laws applicable in any relevant jurisdiction. These communications shall be made only by those employees with the specific responsibility for communications to financial and capital markets and to the supervisory authorities and in strict compliance with the Code and the applicable Fiat Group policies.

Media relations

The communication of information to the media plays an important part in building the image of the Fiat Group and therefore all information concerning the Fiat Group must be supplied in a truthful and uniform manner, only by those officers and other employees with the responsibility for media communications, and in strict compliance with Fiat Group policies. No other officer or other employee may provide any information not in the public domain concerning the Fiat Group to media representatives, or liaise in any way with them to disclose company confidential information and shall instead refer all media enquiries to the appropriate person or department.

6. Accounting & Internal Control

The Fiat Group is committed to maximising long-term shareholder value. To deliver on this commitment, the Fiat Group will maintain high standards of financial planning and control, and accounting systems consistent with and adequate to the accounting principles applicable to Fiat Group companies and in compliance with applicable laws. The Fiat Group will do this by applying the maximum level of transparency consistent with best business practice with the aim of:

- ensuring that all transactions are duly authorised, verifiable, and legitimate;
- ensuring that all transactions are timely, properly and accurately recorded, accounted for and duly documented in accordance with the relevant accounting principles and best practices;
- guaranteeing the maximum fairness and transparency in the handling of transactions with related parties in conformity with the "Guidelines for Significant Transactions and Transactions with Related Parties" adopted by the Board of Directors of Fiat;
- producing comprehensive, accurate, reliable, clear and comprehensible financial reports on a timely basis;
- operating in strict compliance with the "Guidelines for the Internal Control System" adopted by the Fiat Board of Directors;
- educating its people as to the existence, purpose and importance of internal controls;
- identifying, understanding and managing risks to all Fiat Group company assets with professional diligence;
- establishing rigorous business processes to ensure that management decisions (including those relating to investments and disposals) are based on sound economic analysis (including a prudent risk assessment), and provide a guarantee that company assets are optimally employed;
- ensuring that decisions on finance, tax and accounting issues are made at the right level of management and in full compliance with applicable laws;
- preparing the documentation to be sent to the market supervisory authorities or to be disclosed to the public in timely fashion and making sure that such documentation is comprehensive, accurate, reliable, clear and comprehensible.

The Fiat Group recognises that internal controls are of prime importance for the management and success of the Fiat Group. As a result, the Board of Directors of Fiat has adopted the "Guidelines for the Internal Control System". The Fiat Group is committed to putting in place processes to ensure that assigned employees obtain the required training and experience for building and maintaining an efficient internal control system that is consistent with the above-mentioned Guidelines. The Fiat Group considers transparency in the accounting for each single transaction to be of vital importance for its success. The Fiat Group therefore demands accurate, timely and detailed reporting from all of its employees with regard to all financial and other business transactions. True and accurate records of all financial and other business transactions should be kept by employees together with proper supporting evidence. The irregular keeping of the books of account is a violation of the Code and is considered illegal in almost all jurisdictions. It is therefore forbidden for any employee to behave in such a way or to be responsible for omissions that might lead to inaccurate or incomplete information including:

- the recording of false transactions;
- the misrecording of operations or the recording of operations that are not adequately documented;
- the failure to record commitments, including guarantees, that might generate liabilities or obligations for Fiat Group companies.

As part of a verification programme or at the request of the top management of Fiat Group companies or of the Group/Sector Compliance Officers, Internal Audit shall review the quality and effectiveness of the Internal Control System and shall report to the Group/Sector Compliance Officers and to the other delegated officers. Fiat Group employees will be requested to assist with the monitoring of the quality and effectiveness of the Internal Control System. The Internal Audit function, the Statutory Auditors, the external auditors and the Group/Sector Compliance Officers shall have full access to all data, documents and information necessary to perform their activities.

In so far as they are responsible, all officers and other employees who are asked to cooperate on the preparation and presentation of documents destined for the supervisory authorities or for the public will ensure that such documents are complete, accurate, reliable, clear and comprehensible.

7. Implementation & Assurance

The Fiat Group is committed to achieving the highest standards of best practice in relation to its moral, social and business responsibilities towards the people concerned. The Code sets out the Fiat Group's expectations with respect to its directors, officers, and other employees and other third parties with whom it has a business relationship and the responsibility they must take for transforming these policies into reality. The management of the various business lines, Sectors and departments of the Fiat Group are responsible for ensuring that these expectations are understood and put into practice by their employees. The management must ensure that the commitments set out in the Code are implemented across business lines, Sectors and departments.

The Group implement throughout the organization training on the Code and its values.

The Fiat Group encourages employees to solicit guidance from their Legal Department and Compliance Officers in any situation regarding the Code in which they may be in doubt as to the most appropriate behaviour. Alternatively, they may contact the following organization, on a confidential or anonymous basis, if they prefer:

(Office of Fiat Group *Compliance Officer*)

A quick reply shall be given to all requests for explanation without the employee risking any form of retaliation, including indirect forms.

An appropriate sanctions policy for Code violations shall be adopted by the direct supervisors, after hearing, if necessary, the opinion of the competent Compliance Officers and the opinion of the competent HR Department consistent with existing laws and relevant national and company-wide labour contracts, and shall be proportionate to the particular violation of the Code.

Any form of retaliation against anyone who has in good faith reported possible violations of the Code or who has requested explanations regarding Code application procedures, will be considered a violation of the Code. The behaviour of anyone accusing other employees of a Code violation in the knowledge that such violation does not exist is also considered a Code violation.

Code violations may lead, among other consequences including legal proceedings, to the termination of any fiduciary relationship between the Fiat Group and the applicable employee with the contractual and statutory consequences set forth in the applicable labour legislation.

Any exceptions to what is prescribed by the Code, including partial exceptions and exceptions limited in time and nature, may only be authorised exclusively for serious and justified reasons and only by the Board of Directors of the Fiat Group company in which the applicable employee works, after hearing the opinion of the competent Compliance Officer.

The Internal Audit function performs periodic audit activities on the operation of and compliance with the Code and results are presented to the Fiat Group Compliance Officer, the Chief Executive Officer of Fiat and the Board of Directors Modifications to the Code or additions to it may be based on this Audit.

Appendices

Appendix A – Definition of Subsidiary Company

Art. 2359 of the Italian Civil Code:

"The following are considered subsidiary companies:

1) companies in which another company possesses a majority of the voting rights that can be exercised at a general meeting of shareholders;
2) companies in which another company possesses enough votes to exercise a dominant influence at an ordinary general meeting;
3) companies that are under the dominant influence of another company by virtue of special contractual restrictions with it.

For the purposes of enforcing numbers 1) and 2) of paragraph 1, the voting rights of subsidiary companies, trustee companies, and "straw men" are also counted. Voting rights of third parties are not counted…"

Art. 26 of Legislative Decree no. 127 of 9 April 1991:

"… in any event, the following are considered subsidiary companies:

a) companies in which another has the right, by virtue of a contract or a clause in the articles of association, to exercise a dominant influence where such contracts or clauses are permitted by law;
b) companies in which another, on the basis of agreements with other shareholders, has sole control of a majority of the voting rights.

Enforcement of the preceding paragraph also takes into account the rights of subsidiary companies, trustee companies, and "straw men". Voting rights of third parties are not considered…"

Appendix B – Interpretation and Reporting of Violations

For queries relating to specific provisions or requiring clarification of the Code, employees are encouraged to contact the Legal Department responsible for the relevant Fiat Group company.

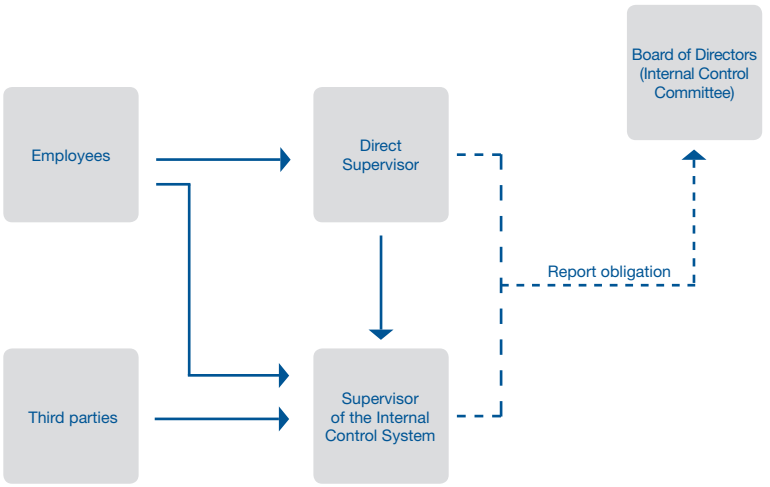
If an employee wishes to report a violation (or suspected violation) of the Code, he/she should contact his/her direct supervisor. If the grievance remains unresolved, or the employee feels uncomfortable reporting the grievance to the direct supervisor, he/she should report it to the competent Compliance Officer or utilize any anonymous or other established reporting mechanism.

If a third party wishes to report a violation (or suspected violation) of the Code, he/she should contact the competent Compliance Officer or the specific channels that will be identified by the Fiat Group Companies for that purpose.

Interpreting or Reporting Structure:

A) Interpretation

B) Reporting



Appendix C – Code of Conduct Requirements for Corporate Officers

The undersigned _____, in his capacity as _____ of the company _____, affirms that in the course of discharging the aforesaid duties in addition to respecting the Fiat Group Code of Conduct, he will abide by the following rules, which represent an integral and essential part of his obligations by virtue of his position at the Company:

- comport him/herself with honesty and integrity, avoiding all conflicts of interest, including potential ones, deriving from his/her personal or professional relationships;
- promptly provide his/her own superior and if so required by virtue of his/her position at the Company, the independent auditor, the Board of Directors, the Board of Statutory Auditors, and the shareholders with complete, accurate, objective, and immediately comprehensible data and information;
- promptly report to the appropriate person or, as the case may be, the Fiat Group Compliance Officer or the Audit Committee of Fiat S.p.A. violations of the Fiat Group Code of Conduct of which he/she has actual knowledge or credible evidence;
- act so as to ensure full, fair, accurate, and understandable disclosure in reports and documents that are to be filed with (or are instrumental to the filing of documents to be filed with) public authorities and in any other public communication;
- act in full compliance with the norms, laws and regulations that apply to the Company;
- act with maximum professional objectivity, avoiding situations where his/her independent judgment might be unduly influenced by external circumstances;
- treat information not in the public domain or obtained by virtue of his/her position in the Company with the maximum confidentiality, avoiding any use of said information to his/her personal benefit or the benefit of others;
- promote the highest standards of integrity and professionalism amongst his/her own subordinates;
- use Company assets and resources in the most correct and professional manner and only for Company purposes.

Date

Signature

2 – Abstract of the Compliance Program of Fiat S.p.A.

pursuant to Legislative Decree 231/2001

Definitions

- "**Activities at Risk**": the phase of the Sensitive Process within which conditions/potential risks may arise in regard to the commission of an Offence;
- "**Business Partners**": contractual counterparties of Fiat, such as suppliers, agents, joint venture partners (not only physical, but also corporate persons) with whom the Company enters into any form of contractually regulated collaboration (purchase and/or sale of goods and services, temporary joint ventures – ATI (Associazione Temporanea d'Impresa/Temporary Corporate Association), consortiums, etc.), in order to cooperate with the Company within the context of the Sensitive Processes;
- "**Code of Conduct**": a code of ethical conduct adopted by Fiat available on the website www.fiatspa.com;
- "**Compliance Program Supervisory Board**": the corporate body assigned to supervise the functioning of the Program, compliance with the regulations set out therein, and the relative updating of the Program;
- "**Consultants**": persons acting in the name of and/or on behalf of Fiat, based on mandates or other forms of collaborative relations (also coordinated);
- "**Corporate Bodies**": the Board of Directors, the Internal Control Committee, and the Board of Statutory Auditors of Fiat;
- "**Employees**": all Fiat employees (including the Managers);
- "**Fiat**": Fiat S.p.A. is also defined as "Company" in this document;
- "**Government Agencie**s": Government Agencies, including the relative officers and persons responsible for public services;
- "**Group**": Fiat and its subsidiary Companies, directly or indirectly controlled, in accordance with Article 2359, first and second paragraph, of the Italian Civil Code;
- "**Instrumental Activities**": activities through which it is possible to commit bribery/extortion Offences;
- "**Internal Control and Risk Committee**": a committee instituted by Fiat whose duty is to support the evaluation and decision-making process of the Board of Directors by providing advice and proposals in relation to the Internal Control and Risk Management System and periodic financial reporting;
- "**Legislative Decree 231/01**": Legislative Decree No. 231 of 8 June 2001 and subsequent amendments;
- "**NCLA**": National Collective Labour Agreements presently in force and applied by Fiat;
- "**Offences**": the Offences regulated by Legislative Decree 231/01 (also including the possible future integration of Offences not presently foreseen by this legislation);
- "**Program**" or "**Programs**": the compliance program or programs pursuant to Legislative Decree 231/01;
- "**Recipients**": Corporate Bodies, Employees, Services Companies, Consultants, and Partners (these also include Suppliers, Customers and additional Third Parties who intend to cooperate with the Company within the scope of the Sensitive Processes);
- "**Reference Guidelines**": the Guidelines for the development of the Compliance Program pursuant to Legislative Decree 231/2001, approved by Confindustria on 7 March 2002 and including the subsequent amendments and addendums, in addiction the Group Guidelines, that is, the Fiat Guidelines for the development and revision of the Compliance Program, pursuant to Legislative Decree 231/2001 in the subsidiary Companies;
- "**Sensitive Processes**": Fiat activities subject to the risk of the commission of Offences;
- "**Service Company**": Group companies that provide services for other Group companies:
- "**Sensitive Transaction**": transaction or act that is performed within the scope of the Sensitive Processes, which may be of a commercial, financial, or corporate nature (such as the reduction of share capital, mergers, demergers, transactions in regard to the shares of the parent Company, attribution of shares, reimbursements of capital to shareholders, etc.).

Section I

Introduction

1. Legislative Decree 231/2001 and Other Relevant Legislation

Legislative Decree 231/01 was issued on 8 June 2001, pursuant to enabling provisions of Article 11 of Law 300 of 29 September 2000. Legislative Decree 231, which came into force on 4 July 2001, aligned the Italian legislation regulating the liability of legal entities with certain international conventions previously underwritten by Italy.

Legislative Decree 231/01, entitled "*Standards Governing the Administrative Liability of Legal Entities, Companies, and Associations, Including Those without Legal Personality,*" introduced the concept of vicarious criminal liability of legal entities, for the first time in Italy, as a result of certain offences committed on behalf of or for the benefit of such entities. The provisions contained therein identify those persons who hold representative, administrative, or executive positions in those entities as active subjects of the offences or in any of their organisational units that have financial and operative autonomy, as well as persons who actually operate and control such entities; and, lastly, persons subordinate to or under the supervision of one of the persons indicated above. Such liability is in addition to the personal liability of the individual who actually committed the offence.

Legislative Decree 231/01 also penalises the assets of entities that have benefited from the commission of a criminal act. The application of monetary sanctions is envisaged for all offences foreseen by the Decree. In the more serious cases, interdictory measures may also be applied, such as suspension or revocation of licenses and permits, prohibition to maintain relations with Government Agencies, debarment from performance of activity, exclusion or revocation of loans and grants, and prohibition to advertise goods and services.

The Decree foresees exemption from administrative responsibilities that is effective whenever the company, prior to the commission of the illegal act, proves the adoption and efficient implementation of a Control and Organisational Program that is suitable for preventing crimes of any type similar to those verified, entrusting the duty supervising the functioning and observance of the Program itself to a body that is equipped with autonomous initiative and control powers (Supervisory Board); that the act was committed by fraudulently eluding the Program and that there was no omitted or insufficient monitoring by the Supervisory Board.

Attachment A to this Program provides a fuller description of the various categories of offences foreseen by the Decree.

2. The Function of the Legislative Decree 231/01 Program

The Program adoption, pursuant to the law as optional and not obligatory, is considered by Fiat as a relevant opportunity to implement an "active" prevention of offences by strengthening its own Corporate Governance and Internal Control System, as well as the diffusion of suitable ethical/behavioural principles.

The Program identifies – in coherence with the Code of Conduct adopted by the Company, which constitutes an integral part – the rules and procedures that must be respected by all Recipients, that is, by all those who operate on behalf of or in the interest of the Company within the scope of the Sensitive Processes, such as Employees, Social Bodies, Service Companies, Consultants, and Partners, with regard to the commission of offences implied by the responsibility of Legislative Decree 231/01.

The Supervisory Board, for the purposes mentioned, guarantees constant supervision of the Program implementation, through monitoring activities and the eventual application of discplinary or contractual sanctions imposed in order to actively censure all illicit behaviours.

3. Reference Guidelines

In preparing the Program, Fiat has followed the example of the **Confindustria Guidelines** – whose principles are described in Attachment B and referenced in the text of this Program – as well as the **Corporate Guidelines**, which contain the general principles and rules for the construction of the Program by which the Company has been inspired.

Since the Program must be reported with reference to the Company's concrete situation, it is hereby understood that it may well divagate from the reference Guidelines that, by their nature, are of a general character.

Section II

The development of the program

1. Underlying Principles and Assumptions of the Fiat Program

In preparing the Program, Fiat has taken into account the existing procedures and control systems already widely operative within the company (revealed in the "as-is" phase), in addition to the prescriptions of Legislative Decree 231/01, and also deems them suitable as prevention and control meaures for the offences to the Sensitive Processes. In particular, the following are currently operative at Fiat:

- A Code of Conduct to establish the "business ethics" principles, with which Fiat identifies itself and by which all Employees, Corporate Bodies, Consultants, and Business Partners are required to comply;
- The principles of Corporate Governance, which reflect the applicable legislation and international Best Practices;
- The Internal Control System (ICS), (and consequently the company procedures, documentation and official announcements concerning the hierarchical-functional and organisational structure of the Company and the management control system);
- Regulations governing the administrative, accounting, financial, and reporting system;
- Communications with personnel and personnel training;
- A disciplinary system established in the various National Collective Labour Agreements (NCLA);
- Applicable Italian and foreign legislation in general (including the laws concerning workplace safety).

1.1 Characteristics of the Fiat Program

According to the previsions of Legislative Decree 231/01, this Program is characterised by three aspects: it is *effective, specific,* and *relevant*.

Effectiveness

The effectiveness of a compliance program depends on its actual ability to elaborate, or at least significantly reduce, the risk of committing offences pursuant to Legislative Decree 231/01. This ability is based upon the underlying decision-making, preventive and detective control mechanisms capable of identifying transactions of an anomalous nature, denoting conduct relevant to the risk areas and the appropriate urgent measures to be taken should such circumstances arise. The effectiveness of a compliance program also depends upon the efficiency of the tools to identify the "symptoms of illegal activity."

Specificity

Specificity is one of the elements that connotes the efficiency of the Program, pursuant to Article 6, comma 2, letters a and b.

The Program specificity is connected to the areas at risk – and requires a census of the activities within which the offences might be committed – and also connected to the training processes and the implementation of Company decisions relative to the "sensitive" areas.

Similarly, the Program must also identify suitable methods to manage the financial resources, provide for information technology obligations and an adequate disciplinary system, as well as taking into account the Company characteristics and dimensions, the types of activities performed, and the Company's history.

Relevance

It should be noted that the capacity of the Program to reduce the exposure to the commission of Offences is directly linked to the ongoing updating of the Program in order to reflect the current structural characteristics and business activities of the Company/Entity.

Article 7 of Legislative Decree 231/01 states that the effective implementation of the Program entails periodic verification and the necessary modification to the Program whenever possible violations are discovered, or as a consequence to changes in the business activity, or the organisational structure of the Company/Entity.

Article 6 of Legislative Decree 231/01 envisages that the Compliance Program Supervisory Board, which is empowered to act and verify independently, be responsible for updating the Program.

1.2 Definition of the Fiat Program

(omissis)

1.3 Adoption of the Programs by Fiat and Subsequent Amendments

(omissis)

1.4 Implementation of the Fiat Program

The responsibility relative to the implementation of this Program in relation to the Senstive Processes refers exclusively to Fiat, which has assigned its own Supervisory Board the duty of exercising the relative controls, according to the procedures described in the Program.

2. The Compliance Program Supervisory Board

2.1 Constitution of the Compliance Program Supervisory Board: Appointment and Revocation

(omissis)

2.2 Duties and Powers of the Compliance Program Supervisory Board

It is the duty of the Compliance Program Supervisory Board to monitor the:

- Compliance with the Program by the Employees, Corporate Bodies, Service Companies, Consultants, and Business Partners;
- Effectiveness and adequacy of the Program in regard to its effective capability to prevent the commission of the Offences;
- Need for updating the Program, in the light of changed conditions of the company and/or legislative developments.

For this reason, the Supervisory Board is guaranteed free access – for all the Company functions, with no requirement for preventive consent – to all information, data or Company documents deemed relevant to performing their respective duties and to be constantly informed by Management regarding: a) aspects of corporate activity that could expose Fiat to the risk of committing of any of the Criminal Offences; b) relations with Service Companies, Consultants, and Business Partners who operate on behalf of the company within the scope of Sensitive Transactions; c) any extraordinary company transactions.

Accordingly, the Compliance Program Supervisory Board:

- Performs periodic reviews of all company activity in order to update the mapping of Sensitive Processes;
- Verifies the respect to the methods and procedures required by the Program and to reveal any eventual behavioural gaps that might emerge from the analyses of the information flows and from the indications for which the various roles are held responsible;
- Gathers, processes, and retains the significant information concerning compliance with the Program, as well as the list of information that the must be sent to or be ready for inspection by the Compliance Program Supervisory Board;
- Liaises with corporate functions (also by means of appropriate meetings) in order to enhance the monitoring of the activities relative to the procedures established by the Program and evaluates the accuracy and the Program updating requirements;
- Interprets relevant legislation (with the assistance of the Legal Affairs Department) and verifies the adequacy of the Program in regard to such provisions of law;
- Submits proposals to the Corporate Bodies with regard to the possible need for updating of existing Program, by the appropriate amendments and/or integrations rendered necessary as a consequence of significant violations to the

requirements of the Program, important changes to the structure of the company and/or the manner in which the company activity is conducted and as a result of legislative changes;

- Conducts focused reviews periodically regarding specific transactions or activities performed by the Company, especially with regard to the Sensitive Processes, the findings that must be included in an ad hoc report for discussion during the meetings with the responsible Corporate Bodies;
- Notifies the Corporate Bodies of the appropriate measures required regarding those violations to the Program that could result in a responsibility for the Entity and liaises with the Company Management to make decisions in regard to the adoption of possible disciplinary sanctions, without prejudice to the prerogative of the latter to impose sanctions and relative disciplinary measures;
- Liaises with the Head of Human Resources Department in order to define employee training programs and the content of periodic communications to be sent to the Employees and to the Corporate Bodies, also through the Company intranet site, aimed at providing teh same with the necessary sensibility and knowledge of the requirements pursuant to Legislative Decree 231/01;
- Initiates and conducts internal investigations, with the cooperation of such company functions as may from time to time be required, to acquire further information (e.g. examination, with the assistance of the Legal Affairs Department, of any agreements where the form and content are inconsistent with the standard clauses intended to protect the Company from the risk of involvement in the commission of Criminal Offences; or, with the support of the Human Resources Department in regard to the application of disciplinary sanctions, etc.);
- Availing itself of the assistance of the other competent company functions, the Compliance Program Supervisory Board may periodically verify the current system of delegation of authority and powers of attorney and their consistency with the entire system of organisational communications (the internal company documents that delegate authority), and recommend changes if the delegated powers and/or qualifications do not correspond with the powers of representation granted to the agent, or if there are any other anomalies;
- Makes proposals to Management for the appropriate improvement to the systems in place for managing financial resources (both incoming and outgoing), so as to be able to detect the possible existence of financial flows subject to a greater margin of discretion than normally envisaged.

The activity of the Compliance Program Supervisory Board may not be influenced by any other corporate body or structure, without prejudice, however, to the responsibility of the Board of Directors, which is nevertheless called upon to perform a supervisory role as to the adequacy of such activity, ensuring that the ultimate responsibility for the functioning of the Program lies with the Board of Directors.

2.3 Reporting by the Compliance Program Supervisory Board to Top Management

(omissis)

2.4 Flow of Information to the Compliance Program Supervisory Board: General Information and Specific Mandatory Information

The Compliance Program Supervisory Board must be kept informed, by appropriate notification received from the Employees, Corporate Bodies, Service Companies, Consultants, and Business Partners in regard to events that could generate responsibility for Fiat in accordance with Legislative Decree 231/01.

In accordance with the provisions of the Code of Conduct, should an employee wish to report a violation (or suspected violation) to the Program, such person should contact his/her immediate supervisor. In the absence of any forthcoming action in response to the report, or should the employee feel uneasy about reporting the matter to his/her immediate supervisor, the employee should contact the Compliance Program Supervisory Board.

Service Companies, Consultants, and Business Partners should report matters concerning the work that they perform for Fiat directly to the Compliance Program Supervisory Board, which will review the reports received.

Possible ensuing measures by the Compliance Program Supervisory Board will be applied in conformity with the provisions of Section IV (Disciplinary System).

The **Comments Relative to the Violation of a General Nature** must be communicated without delay regarding:

- The commission of Offences or conduct that is not in line with the principles of conduct foreseen in the Code of Conduct and/or the Legislative Decree 231/01 Program, or the internal procedures issued by the Company;
- Findings and sanctions committed by Public Entities (Internal Revenue Service, Municipal Inspection, INPS, INAIL, ARPA, ASL, etc.) upon results from the inspection verifications;
- Criticalities that emerge over the course of the relations with Public Officials or public service employees (e.g. relative to contributions/financing for inspections, testing, supplying installation or maintenance services, etc.);
- Deficiencies or inadequacies relative to the work locations, equipment, individual protection devices, or any other dangerous situations related to workplace health and safety.

In addition to the reports described above, any information concerning **Information Inherent to the Management of Sensitive Processes** must be immediately communicated to the Compliance Program Supervisory Board:

- Proceedings and/or notifications by judicial police departments, or any other authority, indicating investigations underway for Offences, also in regard to unknown persons;
- Rulings regarding the application of disbursements and utilisation of government grants;
- Fequests for legal assistance submitted by Managers and/or Employees in regard to proceedings by Judicial Authorities relative to Offences pursuant to Legislative Decree 231/2001;
- Information relative to the disciplinary proceedings executed and the eventual sanctions imposed pursuant to the Program (including provisions toward the Employees) or archiving provisions for such proceedings with the relative motivations;
- Summarised proposals for tenders won subsequent to biddings on a national and European level, or private agreements;
- Information relative to the duties assigned to public entities or subjects that perform public utility functions;
- Periodical reports relative to workplace health and safety;
- Organisational modifications.

The comments relative to the violations of a general nature and the abovementioned information must be forwarded to the Supervisory Board.

Whistleblowers will be guaranteed, in good faith, against any form of retaliation, discrimination or penalty and, in any case, will also be guaranteed confidentiality relative to the identity of the whistleblower, except for legal obligations and protecting the rights of the Company and the persons accused in mala fide. The Supervisory Board also assumes the role of Ethics Officer.

2.5 Receipt and Retention of Information

The information, communications and reports foreseen by this Program must be retained by the Compliance Program Supervisory Board in a specific database (electronic or hardcopy) for a period of 10 years, pursuant to confidentiality and privacy laws.

Access to the database is restricted exclusively to the members of the Internal Control Committee, the Board of Statutory Auditors, the Directors, the Compliance Program Supervisory Body and to persons delegated by the same.

3. Verification of the Adequacy of the Program

(omissis)

Section III

Disclosure of the Program

Knowledge of this Program is fundamental in developing awareness to all Recipients who operate on behalf of or in the interest of the Company within the scope of Sensitive Processess, in order to avoid incurrences in illicit offences subject to relevant penal consequences, not only for the person himself/herself, but also for the Company, in the event of behaviours that are contrary to the previsions in Legislative Decree 231/01 and to the Program.

1. Training and Informing the Employees

(omissis)

2. Informing the Consultants and Business Partners

The Consultants and Business Partners must be informed of the Program contents and of the conduct compliance obligation relative to the terms pursuant to Legislative Decree 231/01.

3. Information to Administrators and Auditors

(omissis)

Section IV

Disciplinary System

1. Purpose of the Disciplinary System

The adoption of a disciplinary sanctions system (commensurate with the violation and intended as a deterrent), to be applied in the event of violation of the rules set out in this Program, contributes to the efficiency of the activity of the Compliance Program Supervisory Board and serves to ensure the effectiveness of the said Program. In accordance with the provisions of Article 6, first paragraph, letter *e)* of Legislative Decree 231/01, the definition of a sanctions system of a disciplinary and/or contractual nature constitutes an essential requisite of the Program in order to establish the extenuating circumstances necessary to avoid to corporate liability.

The application of the disciplinary system and the relative sanctions is independent of the course and outcome of legal proceedings initiated by the judicial authorities when such censurable conduct constitutes one of the Offences envisaged by Legislative Decree 231/01.

In the event of the Company incurring tangible damages consequent to the violation of the rules outlined in this Program, it may nevertheless proceed with a claim for damages, such as a judicial ruling of the sanctions against the Company as prescribed by Legislative Decree 231/01.

2. Disciplinary Measures against Employees

2.1 Disciplinary System

(omissis)

2.2 Violations to the Program and Applicable Sanctions

(omissis)

3. Disciplinary Measures in Regard to Managers

(omissis)

4. Disciplinary Measures in Regard to Directors

In the event of conduct in violation of this Program, by one or more Board members, the Compliance Program Supervisory Board must inform the Board of Directors and the Board of Statutory Auditors, who will take suitable action, such as summoning a shareholders' meeting, for example, in order adopt the appropriate measures permitted by law. The Compliance Program Supervisory Board will also inform will also inform the Internal Control and Risk Committee.

5. Disciplinary Measures in Regard to the Statutory Auditors

In the event of conduct in violation of this Program, by one or more Statutory Auditors, the Compliance Program Supervisory Board must inform the entire Board of Statutory Auditors and the Board of Directors, who will take suitable action, such as summoning a shareholders' meeting, for example, in order adopt the appropriate measures permitted by law. The Compliance Program Supervisory Body will also inform the Internal Control and Risk Committee.

6. Disciplinary Measures in Regard to Service Companies, Consultants, and Business Partners

Instances of conduct in violation of this Program by Service Companies, Consultants, freelance operators providing ongoing services, and Business Partners, with regard to the rules applicable to them or the commission of offences, are subject to sanctions in accordance with the specific contractual clauses included in the relative agreements.

7. Disciplinary Measures in Regard to the Compliance Program Supervisory Board and Other Parties

(omissis)

Section V

Fiat Compliance Program

1. General Control Environment

1.1 Company Organisational System

The Company's organisational system must respect the basic requirements of authorisation and transparency, communication, and segregation of duties, and with particular regard to the assignation of responsibility, representative powers, the definition of hierarchical lines of reporting and of operating activities.

The company must be equipped with organisational instruments (organisation charts, organisational communications, procedures, etc.) based upon the following general principles:

- Awareness within the company (and possibly by the other Group Companies);
- Clear and formal definition of roles and functions;
- Clear description of the lines of reporting.

The internal procedures generally reflect the following requirements:

- Segregation, within each process, between the person who initiates the process (decisional faculty), the person who carries out and completes the process, and the person who controls the process;
- Documented traceability of each important step of the process;
- Adequacy of the level of authorisation.

1.2 Delegation of Authority and Assignation of Power of Attorney

"Delegation of authority" is represented by the internal act of conferral of functions and duties, reflected in the system of organisational communications. In order to effectively prevent offences, the essential requisites of a delegation of authority system are as follows:

- The Head of the Function/Entity must ensure that all subordinate personnel who represent the Company are equipped with a written delegation of authority
- the delegation of authority must indicate:
  - The name of the person delegating the authority (the person to whom the delegated party reports);
  - Name and duties of the delegated party, consistent with the position held by the same;
  - Scope of application of the delegation of authority (e.g. project, duration, product etc.)
  - Date of issue;
  - Signature of the person delegating the authority.
- "Power of attorney" is the unilateral legal document with which the company assigns the power of representation toward third parties. In order to effectively prevent offences, the requisites of the system for the assignation of powers of attorney, are as follows:
- Power of attorney may be granted to physical persons, or to legal entities (that act through their own agents who are vested with similar powers within the scope of the power of attorney);
- General powers of attorney should be assigned exclusively to persons equipped with an internal delegation of authority or a specific engagement agreement and must be accompanied by the appropriate communication that established the extention of power of attorney and eventual fee limits, where necessary;
- A procedure must regulate the methodology and responsibilities in order to ensure the timely updating of the powers of attorney and to establish the circumstances when the powers of attorney should be granted, amended, or revoked.

1.3 Relations with Service/Consulting/Partner Companies: General Principles of Conduct

Relations with Service/Consulting/Partner Companies, within the scope of the Sensitive Processes and/or the activities with an offence risk, must be established with maximum correctness and transparency, respect to the law, the Code of Conduct, this Program, and the internal Company procedures, as well as the specific ethical principles on which the Company activities are established.

Service Companies, consultants, commercial agents, suppliers of products/services, and partners in general, (e.g., temporary business associations), must be chosen according to the following specific principles/procedures, which take into consideration the specific elements outlined here below:

- Verify the **commercial and professional credibility** (e.g. ordinary perusals at the Chamber of Commerce, to ensure that the activity performed is coherent with those required by the Company, self-certification in accordance with Presidential Decree 445/00 relative to eventual pending charges or sentences charged on their behalf);
- Make selections based on the ability to provide services in terms of quality, innovation, and costs that demonstrate high **standards of Company ethical conduct**, with particular reference to the respect for human rights, environmental rights, and the principles of legality, transparency, and correctness in business affairs (said assurance process must require high qualitative standards, also implemented by the same through the acquisition of specific certifications relative to quality);
- Do not perform any sort of commercial and/or financial operations, in person or with other subjects – individuals or legal entities – who are involved in judicial investigations for presumed Offences relative to Legislative Decree 231/01 and/or brought to attention by European or international organisations/authorities subject to offences involving terrorism, money laundering, and organised crime.
- Do not accept contractual relations with subjects – individuals or legal entities – who have offices or residences or any sort of connection with countries that are considered uncooperative as they do not conform to the standards of international laws and recommendations expressed by FATF-GAFI (Financial Action Group against Money Laundering) or appear on the suspension lists (so-called “Black Lists”) of the World Bank and of the European Commission;
- Recognise compensations exclusively with suitable justification in the context of the contractual relation constituted or in relation to the type of activity to be performed, following the procedures in force within the local scope;
- As a general rule, no payments may be made in cash and in the event of a waiver of this condition, the said payments must be appropriately authorised. In any case, the payments must be made in accordance with the relative administrative procedures, which document the purpose and traceability of the expense;
- With reference to financial management, the company carries out specific procedural controls and focuses particular attention on transactions occurring outside the normal company processes, which are consequently managed in an extemporary and discretional manner. Such controls are intended to prevent the creation of hidden reserves (e.g. frequent reconciliation of accounting data, supervision, segregation of duties, conflict of responsibilities such as those of the purchasing and financial functions, an effective system to document the decision-making process, etc.).

1.4 Relations with Service/Consulting/Partner Companies: Contract Clauses

Contracts with Service/Consulting/Partner Companies must require formalisation of specific clauses that regulate:

- Commitment with respect to the Code of Conduct and the Program adopted by Fiat, moreover to provide appropriate declarations to have never been implicated in legal proceedings relative to the offences stipulated in the same and to be committed to comply with Legislative Decree 231/2001, or if they have been, they must declare as such in order for the company to pay greater attention should consultancy or partnership relations be reached. Said commitment may be reciprocal, if the counterpart has adopted its own similar behaviour code and Program;
- Regulate the consequences of the violation of the Program and/or the Code of Conduct (e.g. expressed termination clauses, penalties);
- Commitment from Service/Consulting/Partner Companies to conduct their business activities in conformity with regulations and principles similar to those pursuant to the laws of the country (or countries) in which the said companies operate, with

particular reference to the offences of corruption, money laundering, and terrorism, and to the regulations that require responsibility for the legal entity (Corporate Liability), as well as to the principles contained in the Code of Conduct and the relative Guidelines, aimed at assuring the respect of adequate levels of ethics in the operations of their respective activities.

1.5 Relations with Customers: General Code of Conduct

Relations with customers must be established with maxium correctness and transparency, with respect to the Code of Conduct, this Program, the law, and the internal Company procedures, which take into consideration the elements specificied here below:

Accept payments in cash (and/or other untraceable methods) only within the agreed limits of the law;

Grant payment deferments only under conditions of verifiable solvency;

Refuse sales in violation of international laws/regulations that limit the exportation of products/services and/or safeguard the principles of free competition;

Establish prices that are in line with the average market values, except for commercial promotions and eventual donations, provided that both are adequately motivated/authorised.

2. The Sensitive Processes at Fiat

The risk analysis performed by Fiat in compliance with Legislative Decree 231/01 revealed that presently the Sensitive Processes until the demerger date mainly concern:

1) Relations with Government Agencies and crimes against the Administration of Justice;
2) Computer crimes;
3) Organised crime offences;
4) Falsification of identification instruments or marks and offences against industry and commerce;
5) Corporate offences;
6) Offences against the person;
7) Market abuse offences and administrative infringements;
8) Crimes of manslaughter and serious personal injury and grievous bodily harm, committed in violation of the occupational safety and accident-prevention regulations;
9) Crimes of receiving stolen goods, money laundering and utilisation of money, goods or benefits deriving from illegal activity;
10) Offences regarding the violation of copyright laws;
11) Environmental offences.

The risks relative to other types of crimes envisaged by Legislative Decree 231/01 are considered to be of an abstract nature and not realistically feasible.

(omissis)

2.1 Sensitive Processes in Regard to Offences against Government Agencies and against the Administration of Justice

(omissis)

The general criteria for the definition of Public Administration and, in particular, of Public Service Commission, are shown in Attachment A.

Said definition includes a wide category of subjects with which the Company may choose to operate in performing its activities, provided that, in addition to Public Entities and those who perform a public legislative, judicial or administrative (Public Officials) function, they also include the subjects/entities entrusted by the Public Administration – for example – through an agreement and/or concession and regardless of the legal nature of the subject/entity, that may also be private subjects – the safeguarding of public interests or the fulfilment of general interest needs (in public service roles).

2.1.1 Specific Principles of Conduct

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, the following ulterior behavior principles are listed below, which must be observed to ensure efficient prevention of the risk of committing offences against the Public Administration and against the Administration:

- Making false statements to Italian Government or European Union Agencies in order to obtain government grants, contributions or loans;
- Preparing appropriate reports indicating the effective utilisation of funds obtained by public contributions and financing;
- Carrying out specific procedural controls with reference to financial management, and focusing particular attention on transactions occurring outside the normal Company processes, which are consequently managed in an extemporary and discretional manner in order to prevent the creation of hidden reserves;
- Verifying the subject attending a judicial, fiscal and administrative inspections (e.g. relative to Legislative Decree 81/2008, tax audits, INPS (Social Security) are specifically delegated to such matters. Minutes must be prepared and retained in regard to the entire inspection process;
- Not distributing gifts and gratuities beyond that which is foreseen by the corporate practices and Guidelines of the Code of Conduct (Fiat Group Business Ethics and Anti-Corruption Guidelines and Fiat Group Conflict of Interest Guidelines): accepted gifts are always characterised by the meagreness of their value, which are given in order to promote initiatives of a charitable or cultural nature, or the brand image of the Group. The gifts that are offered – except for those of a modest value – must be appropriately documented in order to allow any necessary verifications by the Supervisory Board. In particular, any gratuities to Italian or foreign public officials, or to their families, that might influence the judgmental independence or induce any advantage for the Company, are strictly forbidden;
- Not giving monetary donations and not granting benefits of any kind (promises of employment, etc.) to Italian or foreign public officials, either directly by Italian entities or by their employees, or through persons who act on their befalf of such entities in Italy or abroad;
- Not influencing the decisions of the officials acting or making decisions on behalf of the Government Agencies during the course of any business negotiations, applications or contacts with Government Agencies;
- Not determining fees, offering or promising benefits of any nature in favour of employees/customers/suppliers/business partners/service companies, which are not adequately justifiable in relation to the type of engagement to be performed or to the contractual relationship, and with prevailing local practices;
- Not delegating relations with Government Agencies to consultants or third parties that may create conflicts of interest;
- Not soliciting and/or obtaining confidential information that may compromise the integrity or reputation of both parties;
- Not assuming conduct with the intent or effect of leading a person to make false declarations before Judicial Authorities;
- In relations with Public Authorities, in particular with judicial and enquiring Authorities, maintaining a clear, transparent, diligent, and collaborative demeanour, through the communication of all information, data, and eventual information updates requested.

2.2 Sensitive Processes in Regard to Information Technology Crimes

(omissis)

The risk of committing offences contemplated by the same Sanction may result in a larger number of environments (activities, roles, processes), in which the Employees, in performing their actual duties, have access to an information system that is equipped with external connectivity and, in particular, the IT area, verifying the specific abilities and knowledge that connote the Employees that operate in said sector.

That said, in order to avoid the commission of such crimes, specific reference is made to the obligation to comply with established Company and Group policies adopted in order to regulate the utilisation of the resources and the IT instruments, including but not limited to indicating the following procedures:

- Operative Rules for the Correct Utilisation of the Information Systems;
- General Rules for the Correct Utilisation of the Information Systems;
- Guidelines for the Treatment of Company Data;
- Group Code of Conduct;
- *Information Security Standard Guideline* (ISSG) - *External Procurement,* with regard to service suppliers;
- Guidelines for the Security of the Data Centres;
- Guidelines in Regard to Work Stations;
- Procedure to contrast the diffusion of virus;
- In general, the legislation, the policies and the company procedures concerning the utilisation of the information systems.

2.2.1 Specific Principles of Conduct

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed to efficiently prevent the risk of committing offences relative to information technology crimes:

- Provide recipients with adequate information regarding the correct utilisation of the Company's IT resources and the risk of commission of information technology crimes;
- Limit the access by company resources to external networks and information systems compatibly with working requirements;
- Perform periodic controls on the Company IT network in order to identify anomalous conduct, such as downloadingl large files, or exceptional activity of the servers outside the Company working hours;
- Introduce and maintain adequate physical protection of the Company servers and, in general, the protection of all company information systems also through the adoption of a system to control access to the server rooms including, where possible, controls to prevent unauthorised introduction and removal of material.
- Adequately inform the information system users as to the importance of maintaining the confidentiality of their personal access codes (username and password) and not disclosing these to third parties;
- Provide the information system users with a specific document, with which they are informed of the correct utilisation of the Company's IT resources;
- Inform the information system users that they should not leave information systems unattended, as well as the need to block the systems whenever they abandon the workstation, utilising the personal access codes;
- Set up the information systems in such a manner that, whenever they are not utilised for a certain period of time, they are automatically blocked;
- Inward and outward access towards the external environment (connection to the Internet network) must be authorised and must be accessed only by authorised methods and only for work purposes;
- Equip the server rooms with security doors and physical access control so as to permit access only to authorised personnel;
- Protect all Company information systems, in order to prevent the illegal installation of hardware devices capable of intercepting the communications of an information or computer system, or the exchange of information between several systems, i.e., capable of impeding or interrupting them;
- Equip all information systems with an adequate firewall and anti-virus software and, wherever possible, ensure that these cannot be deactivated;
- Prohibit the installation and utilisation of software (programs) that have not been approved by the Company and are not related to the professional activity performed by the said parties or the users;
- Limit access to particularly sensitive areas and Internet websites, as these are carriers for the distribution and propagation of infected programs (so-called "viruses") capable of damaging or destroying information systems or data

contained by such systems (e.g., electronic mail websites or websites for the disclosure of information and files);

- Prohibit, in particular, the installation and utilisation of software (so-called "*P2P*", *file sharing or instant messaging* that are not authorised) on the Company's information systems, by means of which it is possible to exchange all types of files with other persons via the Internet network (such as films, documents, music, viruses, etc.) without any possibility for the Company to control such activity;
- Whenever wireless connections are utilised to access the network (i.e. without cables, by means of routers equipped with Wi-Fi antennae), it is necessary to protect such connections by means of an access key, so as to prevent third parties, not belonging to the Company, from illegally entering the Internet network though the dedicated routers and committing illegal activities attributable to Company employees;
- Envisage, wherever possible, an authentication procedure by means of a user name and a password that corresponds to a limited profile of the resource management system, which is specific for each said party or category of said party.

The information technology crimes extend the responsibility of the legal entities to the so-called forgery crimes. It is therefore severely prohibited to send any untrue document, counterfeited or not authentic, by means of a computer transmission.

2.3 Sensitive Processes in Regard to Organised Crime Offences

(omissis)

2.3.1 Specific Principles of Conduct

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed for efficient prevention of the risk of committing offences, on a national and international level, that are relative to organised crime:

Managing the suppliers/business partners in order that they provide adequate segregation of duties and responsibilities, with particular reference to the evaluation of offers, the execution of services, well-being, and the liquidation of payments;

Verify the regularity of payments, with reference to the full coincidence between the recipients/requesters of payments and counterparts actually involved in the transactions;

Perform formal and substantial controls on the Company financial flows, with reference to payments to third parties and intergroup payments. Such controls must take into account the legal headquarters of the counterpart Company (fiscal tax havens, terrorism-risk countries, etc.), credit institutions used (legal headquarters of the banks involved in the operations and institutes that do not have physical premises in any country) and eventual companies and fiduciary structures used for extraordinary transactions or operations.

2.4 Sensitive Processes in Regard to Offences for Falsifying Instruments or Identification Marks (Counterfeiting, Alteration, or Use of Brands or Identification Marks or Patents, Models and Designs) and Offences against Industry and Commerce

(omissis)

2.4.1 Specific Principles of Conduct

The Company demands and requests respect for industrial property rights, its own trade secrets, as well as for third parties. In particular, internal knowledge constitutes a fundamental resource that every employee and recipient must safeguarded. In the event of improper disclosure or violation of the rights of others, the Company could incur damages to its assets as well as its image. It is therefore prohibited to disclose to third parties any information relative to the Copmany's technical, technological and commercial information, except for cases in which such disclosure is requested by judicial authorities, laws, or other regulatory provisions, or in those cases in which expressly required by specific contractual agreements with which the counterparties are committed to using such information exclusively for the purposes for which the information is transmitted and to maintain confidentiality.Therefore, the Company takes an active part in the fight against counterfeiting its own brands and products, utilising all the instruments at its disposal by legislative regulations where the Company

operates, in particular, cooperating with the Authorities in charge of contrasting such offences, through agreements and informative meetings (e.g. customs authorities in charge of intercepting counterfeit merchandise).

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed for efficient prevention of the risk of committing Offences relative to:

Regarding brand safeguarding, the following principles of conduct are outlined:

- Define the responsibilities relative to the process for the creation, definition, judicial verification and registration of the brands through organisational provisions and procedures;
- Identify the person responsible for performing the background research necessary to verify the possibility of registering a new brand as well as in the case of a positive outcome, of the management of registration procedures on an international/community level and/or in the individual countries where the company is intent upon commercialising the products and services characterised by the new brand;
- Monitor the registration applications performed by third parties and identify the brand registration applications that may be similar or confusing with respect to the brands for which the Company holds ownership; in particular, as the new brands are identified, they must meet the requirements in order to guarantee registration and the non-interference with other brands for which third parties already hold ownership;
- Should the background verification reveal the existence of similar brands, previously registered by third parties in the same classes/Company market interests, the same shall provide for evaluating the opportunity/possibility to request/obtain consent from the third parties (through license or coexistence contract) for the use of the new brand. In the absence of said consent, the new brand may not be used, and therefore the proposal for a new brand shall be relinquished;
- Provide for the realisation of an archive or a brand portfolio database in proprietorship of the Company and ensure the management of the registration applications or the registered brands, as well as the maintenance or abandonment based on Company needs;
- In the area of marketing and barnd promotion activities, should the need to create/identify one or more proposals for new brands be identified, the entities must scrupulously propose brands that meet the needs of newness such as to differentiate them as much as possible from a visual, phonetic, and conceptual point of view from brands that have already been registered by third parties and by the description of the object/product that is to be identified (distinctiveness).
- Verify the legitimate origin of the purchased products, with particular reference to those that, either for their quality or for the price entity, may lead to the belief that they have violated laws relative to intellectual property rights, origin, or place of origin;
- Prior to the introduction of the product on the market, both for the first implementation as well as for the original parts and for the independent aftermarket, verify the regularity and the completeness of the labelling and the information placed on the same, giving particular attention to the presence of any information relative to the origin of the product, the name, or the brand and to the production or import site based on any applicable legislations currently in force;
- In the collaborations with third-party companies (joint ventures, agreements with locally licensed companies), should it be deemed necessary to relinquish the license to use brands for which the Company holds ownership, they must be defined in the relative collaboration/license contracts, clauses, and procedures that impede the use of the same that is not in conformity with owner Company policies or in violation of third-party rights.

2.5 Sensitive Processes in Regard to Corporate Offences

(omissis)

2.5.1 Specific Principles of Conduct

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed for efficient prevention of the risk of committing corporate offences.

This section expressly prohibits the Corporate Bodies of the Company, the Employees, and Consultants, to the extent that is necessary for the performance of their duties, to:

Within the scope of the preparation of communications to the shareholders and/or third parties in regard to the income, net asset and financial situation of the Company (financial statements for the accounting period, consolidated financial statements supported by the relative reports required by the law, etc.):

- Maintain a correct, transparent and collaborative conduct, in compliance with the law and the internal company procedures, in all activities concerning the preparation of financial statements and other company communications, in order to provide the shareholders and third parties with true and correct information as to the income, net asset and financial status of the Company and its subsidiaries;
- Strictly observe all the obligations imposed by the law to safeguard the integrity and consistency of the shareholder equity, in order not to impair the interests of the creditors and third parties in general;
- Draft the above-mentioned documents in accordance with the specific Company procedures in force, which:
  - State in a clear and complete manner the data and information which each department must provide, the accounting criteria for the elaboration of the data, and the deadlines for delivery of such information to the responsible functions;
  - Envisage the transmission of the data and information to the responsible function by means of an information system (also electronic) that permits the traceability of the individual steps and the identification of the persons inserting data into the system;
  - Provide the criteria and methodology for the elaboration of the data for the consolidated financial statements and for the transmission of such information by the companies to be included in the consolidation;
- Introduction of a basic training program for all persons responsible for the functions involved in drafting the financial statements and other related documents, in regard to the principal juridical and accounting notions and problems concerning the financial statements, intended not only to train newly hired employees, but also to provide regular updating courses;
- Institution of appropriate mechanisms to ensure that the periodic communications to the markets are comprised of all the interested functions in order to ensure correctness of results and sharing of the same. Such mechanisms include appropriate deadlines, the definition of the interested parties, the issues to discuss, the information flow, and the release of appropriate certifications.

Within the scope of the management of relations with the external auditing firm:

- Ensure the normal operations of the Company and the Corporate Bodies, guaranteeing and facilitating the adoption of any internal control procedure concerning the management of the Company, envisaged by the law, and to further ensure the unhindered and correct decision-making processes by the shareholders;
- Comply with the Group procedure that regulates the process relative to the evaluation and selection of the external auditing firm;
- Do not assign consultancy engagements activity other than the auditing of the accounts, which may not be assigned to the external auditors or to companies or professional organisations belonging to the same network as the external auditing firm. Possible waivers to this rule must be promptly brought to the attention of the Group Compliance Officer. Such exceptions may be authorised only by the Fiat Internal Control and Risk Committee that, before formulating a justified opinion, will seek a decision by the Board of Directors (subject to prior consultation with the Board of Statutory Auditors).

***Within the scope of the preparation of the communications to the Government Supervisory Bodies and the* management of relations with such entities:**

- Provide in a timely and correct manner and in good faith, all the communications to the Supervisory Bodies, envisaged by the law and the regulations, and to refrain from interposing any obstacles to the supervisory functions exercised by such bodies;
- Perform any activities subject to Public Authority monitoring, based on Copmany procedures that discipline the procedures and assignment of specific responsibilities relative to:

- Periodic communications to the Government Agencies envisaged by the laws and regulations;
- Transmission to the Government Agencies of the data and documents required by the laws and regulations (e.g. financial statements and minutes of meetings of the Corporate Bodies);
- Conduct to be adopted during the course of inspections.

The underlying principles of such procedures are:

- Assignment of all interventions of an organisational-accounting nature necessary for the extraction of the data and information necessary for the correct compilation of the communications and their punctual transmission to the Government Supervisory Bodies, in the manner and within the timescales prescribed by the applicable legislation;
- During the course of the inspection, maximum cooperation with regard to the completion of assessments by the Company functions involved. In particular, it is important that the documentation requested is provided in a timely and complete manner;
- Inspection participation by the subjects expressly identified, as well as the reporting and conservation of the relative minutes. Should the concluding minutes highlight any critical issues, the Compliance Program Supervisory Board should be informed by the person in charge of the function involved, by means of a written memorandum.

Within the scope of the management of the relations with supliers/clients/partners/intermediaries, the following behavioral principles are clarified (in relation to the offence of "Corruption between Private Parties"):

- Not distributing gifts and gratuities beyond those foreseen by the corporate practices and Guidelines of the Code of Conduct (Fiat Group Business Ethics and Anti-Corruption Guidelines and Fiat Group Conflict of Interest Guidelines): accepted gifts are always characterised by the meagreness of their value, which are given in order to promote initiatives of a charitable or cultural nature, or the brand image of the Group. The gifts that are offered – except for those of a modest value – must be appropriately documented in order to allow any necessary verifications by the Supervisory Board. In particular, any gratuities to suppliers/clients/partners/intermediaries that might influence the judgmental independence or induce any advantage for the Company are strictly forbidden;
- Not making donations for charity and sponsorship without prior authorisation, beyond that which is foreseen by the corporate practices; such contributions must be made exclusively to promote initiatives of a charitable or cultural nature, or for the Group brand image;
- Not incurring expenses for meals, entertainment, or other forms of hospitality, beyond that which is foreseen by the corporate practices;
- Avoiding situations involving a conflict of interest, with particular reference to interests of a personal, financial, or family nature (e.g. the existence of financial or commerical participation in supplier, client, or competitor companies, improper advantages that derive from the role performed within the Company, etc.), which could influence the independence toward suppliers/clients/partners/intermediaries;
- Not making donations of money and not agreeing upon advantages of any nature (promises of employment, etc.) to suppliers/clients/partners, either directly or indirectly via intermediaries;
- Not acknowledging compensations, commissions, offer or promise advantages of any nature to suppliers/clients/partners that do not have an appropriate justification within the context of the business relation or the contractual relation constituted with the same and to the practices in force on a local level;
- Providing adequate segregation of duties and responsibility in the management of:
- The supplier/partner/intermediary, with particular reference to the evaluation of offers, to the rendering of the services/supplies, and to the authorization of the same, as well as the liquidation of payments;
- All financial transactions presume the beneficiary's awareness of the relative sum;
- Verifying the coherence between the subject of the contract and the services/supplies rendered, as well as the coincidence between the payment recipient/orderer and the counterparties actually involved in the transactions;
- Attentively investigating and notifying the Supervisory Board regarding:

- Requests for unusually high-value commissions;
- Requests for expense reimbursements not adequately documented, which are unusual for the operation in question;
- Requests for making payments from/toward an account that is different than the one indicated in the data information or relative to credit institutions that are headquartered in tax havens or do not have physical offices in any country;
- Requests for making payments from/toward counterparties that are headquartered in tax havens, countries with terrorism risks, etc.

2.6 Sensitive Processes in Regard to Offences against the Person

(omissis)

2.6.1 Specific Principles of Conduct

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed for an efficient prevention of the risk of committing offences against the individual:

- In the selection of suppliers (particularly the providers of particular services, such as janitorial services, travel agencies, etc.) always carefully assess the integrity of these Partners, including means of ex-ante investigation (specifically in regard to particular risk indicators such a the supplier cost of labour, the allocation of production systems, etc.) and the request for any related document;
- In the event of employment of personnel from non-European countries, verify the regularity of the residency permit and monitor the expiry date of the same;
- Careful assessment and regulation of the direct and/or indirect organisation of travel or stays in foreign locations, specifically regarding locations considered "sex tourism" destinations;
- Provide the Company with information technology tools that prevent access to and/or receipt of child pornography;
- Periodically update the personnel on the Company procedures adopted to prevent the criminal offences envisaged in this Section and the evolution of applicable laws.

2.7 Sensitive Processes in Regard to Market Abuse Offences

(omissis)

2.7.1 Specific Principles of Conduct

This Section expressly prohibits the persons mentioned below from committing, collaborating with, or causing the commission of acts that individually or collectively contribute, directly or indirectly, to the perpetration of the type of offences and administrative crimes contemplated in this chapter (Article 25-sexies of Legislative Decree 231/01 and Article 187-*quinquies* of the Consolidated Law on Financial Instruments and Markets (TUF). The persons in question are:

- members of the Board of Directors
- members of the Board of Statutory Auditors
- Chief Executive Officer
- Chief Financial Officer
- Chief Administrative Officer
- Members of the following Entities/Functions: Audit & Compliance, General Affairs and Corporate Affairs, Group Control (Financial Statements and Reporting, Accounting Principles), Relations with Institutional Investors, Communications, Finance, Human Resources, Business Development and Strategies
- Compliance Officer
- Members of the Group Executive Council (GEC)

In addition, several examples of expressly forbidden conduct are listed below:

- Utilising privileged information, in virtue of the position held within the Group or given the fact that business relations with the Group exist, to directly or indirectly negotiate shares of a Group company, of customers or competitor companies, or of other Companies, in order to gain a personal benefit or to favour third parties, the Company or other Group companies;
- Disclosing privileged information regarding the Group to third parties, other than in those cases in which such disclosure is required by the law, by other regulations, or by specific contractual conditions whereby the counterparties undertake in writing to utilise such information for the purposes for which it was transmitted and to maintain confidentiality;
- Participating in Internet discussion groups or chat-rooms where the subject matter concerns quoted or unquoted financial instruments or financial instruments to be issued, in which there is an exchange of information concerning the Group, its subsidiaries, competitor companies or quoted companies in general, or financial instruments issued by such parties, unless such encounters are institutional meetings, the legitimacy of which has already been verified by the competent functions or where the exchange of information is evidently of a non-privileged nature;
- Buying or selling financial instruments at the market closing time, so as to mislead the investors who operate on the basis of closing prices, thus altering the final price of the financial instrument, , with the exception of normal prudent investment activity of the purchase and sale of financial instruments;
- Disclosing an evaluation of a financial instrument (or indirectly as to its issuance) after previously having acted in regard to the financial instrument, with a consequent benefit from the impact of the disclosed price evaluation of such instrument, without having at the same time publicly declared the existence of a conflict of interest;
- Making purchases or sales via a financial instrument without such determining any change in the interest rates or rights or market risks of the beneficiary of the transactions or the beneficiaries that act jointly or in collusive manner. (Swaps or loans of securities or other transactions that envisage transfer of financial instruments held as collateral do not ipso facto constitute market manipulation);
- Filing orders, especially by telemarketing, at prices that are higher/lower than those of the buy/sell bids in order to provide misleading indications as to the existence of the demand (offer) of the financial instrument at such significantly higher/lower prices;
- Colluding on the secondary market after a placement is carried out as part of a public offering;
- Act in agreement to acquire a dominant position on the offer or on the question of a financial instrument that may fix, directly or indirectly, the purchase prices or the sales prices or determine other incorrect commercial conditions;
- Taking advantage of one's dominant position in order to significantly distort the price at which other operators are obliged to fulfil their commitments to deliver, receive, or postpone delivery of the financial instrument or underlying product;
- Concluding transactions or issuing orders so as to prevent the market prices of Group financial instruments falling below a certain level, principally in order to avoid the negative consequences deriving from lowered rating of the issued financial instruments. This conduct must be kept distinct from the conclusion of transactions involving the purchase of treasury stock or the stabilisation of financial instruments envisaged by the law;
- Concluding market transactions in regard to a financial instrument in order to improperly influence the price of the financial instrument or other related financial instruments traded on the same or other markets, such as concluding transactions on shares in order to set the price of the associated derivative financial instrument traded on another market at anomalous levels, or carrying out transactions on the underlying product of a derivative financial instrument in order to alter the price of the relevant derivative contracts. Arbitrage transactions do not ipso facto constitute market manipulationDisclosing false or misleading information to the market by any means of communication, including the Internet, or in any other form;
- Opening a long-term holding of a financial instrument, making additional purchases and disclosing misleading positive information on the financial instrument in order to boost its price;
- Taking a short position on a financial instrument, making an additional sale activity and disclosing misleading negative information on the financial instrument in order to reduce its price;
- Opening a position on a financial instrument and closing it immediately after the news of that opening has been published;

- Operating jointly with other parties in such a way as to create an unusual concentration of transactions in regard to a particular financial instrument.

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed for:

- The external release of information [1] must be made in compliance with the Disclosure Controls and Procedures;
- Privileged information must be treated in accordance with the company or Group procedures, which envisage the:
  - Duties and roles of the persons responsible for managing such information;
  - Rules that regulate the disclosure of privileged information and the procedures that the persons responsible must follow in regard to the treatment and publication of such information;
  - Relevant criteria that classify the information as privileged or destined to be considered as such, to be determined jointly with the competent corporate functions;
  - Measures to be adopted for the protection, retention and updating of the data and to avoid the improper and unauthorised internal or external release of such information;
  - Persons who, for work or professional reasons or based on the functions they perform, have access to privileged information or data destined to be considered as such;
  - Introduction of a register by the persons responsible for the management of privileged information of the persons who, for work or professional reasons or based on the functions they perform, manage or have access to privileged information or data destined to be considered as such. In particular, it is essential to establish the criteria for the updating of the register and limitation of access to the register. The annotation of the person's name in the register must be communicated to the interested party in order to impose the duty of compliance with the procedures and consequent limitations. In the event of any operation being undertaken that concerns privileged information, the names of all the persons involved must be recorded in the register and be countersigned for acceptance.
- The movement of Fiat stocks must be monitored in order to reveal possible risks (e.g. number of shares sold /limited number of purchasers/time of purchase).
- The purchase of treasury stock and the stabilisation activities must be carried out in compliance with the EU Regulation 2273/2003 and the applicable legislation, Article 132 of the TUF, and Articles 15 and 73 of the Share Capital Issuing Regulation.
- Whenever there is any doubt, relative to the privileged nature of the information, that is before initiating a transaction involving quoted financial instruments of the Group or nevertheless likely to have a favourable effect for the Group, it is necessary to seek the advice of the Compliance Program Supervisory Board or the Head of the Company Affairs function.

2.8 Sensitive Processes in Regard to the Crimes of Manslaughter and Serious Personal Injury or Grievous Bodily Harm (Committed in Violation to the Accident Prevention and Occupational Health and Safety Protection)

(omissis)

2.8.1 Specific Principles of Conduct and Preventive Measures

This Section is intended to regulate the conduct to be followed by Employers, Managers, Heads, Employees and Contractors.

The objective is to:

- Supply a list of the specific general procedure principles to which the recipients, given that they may be involved in performing activities at risk, are expected to obey for the purpose of preventing offences relative to manslaughter and grave or extremely grave personal injuries, committed in violation of the preventative accident measures and to the protection of workplace health and safety, also taking into account the different position of each of the same subjects toward the Company and, therefore, of the diversity relative to their obligations as specified in the Program;

1. "External disclosure" refers to all company information that is released to the public, including: annual reports deposited with the Government Supervisory Authorities, annual financial statements, quarterly and biannual reports submitted to the Government Supervisory Authorities, press releases on operating results, presentations for the analysts and the road shows for investors, as well as the text prepared for conference call/webcast purposes, other press releases, and the information made available on the website.

- Provide the Compliance Program Supervisory Board and the Heads of other Company functions who are called upon to cooperate with this Body, with the operational tools necessary to perform the control, monitoring, and inspection activities. In this regard, it should be noted that, given the specific nature of the subject matter, during the performance of its duties, the Compliance Program Supervisory Board will necessarily avail itself of the assistance of specialised personnel in order to maintain and support the professional level of competence required by the law.

In order to permit the implementation of these principles, intended to protect the health and safety of the workers, as envisaged by Article 15 of Legislative Decree 81/2008 and in compliance with Legislative Decree 81/2008 and subsequent modifications, the Company must:

Procedures/Instructions

- Issue procedures/instructions that formally define the duties and responsibilities in regard to safety matters;
- Monitor accidents on the workplace and regulate the communication of such to INAIL (National Insurance Institute for Occupational Accidents), in conformity with the law;
- Monitor professional illnesses and regulate the communication of those relative to National Register information for professional illnesses present in the INAIL database;
- Issue a procedure/internal organisational announcement concerning the periodic preventive sanitary inspections;
- Introduce procedures/internal instructions for the management of the first aid, emergencies, evacuation and fire prevention;
- Introduce administrative procedures/instructions for the management of the accidents and occupational diseases.

Requisites and Competency

- The person in charge of the Prevention and Protection Service, the location doctor, the personnel responsible for the first aid, and the staff assigned to the Prevention and Protection Service must be formally appointed;
- It is essential to identify the persons responsible for controlling the implementation of maintenance/improvement measures;
- The location doctor must possess one of the professional qualifications envisaged by Article 38 of Legislative Decree 81/2008 and, more specifically:
  - Specialisation in workplace medicine or in preventive medicine for employees and psychotechnics;

  or
  - Professor in workplace medicine or preventive medicine for employees and psychotechnics, or industrial toxicology, industrial hygiene, physiology and workplace hygiene, or workplace clinics;

  or
  - Authorisation pursuant to Article 55 of Legislative Decree No. 277 of 15 August 1991;
  - Specialisation in preventive hygiene and medicine or in legal medicine and verifiable attendance of specific formative university programs or verifiable experience for those who have practiced competent medical activities since 20 August 2009 or those who have practiced the same activities for at least one year within the course of the past three years.
- The person in charge of the Prevention and Protection Service must possess the necessary competence and professional requisites in regard to prevention and safety matters and, more specifically must:
  - Possess a high school diploma;
  - Have attended specific training courses appropriate to the nature of the risks existing at the work location;
  - Have obtained the certification of attendance at the specific risk prevention and protection training courses;
  - Have attended refresher courses.
- The location doctor must participate in the organisation of the environmental monitoring and must receive copies of the results of such inspections.

Information

- The Company must provide employees and newly hired staff (including temporary staff, interns and consultants or freelance operators providing ongoing services) with adequate information regarding the specific risks at the Company location, the consequences of such risks and the preventive and protective measures in force.
- Evidence must be retained of the information provided with regard to the management of the first aid, emergencies, evacuation and fire prevention and minutes should be kept of possible meetings;
- Employees and newly hired staff (including the temporary staff, interns and the consultants or freelance operators providing ongoing services) should receive information concerning the appointment of the person in charge of the Prevention and Protection Service, of the location doctor and of the persons assigned to the specific duties of first aid, rescue operations, evacuation and fire prevention;
- The information and instructions, concerning the use of the work equipment provided to the employees, must be formally documented;
- The person in charge of the Prevention and Protection Service and/or location doctor must be involved in the definition of the information programs;
- The Company must organise periodic meetings between the various functions responsible for safety in the work place;
- The Company must involve the Workers' Safety Representative in the organisation of the risk identification and assessment activity, and in the appointment of the persons responsible for the fire prevention, first aid and evacuation activity.

Training

- The Company must provide all employees with adequate training in regard to work safety matters;
- The person in charge of the Prevention and Protection Service and/or location doctor must be involved in the definition of the training program;
- The training courses provided must include an evaluation questionnaire;
- The training must be commensurate with the risks of the job that the worker has effectively been assigned;
- A specific training plan must be developed for those workers who are exposed to serious and direct risks;
- The workers who change jobs or are transferred must be provided with preventive, additional and specific training for their new duties;
- The managers and persons in charge shall receive adequate and specific training and periodical updating, provided by the respective employer in relation to their actual duties concerning health and workplace safety;
- The persons assigned to specific prevention and protection duties (fire prevention, evacuation, first aid) must be provided with appropriate training;
- The Company must perform periodic evacuation exercises which must be recorded (documented report on the evacuation exercise carried out with reference to the participants, performance and results).

Registers and Other Documents

- The accident register must be kept up to date and be fully completed;
- If there is a risk of persons being exposed to carcinogenic or mutagenic agents, a register must be kept to record such events;
- Documentary evidence must be maintained of the joint inspections of the workplaces performed by the person in charge of the Prevention and Protection Service and the location doctor;
- The Company must maintain an archive of the documentation demonstrating the performance the duties relating to occupational health and saftey;

- Tisk evaluation documentation may be maintained, also for computer support, and must supply data that is true and verified by the employer undersigning the same documentation and, in order to verify the data, by the undersigning of the SPP (Security Protection Services) Manager, the RSL (Workplace Safety Manager) or the employee representative for territorial safety and the competent doctor;
- Risk evaluation documentation must indicate the tools and methods with which the risk evaluation has been examined. The choice of the documentation report criteria is entrusted to the Employer, who shall provide simple, brief, and comprehensible criteria in order to guarantee the completeness and appropriateness of the planned company operational verification and prevention tools;
- The document evidencing the assessment of the risks must contain the program for maintenance an improvement measures.

Meetings

The Company must organise periodic meetings between the responsible functions, which may be attended by the Compliance Program Supervisory Board; such meetings should be formally summoned and relative minutes should taken and be undersigned by the participants.

Duties of the Employer and the Manager

- Organise the prevention and protection services – the R.S.P.P. (Protection and Prevention Services Managers) and the employees – and specify the competent doctor;
- Evaluate all chemical substances or preparations utilised, also in the selection of work equipment as well as the layout of the workplaces, all the risks to health and employer safety, including those pertaining to groups of workers exposed to particular risks, among which those related to work-connected stress as well as those related to differences in gender, age, origin from other Countries, and to the specific contractual type through which the work services are rendered;
- Adapt the work process to the human being, in particular with regard to the concept of the place of work as well as the choice of equipment and work methodology, especially in order to attenuate the monotony and repetitiveness of the work and reduce the effects of such work on the health;
- Elaborate, at the conclusion of the assessment, a document (to be kept at the company or productive unit) containing:
  - A report on the risks to health and safety during the work process, specifying the criteria adopted for the assessment;
  - The identification of the preventive and protective measures as well as the devices for the individual protection, consequent to the first point;
  - The program for the implementation of measures considered necessary to progressively ensure the improvement of the level of security.

The assessment activity and the drafting of the document must be carried out in cooperation with the person in charge of the Prevention and Protection Service as well as the location doctor, subject to prior consultation with the Workers' Safety Representative, and must be re-performed in the event of changes to the productive process which may be significant with regard to the safety and health of the workers, in relation to the level of technical evolution or subsequent to significant accidents or when the results of sanitary inspections deem it necessary. In such cases, the risk evaluation documentation must be re-elaborated within thirty days of the respective causes;

- Adopt the necessary measures for the safety and health of the workers, in particular with regard to:
  - Designating the workers responsible for the implementation of the measures for fire prevention and fire fighting, evacuation of the workers in the event of serious or direct danger, rescue, first aid and emergency management in general;
  - Updating the preventive measures in the light of organisational and productive changes which are significant in regard to occupational health and safety, or which are required to keep pace with prevention and protection technological evolution;
  - Assigning the health and safety duties to the workers, bearing in mind the effective capacity and physical condition of the same;

- Providing the workers, in agreement with the person in charge of the Prevention and Protection Service, with the essential and appropriate individual protective devices;
- Introducing appropriate controls to ensure that only the workers who have received adequate training can accede to those areas that expose them to serious or specific risks;
- Requiring compliance by the individual workers with the prevailing legislation and the company regulations concerning occupational safety and hygiene in regard to the use of the collective means of protection as well as the individual protective devices with which they have been provided;
- Sending the workers for a medical check-up that is to be provided by the sanitary inspection program and requiring the competent doctor to observe the obligations provided by the laws in force pursuant to workplace safety, informing the same for the processes and risks related to production activities;
- Establishing the procedures to control the risk-situation in the event of emergencies and for issuing instructions so that the workers, in the presence of serious direct and inevitable danger, abandon the workplace or dangerous area;
- informing the workers, who are exposed to serious and direct risks, of such Isks and the applicable specific safety measures;
- Refraining from, except in duly motivated circumstances, requesting the workers to resume their activity in working conditions subject to persisting serious and direct danger;
- Allowing the workers to verify, through their safety representative, the application of the safety and health protective measures and to permitting the safety representative to accede to the information and company documentation concerning the assessment of the risks, the relative preventive measures, the dangerous substances and compounds, the plant and machinery, the work organisation and premises and the occupational diseases;
- Taking appropriate steps to ensure that the technical measures introduced do not cause risks to the health of the population or a deterioration of the external environment;
- Monitoring workplace accidents and professional illnesses that cause absence from the workplace for at least one day, and keeping the gathered information for which the protection and prevention services and the competent doctor must be informed;
- Consulting the work safety representative in regard to: the assessment of the risks, the identification, programming, implementation and verification of the risk prevention by the Company; the designation of the persons assigned to the prevention service, fire prevention activities, first aid and the evacuation of the workers; the organisation and training of the workers assigned to management of emergencies;
- Introducing the necessary fire prevention and evacuation procedures, also in the event of serious and direct danger. Such procedures must be adequate, bearing in mind the nature of the activity, the size of the company or the productive unit and in regard to the number of persons present.

- In agreement with the competent doctor, at the time of his/her appointment, to indicate the archive location for the worker sanitary and risk files that have undergone sanitary inspections and to be maintained under confidential and professional safeguard; a copy of the sanitary and risk files must be given to the worker upon termination of work relations, supplying the same with all the necessary information relative to the archiving of original documentation. Each interested work must be informed of the results of the sanitary inspections and upon request shall receive a copy of the sanitary documentation.

Duties of the Workers

- Observe the regulations and instructions issued by the employer, the managers and the delegated persons, to ensure the collective and individual protection;
- Correctly utilise the machinery, equipment tools, dangerous substances and compounds, the means of transport and other work equipment, as well as the safety devices;
- Appropriately utilise the protection devices provided;

- Immediately advise the employer, the manager or the delegated person of the deficiencies of the equipment and devices, mentioned in the preceding points, as well as the other possible dangerous circumstances of which they become aware, acting directly, in the event of urgency, within the limits of their competency and possibility, to eliminate or reduce such deficiencies or dangers, and notifying the workers' safety representatNot remove or modify, without authorisation, the safety, warning or control devices;
- Not undertake, on their own initiative, operations or manoeuvres for which they are not responsible or which could compromise their own safety or that of the other workers;
- Undergo the medical controls programmed for them;
- Contribute, together with the employer, the managers and the delegated persons, to the fulfilment of the duties imposed by the competent authorities or nevertheless essential to ensure the occupational safety and health of the workers.

2.8.2 Contractor Agreements

Relations with Contract Suppliers

The Company must keep and maintain updated a list of the firms operating on its premises/sites under contractor's agreements.

The conditions for the management and coordination of the contract works must be included in formally documented contracts which make express reference to the obligations envisaged by Article 26 of Legislative Decree 81/2008, including the duties of the employer to:

- Verify the technical-professional qualification of the contractors in regard to the works to be contracted, also through registration with the Chamber of Commerce for Industry, Handicrafts and Agriculture;
- Provide information to the contractors concerning the specific risks existing at the location where the works are to be carried out and in regard to the preventive and emergency measures to be adopted during the performance of their activity;
- Cooperate to implement the necessary preventive and protective measures against the occupational risks and the occurrence of accidents during the performance of the works subject of the contractor's agreement and coordinate the activity for protection and prevention of the risks to which the workers are exposed;
- Adopt the necessary measures in order to eliminate the risks caused by the interference of the activities of the various external operators involved in the execution of the overall project.

With the exception of cases for services of an intellectual nature, the mere supplying of materials or equipment, as well as work or services that do not extend beyond two days – and as long as they do not bring about risks indicated in Article 26 paragraph 3-*bis* of Legislative Decree 81/08 - the employer must arrange/organise the assessment of the risks jointly with the contracting firms. The employer commissioning the works and the contractor must develop a sole document of the assessment of the risks, indicating the measures to be adopted to eliminate the interferences. This document must be attached to the contractor's agreement or contract for work and labour and shall be in conformity with the respect for the evolution of the work, services, and supplies.

Agreements for staff leasing, contract or subcontract work, must specifically indicate the costs relative to occupational safety (that are not subject to rebates). The worker's safety representative and the worker's unions shall have access to such information.

The contractor's agreements must clearly define the obligations in regard to occupational safety matters in the event of works being subcontracted.

The business enterprise, commissioning the works, is jointly answerable together with the contractor and any possible additional subcontractors, for all damages for which the worker, or employee of the contractor or subcontractor is not compensated by the *Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro* (National Institute for Insurance against Occupational Accidents).

2.9 Sensitive Processes in Regard to the Crimes of Receiving of Stolen Goods, Money Laundering, and the Utilisation of Money, Goods or Benefits of Unlawful Origin

(omissis)

2.9.1 Specific Principles of Conduct

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed for efficient prevention of the risk of committing Offences relative to stolen goods, money laundering, and the employment of illicit money, assets and utilities:

- Verify the validity of the payments, in regard to the full correspondence between beneficiary/payer and the counterparties effectively involved in the transactions;
- Perform formal and substantive controls of the company cash flows, with reference to payments to third parties and to intra-group payments/transactions;
- Determine the minimum requisites to be possessed by tendering parties and to establish the criteria for the evaluation of the offers for standard contracts;
- Identify a function responsible for the definition of the technical specifications and the evaluation of the offers for standard contracts;
- Appoint a body/unit responsible for the execution of the contract, with the indication of its duties, roles and responsibilities;
- Establish the criteria for selection, stipulation and execution of agreements/joint ventures with other business enterprises for investment projects;
- Ensure the transparency and traceability of the agreements/joint ventures with other business enterprises for investment projects;
- Verify the economic congruity of possible joint venture investments (in regard to the application of average market prices, the utilisation of reliable professional advisors for the due diligence operations).

It is necessary, therefore to:

- Not accept payment in cash, exceeding the limits imposed by the law;
- Not utilise blank (anonymous) payment instruments to effect transfers of significant amounts;
- Not transfer money and bearer credit instruments (cheques, postal money orders, deposit certificates, etc.) for overall amounts exceeding the limits imposed by the law, if not through duly authorised intermediaries, such as banks, electronic money institutions and Poste Italiane S.p.A. (Italian Postal Services);
- Retain evidence, in appropriate electronic accounting records, of the transactions effected through independently managed open current accounts in Countries with less stringent transparency regulations, for overall amounts exceeding the limits imposed by the law.

2.10 Sensitive Processes Concerning Offences Related to Violations of Copyright Laws

(omissis)

2.10.1 Specific Principles of Conduct

Monitor the Sensitive Processes mentioned above, the principles dictated relative to criminal information technology Offences are called upon. In particular, it is important to:

- Inform the users of information systems that the software assigned to them is protected by law regarding copyright laws, therefore the duplication, distribution, sale, or withholding for commercial/entrepreneurial purposes is strictly forbidden;
- Adopt regulations for company conduct that reflect the entire Company personnel as well as third parties that act on behalf of the latter;

- Supply the recipients with adequate information relative to the works that are protected by copyright laws and the risk of committing such offences.

In addition to that stated in the paragraph "General Control Environment", at the beginning of this section, ulterior principles of conduct are listed below, which must be observed for efficient prevention of the risk of committing offences relative to the violation of copyright laws:

- Safeguard copyrights on information, images and/or software that is developed by the company and the strategic value for the same through: trade secrets, when and where legally possible, and/or SIAE (Italian Authors' and Publishers' Association) registrations (for Italy).
- Use disclaimers on presentations, technical and commercial documentation that clearly identifies the copyright owner and the creation date.
- Forbid the operation/use/installation of copied /not countermarked/unauthorised material on information system instruments utilised by the Company;
- Forbid downloading of copyrighted software;
- Allow the use of parts of works, as well as the citing or reproduction of work belonging to others provided that that it is not made commercial or that it does not constitute competition with the economic use of the same work;
- Allow the free publication of low-resolution or degraded images/music through the Internet network exclusively for teaching or scientific purposes or for non-profit purposes;
- Provide for release clauses in the relations with business partners/third parties to provide indemnity to the Company from eventual responsibilities in the event of conduct by the same that might violate to any intellectual property rights;
- Provide clauses that release the Company from any prejudicial consequences caused by third-party claims regarding the presumed violation of intellectual property rights.

2.11 Sensitive Processes within the Context of Environmental Offences

(omissis)

2.11.1 Specific Organisational Principles

In addition to the considerations set out in the "General control environment", at the beginning of this section, certain other principles of conduct, listed below, must be specifically observed in order to ensure the effective prevention of the risk of perpetration of the offences under review.

In particular, Fiat/Entity must:

- assign the duties of environmental management to personnel who have been specifically appointed and trained for performance of the assigned duties;
- evaluate the environmental impact of its activities, products and services as well as that of the suppliers or partners who are present at the premises of Fiat on a stable basis, in order to ensure the compliance with the applicable legal requirements;
- inform the employees and newly hired staff (including temporary (agency) workers, unpaid temporary (stage) trainees and specific contract (so-called "co.co.pro.") in regard to the impact of their working activity on the environment, with particular attention to the importance of observing the rules established concerning differentiated refuse collection, energy saving, etc.

The monitoring of the processes, performed by the internal functions of the Fiat/Entity, may possibly, at the request of the Compliance Program Supervisory Body, be integrated by the activity of external entities and/or the Fiat Audit & Compliance function. The findings of such intervention are communicated to the Compliance Program Supervisory Body in order to evaluate the possible need to modify or integrate the safety and environmental internal control system.

2.11.2 Specific Principles of Conduct and Preventive Measures

Management of Refuse

The management of refuse must be carried out in compliance with the principles of precaution and prevention, with the collaboration of all the operators who can have an influence upon the quality and the quantity of the refuse generated and, where necessary, making resort to the consultancy support of specialised third parties.

The Company/Entity must:

- ensure the correct administrative and legal management of the refuse, commencing from the site of generation up to the final disposal;
- pursue the objective of reducing the quantity and the dangerousness of the refuse produced;
- promote the differentiated collection and correct separation of the refuse - so as to enhance the volumes of reutilisation/recycling and to favour recycling rather than disposal;
- ensure the correct separation of the refuse with the introduction of specific procedures to avoid the mixing of different types of dangerous refuse or the mixing of dangerous refuse with non-dangerous refuse.
- establish the classification of the refuse not only with reference to the descriptions and codes of the European Catalogue of Refuse (CER) envisaged by the relative prevailing legislation, but also by means of chemical and process analysis and, where necessary, seeking the consultancy support of specialised third parties;
- identify the person who, in occasion of every operation of consignment of refuse to a third party transporter and waste disposal operator, is responsible for verifying:
  - the existence and validity of the authorisation of the supplier effecting the transport;
  - the relevant registration in the National Register of the companies authorised to transport the particular type of refuse involved;
  - the validity of the authorisation of the final recipient/disposal operator of the refuse.

Management of Relations with Suppliers/Consultants/Partners

With regard to the performance of certain activities including the transport, disposal, recycling and sale of refuse, the Company/Entity avails itself of the services of suppliers/consultants/partners.

The selection of the suppliers/consultants/partners, as well as the regulation of the relations with the same, must be based upon the following principles:

- preference for suppliers/consultants/partners equipped with Environmental Management Systems which are certified in accordance with the UNI EN ISO 14001:2004 Standards or are registered with EMAS;
- verification of the commercial and professional reliability of the same by the acquisition, by way of example but not only, the following documents:
  - ordinary business profile information certificate ("visura camerale") from the Chamber of Commerce;
  - self-certification as intended by the Decree of the President of the Republic 445/00 concerning possible pending charges or passing of court judgement in their regard;
  - evidence of the effective registration with SISTRI;
  - copy of the certificate of enrolment in the national Register of environmental operators;
  - authorisations of the final receiving plants to which the refuse is destined to be delivered;
  - authorisations for the transport of the refuse;
- inclusion in the contracts with the suppliers/consultants/partners of appropriate clauses:
  - whereby, the same undertake to observe the requirements of the environmental legislation and to impose the same obligation upon their employees, outsourced resources and possible subcontractors;

- whereby the same declare and guarantee to be in possession of all the administrative authorisations necessary for the performance of the services subject of the contract;
- which permit the company or persons/entities delegated by the same, to carry out inspections, tests and controls of the activity correlated to significant environmental aspects.

Attachment A: Presumed Offences

1. Offences Regarding Relations with Government Agencies (Articles 24 and 25 of Legislative Decree 231/01)

A brief description is provided below of the various Offences envisaged in Articles 24 and 25 of Legislative Decree 231/01.

- ***Misappropriation of Funds to the Detriment of the State of Italy or the European Union (Article 316-bis of the Penal Code)***

This Offence occurs when, after having received financing or contributions from the Italian State or the European Union, such funds are not utilised for the purposes for which they were intended (the conduct, as such, consists in having diverted, even partially, the funds received, without being able to demonstrate that the planned activity has nevertheless been completed).

Bearing in mind that the time of perpetration of the Offence coincides with the executive phase, the said offence may comprise also financing already obtained in the past but not subsequently utilised for the purposes for which it was granted.

- ***Illicit Receipt of Funds to the Detriment of the State of Italy or the European Union a (Article 316-ter of the Penal Code)***

This Offence occurs when – on hand of the utilisation or the presentation of false declarations or documents or the omission to provide required information – financing, preferential interest rate loans or other similar contributions are unjustifiably obtained from the Italian State, from public utilities or from the European Community.

In this case, contrary to the preceding point (Article 316-*bis*), the purpose for which the funds are utilised is irrelevant, in that the Offence is committed at the time when the funds are received.

Finally, it should be noted that such Offence is of a reductive nature in regard to fraud to the detriment of the State, in that it applies only in those cases where the conduct does not provide sufficient grounds for a charge of fraud to the detriment of the State.

- ***Extortion (Article 317 of the Penal Code)***

This Offence is committed when a government official, abusing his role, compels another party to provide him or other persons with money or other benefits to which they are not entitled. This Offence is subject to a merely reductive application within the context of the offences contemplated by Legislative Decree 231/01; in particular, it may be possible to recognise the relative grounds for prosecution within the application of Legislative Decree 231/01 itself, when an employee or agent of the company concurs to the commission of the Offence by the government official who, taking advantage of such capacity, requests services from third parties to which he is not entitled (provided that, as a consequence of such conduct, the company in some manner derives a benefit).

The terms “government official” and “person responsible for a public service” are intended to include also the following parties:

1) The members of the Commission of the European Communities, the European Parliament, the Court of Justice of the European Communities and the European Court of Auditors;
2) The officers and agents hired under contracts regulated by the Staff Regulations or the Conditions of Employment of agents of the European Communities;

3) The persons delegated by Member States or any public or private entity of the European Communities, who performs functions corresponding to those of the officers or agents of the European Communities;
4) The members and employees of entities constituted on the basis of the founding treaties of the European Communities;
5) The persons who, within the ambit of other member States of the European Union, perform functions and activities corresponding to those of government officials and persons responsible for a public service.

- ***Improper Provision or Promise of Benefits (Art. 319-quater of the Penal Code)***

Such offence hypotheses, also called ***"bribery by induction"***, is condiered in the event that a public official or a public service representative, abusing his/her position, induces another person to give or promise money or other benefits to himself/herself or to a third party.

The penalty foreseen is from three to eight years' imprisonment for the public official and the public service representative, and up to three years' imprisonment for anyone who gives or promises money or other benefits.

- ***Corruption by Excercising a Role or by Committing an Act Contrary to the Relative Duties (Articles 318-319-319 bis-320 of the Penal Code)***

This Offence is committed when a government official accepts, for himself or on behalf of other parties, money or other benefits to perform, omit or delay the performance of official acts (thus determining a benefit for the party offering the bribe).

The activity of the government official may be influenced, be it to perform an official act (e.g. to give priority to matters which are part of his normal duties), be it to act in contrast with his duties (e.g. acceptance by a government official to ensure a tender award).

In the case of acts contrary to the government officer's duties, the penalty is higher if such acts involve the awarding of state employment, salaries or pensions, or the stipulation of contracts concerning the Agency to which the government official belongs.

The penalties, envisaged in the case of bribery to obtain an official act, are applicable also when such Offence is committed by a person responsible for a public service, when acting in the capacity of civil servant.

The penalties envisaged, in the case of acts contrary to official duties, are applicable also when such Offence is committed by a person responsible for a public service.

Bribery differs from extortion, in that there is an agreement between the corrupting and corrupted parties intended to attain a reciprocal benefit, whereas in the case of extortion the conduct of the government official or the person responsible for the public service is imposed upon the private partyPenalties are envisaged also for the corrupting party (Article 321 of the Penal Code).

The terms "government official" and "person responsible for a public service" are intended to include also the following parties:

1) The members of the Commission of the European Communities, the European Parliament, the Court of Justice of the European Communities and the European Court of Auditors;
2) The officers and agents hired under contracts regulated by the Staff Regulations or the Conditions of Employment of agents of the European Communities;
3) The persons delegated by Member States or any public or private entity of the European Communities, who performs functions corresponding to those of the officers or agents of the European Communities;
4) The members and employees of entities constituted on the basis of the founding treaties of the European Communities;
5) The persons who, within the ambit of other member States of the European Union, perform functions and activities corresponding to those of government officials and persons responsible for a public service.

For the purposes of establishing the penalties for the corrupting party, in addition to the parties indicated in the preceding points, also the persons who exercise the functions or activities corresponding to those of "government officials" and "persons responsible for a public service" in other foreign States or in international public organisations are considered as such, whenever the offence is committed in order to procure for himself or on behalf of other parties an unjustified benefit in international economic transactions.

- ***Bribery During Judicial Proceedings (Article 319-ter of the Penal Code)***

This offence is committed when the company is involved in legal proceedings and, in order to obtain an advantage in the legal proceeding itself, bribes a government official (not only a magistrate, but also clerk of the court or other officer).

- ***Incitement to Bribery (Article 322 of the Penal Code)***

This Offence arises when, faced with a conduct aimed at bribery, the government official refuses the illicit offer made to him.

The terms "government official" and "person responsible for a public service" are intended to include also the following parties:

1) The members of the Commission of the European Communities, the European Parliament, the Court of Justice of the European Communities and the European Court of Auditors;
2) The officers and agents hired under contracts regulated by the Staff Regulations or the Conditions of Employment of agents of the European Communities;
3) The persons delegated by Member States or any public or private entity of the European Communities, who performs functions corresponding to those of the officers or agents of the European Communities;
4) The members and employees of entities constituted on the basis of the founding treaties of the European Communities;
4) The persons who, within the ambit of other member States of the European Union, perform functions and activities corresponding to those of government officials and persons responsible for a public service;
6) The persons who, within the ambit of the other foreign States or international public organisations, perform functions and activities corresponding to those of government officials and persons responsible for a public service, whenever the offence is committed in order to procure for himself or on behalf of other parties an unjustified benefit in international economic transactions.

- ***Misappropriation of Public Funds, Improper Provision or Promise of Benefits, Corruption and Instigation to Corrupt Members of the Bodies of the European Community and Officers of the European Community and Foreign States (Article 322-bis of the Penal Code)***

The provisions of Articles 314, 316, 317 to 320 and 322, third and fourth paragraph, apply also to:

1) Members of the European Community Commission, of the European Parliament, of the Court of Justice of the European Community and of the European Court of Auditors;
2) The officers and agents employed under the contractual rules of the statute of the European Community Officers or the regulations applicable to Agents of the European Community;
3) The persons directed by Member States or by any public or private agency at the European Community, who perform duties corresponding to those of Officers or Agents of the European Community:
4) The members of and persons responsible for entities constituted on hand of the Treaties establishing the European Communities;
5) Those persons, within the ambit of the other Member States of the European Community, who perform functions or activities corresponding to those of Government Officers or persons responsible for a public service.

The provisions of Articles 321 and 322, first and second paragraph, are applicable also if the money or other benefits are given, offered or promised to:

1) The persons indicated in the first paragraph of this Article;
2) Persons who perform functions or activities corresponding to those of Government Officers or persons responsible for a public service within the ambit of other Foreign States or international public organisations, when the act is committed in order to procure, personally or for third parties, an unlawful advantage in regard to international economic transactions.

The persons indicated in the first paragraph are considered to be Government Officers, when they perform similar functions, and in all other instances are held to be persons responsible for a public service.

- ***Fraud to the Damage of the State, Other Government Agency or the European Union (Article 640, paragraph 2 n. 1, of the Penal Code)***

This offence is committed when, with the intention of achieving a wrongful gain, artifices or expedients are employed in order to mislead or cause damage to the State (or to other Government Agency or the European Union).

For example, this Offence would occur if, during the submission of documents or data for participation in a tender, untrue information is provided to the Government Agency (e.g. fabricated supporting documentation) in order to secure the award of the tender.

- ***Aggravated Fraud) in Order to Obtain Government Grants (Article 640-bis of the Penal Code)***

This Offence arises when the fraud is committed in order to illegally obtain Government Grants.

The Offence may be perpetrated by means of artifices or expedients, such as the communication of untrue information or the submission of false documentation, so as to obtain state financing.

- ***Computer Fraud to the Damage of the State or Other Government (Article 640-ter of the Penal Code)***

This Offence is committed when the operation of an information or computer system is altered or when the information contained by such systems is manipulated, with the intent to generate a wrongful profit with a consequent damage to third parties. As a practical example, once the grants have been received, this Offence could be committed through the unauthorised access to the information system in order to attribute a higher value to the financing than the funds legitimately received.

1.1 Government Agencies

(omissis)

1.1.1 Government Agency Entities

(omissis)

1.1.2 Government Officials

(omissis)

1.1.3 Persons Responsible for a Public Service

(omissis)

2. "Computer Crimes" (Article 24-*bis* of Legislative Decree 231/01)

Law 48/2008, ratifying the Convention on Computer Crime, amended Legislative Decree 231/01 with the addendum of Article **24-*bis***, which extended the corporate administrative responsibility to include **the Offences of "Computer Crimes"**.

A brief description is provided below of the various Offences envisaged by Legislative Decree 231/01 in Article 24-*bis*.

- ***False Information in a Computer Document of a Public Nature or Probative Effect (Article 491-bis of the Penal Code)***

If any of the type of false information envisaged under this heading concerns a computer document of a public or private nature, the provisions of this chapter in regard to public acts and private contracts are applicable. For such purposes, the term computer document comprises any computer support medium containing data or information having a probative effect or programs specifically intended to elaborate such data or information.

- ***Unauthorised Access to an Information or Computer System (Article 615-ter of the Penal Code)***

Any person gaining unauthorised access to an information or computer system, protected by security measures, i.e., against the express or tacit will of the party having the right to exclude such person, is subject to a sentence of imprisonment of up to three years.

The term of imprisonment ranges from one to five years, when:

1) The act is committed by a government official or a person responsible for a public service, with abuse of authority, or in violation of the duties inherent to the function or service, or also by a person who is abusively exercising the profession of private detective, or abusively acting in the quality of systems operator;
2) The person guilty of the deed acts with violence in regard to property or persons, i.e., is clearly armed;
3) The act causes the destruction or damaging of the system or the total or partial functional interruption, or the destruction or damaging of the data, information or programs contained by the system. Whenever the facts, mentioned in paragraphs 1) and 2) above, concern information and computer systems of a military nature or relative to law and order, collective security, national health, civil defence or, nevertheless, of public interest, the sentence of imprisonment is from one to five years and from three to eight years, respectively. In the case of paragraph 1), the Offence is punishable on the basis of legal action initiated by the plaintiff; in all other cases official action is taken by the authorities.

- ***Retention and Unauthorised Disclosure of Access Codes to Information or Computer Systems (Article 615-quater of the Penal Code)***

Any unauthorised person obtaining, duplicating, disclosing, communicating or handing over access codes, passwords or other means of access to an information or computer system, protected by security measures or, nevertheless, providing appropriate indications or instructions for such purpose, in order to procure a benefit personally or for third parties or to cause a damage to third parties, is subject to a sentence of imprisonment of up to one year and a monetary sanction of up to EUR 5.164,00.

The term of imprisonment is one to two years and the monetary sanction ranging from EUR 5.164,00 to EUR 10.329,00 in the presence of the circumstances set out in points 1) and 2) of the fourth paragraph of Article 617-*quarter*.

- ***Propagation of Equipment, Devices or Computer Programs Intended to Damage or Interrupt an Information or Computer System (Art. 615-quinquies of the Penal Code)***

Any person procuring, producing, duplicating, introducing, propagating, communicating, handing over or, nevertheless, making available to other parties equipment, devices or computer programs, in order to illegally damage an information or computer system, the information, data or programs contained by or relating to such systems, or to cause the total or partial interruption or alteration of the functioning of the systems, is subject to a sentence of imprisonment of up to two years and a monetary sanction of up to EUR 10.329,00.

- ***Interception, Obstruction or Illegal Interruption of Information or Computer Systems Communications (Art. 617-quater of the Penal Code)***

Any person fraudulently intercepting communications relative to an information or computer system or the intercommunications between more than one system, or obstructing or interrupting such communications, is subject to a sentence of imprisonment ranging from six months to four years. Unless the act constitutes a more serious Offence, the same punishment applies to any person publicly disclosing, by any means of mass media, the total or partial content of the communications mentioned at the first paragraph.

The Offences mentioned in the first and second paragraphs are punishable on the basis of legal action initiated by the plaintiff.

Official action is nevertheless taken by the authorities and the term of imprisonment ranges from one to five years when the act is committed:

1) To damage an information or computer system utilised by the Italian State authorities or by other Government Agencies, Public Utility companies and entities providing essential public services;
2) By a government official or a person responsible for a public service, with abuse of authority, or in violation of the duties inherent to the function or service, or by acting abusively in the quality of systems operator;
3) By a person who also abusively exercises the profession of private detective.

- ***Installation of Devices for the Interception, Obstruction or Interruption of Information or Computer Systems Communications (Art. 617-quinquies of the Penal Code)***

Any person installing equipment for the interception, obstruction or interruption of the communications relative to an information or computer system or the intercommunications between more than one system, other than in those cases permitted by the law, is subject to a sentence of imprisonment ranging from one to four years.

With regard to the instances, envisaged by the fourth paragraph of Article 617-*quater*, the term of imprisonment ranges from one to five years.

- ***Damaging of Information, Data, and Information Systems Programs (Art. 635-bis of the Penal Code)***

Unless the act constitutes a more serious Offence, any person destroying, damaging, cancelling, altering or suppressing information, data or information systems programs belonging to another party is subject, consequent to legal proceedings initiated by the plaintiff, to a sentence of imprisonment ranging from six months to three years.

Should the circumstances envisaged at point 1) of the second paragraph of Article 635 apply, or if the act has been committed by abusively acting as systems operator, the Offence is subject to a sentence of imprisonment ranging from one to four years and official action is taken by the authorities.

- ***Damaging of Information, Data and Information Systems Programs Utilised by the by the Italian State Authorities or by other Public Service Entity or Nevertheless Relating to a Public Utility (Art. 635-ter of the Penal Code)***

Unless the act constitutes a more serious Offence, any person committing an act intended to destroy, damage, cancel, alter or suppress information, data or information systems programs utilised by the Italian State authorities or public service entity or related entity or, nevertheless, relating to a public utility, is subject to a sentence of imprisonment ranging from one to four years.

If the act causes the destruction, damage, cancellation, alteration or suppression of the information, data, or information systems programs, it is subject to a sentence of imprisonment ranging from three to four years.

Should the circumstances envisaged at point 1) of the second paragraph of Article 635 apply, or if the act has been committed by abusively acting as systems operator, the Offence is subject to a more severe sentence.

- ***Damaging of Information or Computer Systems (Article 635-quater of the Penal Code)***

Unless the act constitutes a more serious Offence, any person acting in the manner described in Article 635-*bis*, or by the introduction or the transmission of data, information or programs destroys, damages or renders, partially or totally, useless the information or computer systems belonging to another party, or seriously impedes the functioning of such systems, the Offence is subject to a sentence of imprisonment ranging from one to five years.

Should the circumstances envisaged at point 1) of the second paragraph of Article 635 apply, or if the act has been committed by abusively acting as systems operator, the Offence is subject to a more severe sentence.

- ***Damaging of Public Utility Information or Computer Systems (Article 635-quinquies of the Penal Code)***

If the act, described in Article 635-*quarter* is intended to, partially or totally, destroy, damage or render useless the information or computer systems of the Public Utility or to seriously impede the functioning of such systems, the Offence is subject to a sentence of imprisonment ranging from 1 to 4 years.

If the act causes the destruction or damaging of the information or computer of the public utility, or if such systems are rendered totally or partly useless, the Offence is subject to a sentence of imprisonment ranging from 3 to 8 years.

Should the circumstances envisaged at point 1) of the second paragraph of Article 635 apply, or if the act has been committed by abusively acting as systems operator, the Offence is subject to a more severe sentence.

- ***Computer Fraud by the Person Certifying the Digital Signatures (Article 640-quinquies of the Penal Code)***

The person responsible for certifying the digital signatures who, in order to obtain a benefit personally or on behalf of other persons or to cause damages to third parties, violates the obligations imposed by the law in regard to the issuance of a qualified certificate, is subject to a sentence of imprisonment of up to 3 years and a monetary sanction ranging from EUR 51 to EUR 1.032.

3. Regarding Organised Crime Offences (Article 24-*ter* of Legislative Decree 231/01)

Law 94, Article 2, paragraph 29 of 15 July 2009 introduced the matters regarding organised crime offences with reference to Article 24-*ter* of Legislative Decree 231/01.

The single matters pursuant to 24-*ter* of Legislative Decree 231/01 are briefly described here below.

- ***Criminal Organisations (Article 416 of the Penal Code)***

If three or more persons form an organisation with the aim of committing various crimes, those who promote or constitute or organise the organisation shall be sentenced, only for such, to three to seven years' imprisonment.

For solely participating in the organisation, the sentence shall be one to five years' imprisonment.

The organisation heads are subject to the same sentence established for the promoters. If the organisation members use weapons in the countryside or the public streets, a sentence of five to fifteen years' imprisonment is applied.

The sentence is raised if the number of organisation members is ten or more.

If the organisation is intent on committing any of the crimes pursuant to Articles 600, 601 and 602, as well as Article 12, paragraph 3-*bis* of the consolidation act of the provisions concerning the discipline of immigration and legislation on the conditions of foreigners pursuant to Legislative Decree 286 of 25 July 1998, a sentence of five to fifteen years' imprisonment in applied in the cases pursuant to the first paragraph and a sentence of four to nine years' imprisonment in the cases pursuant to the second paragraph [2].

- ***Mafia-Related National and Foreign Organisations (Article 416-bis of Penal Code)***

Anyone who takes part in a mafia-related organisation comprised of three or more persons is sentenced to three to six years' imprisonment. Those who promote, manage or organise the organisation are sentenced, only for such, to four to nine years' imprisonment.

The organisation is considered mafia-related when those members who take part in the organisation use force of intimidation as the member encumbrance and the condition of subjugation and the code of silence that it derives from for committing offences, to directly or indirectly acquire the management and, therefore, control of economic activities, concessions, authorisations, tenders, and public services or to gain profits or unjust advantages for the organisation itself or for others.

2. The matters relating to the offence pursuant to Articles 600, 601, and 602 c.p. are described in the paragraph relative to the *Offences against the Individual Person*, provided by Article 25-*quinquies* of Legislative Decree 231/01.
Article 12, paragraph 3 and 3-*bis* of Legislative Decree 286 of 25 July 1998 (Provisions against the clandestine immigration) provides that: "With the exception that the act constitutes a graver offence, anyone in violation of the provisions in this consolidation act who promotes, manages, organises, finances, or transports foreigners onto Italian territory or commits other acts in order to illegally enter the Country, or of another Country for which the person is not a citizen, or does not hold permanent residency, shall be sentenced to five to fifteen years' imprisonment and fined EUR 15,000.00 for each person in the event that: a) the act concerns entry or illegal sojourn on Italian territory for five or more persons; b) the transported person was exposed to danger of life or safety to procure entry or illegal sojourn; c) the transported person underwent inhuman or degrading treatment to procure entry or illegal sojourn; d) the act is committed by three or more persons in complicity among themselves in or utilising international transport system or counterfeit or altered documents or illegally obtained in any way; e) the offenders of the action have access to arms or explosive materials. 3-*bis*. If the acts pursuant to paragraph 3 are committed involve two or more of the same hypotheses as letters a), b), c), d) and e) of the same paragraph, the established sentence is raised. (omissis)

If the organisation is armed, a sentence of four to ten years' imprisonment shall be applied in the cases pursuant to the first paragraph and five to fifteen years' imprisonment in the cases pursuant to the second paragraph.

The organisation is considered armed when the participant has access to arms or explosive materials to achieve the purposes of the organisation, also if concealed or kept in depository locations.

If the economic activities with which the organisation members intend to assume or maintain control are financed wholly or partially with the price, the product, or the profit of the crimes, the established sentences in the previous paragraphs are raised by one-third to one-half. With regard to the sentenced person, obligatory confiscation of the things that serve or that were aimed at committing the crime and the things that are the price, the product, the profit, or that which constitutes the act.

The provisions in this Article are also applied to the Camorra and to other organisations of a local derivation, that apply intimidation force as the member encumbrance pursuing aims that correspond to those of a mafia-type organisation.

- ***Mafia-Related Political Election Exchange (Article 416-ter of the Penal Code.)***

The sentence established by the first paragraph of Article 416-*bis* is also applied to anyone who obtains the promise of votes pursuant to the third paragraph of the same Article 416-*bis* in exchange for the disbursement of money.

- ***Kidnapping for Ransom (Article 630 of the Penal Code)***

Anyone who kidnaps a person with the intent of attaining for himself/herself or for others an unjust profit as the price for liberation is sentenced to twenty-five to thirty years' imprisonment.

If death should occur from the kidnapping, whose result is not intended by the offender of the kidnapped person, the offender is sentenced to thirty years' imprisonment.

If the offender causes the death of the kidnapped person, life imprisonment is applied.

For the contender who, disassociating himself/herself from the others/organisation, all attempts shall be made so that the passive subject shall reacquire his/her freedom, without such outcome being the consequence of the price of freedom, the sentences provided by Article 605 shall be applied.

If, however, the passive subject should die as a result of the kidnapping, after obtaining freedom, the sentence shall be six to fifteen years' imprisonment.

Regarding the contender who, disassociating himself/herself from the others/organisation, in addition to the case provided in the previous paragraph, all attempts shall be made to avoid the offensive activity from resulting in further consequences or concretely helps the police or judicial authorities in gathering decisive proof to identify or to capture the contenders, life-time sentence is replaced with twelve to twenty years' imprisonment and the other sentences are lowered by one-third to two-thirds.

When extending circumstance occur, the sentence provided by the second paragraph is replaced with twenty to twenty-four years' imprisonment; the sentence provided by the third paragraph is replaced with twenty-four to thirty years' imprisonment.

If further extending circumstances concur, the sentence to be applied for the effect of the lesser sentence cannot be less than ten years, in the case provided by the second paragraph, and for fifteen years, in the case provided by the third paragraph.

The limits of the sentence provided in the previous paragraph may be surpassed at which point the extending circumstances relate to the fifth paragraph of this article.

- ***Criminal Organisation Aimed at Illicit Trafficking of Narcotic or Psychotropic Substances (Article 74 of Presidential Decree No. 309/1990 – Consolidation Act Regarding Drugs)***

If three or more persons become part of an organisation with the aim of committing various crimes among those pursuant to Article 73, those who promotes, constitutes, manages, organises, or finances the association is sentenced for such offences by imprisonment for no less than twenty years. The sentence is raised if the number of organisation members

is ten or more persons, or if among the participants there are persons addicted to the use of narcotic or psychotropic substances. If the organisation is armed, in the cases indicated by paragraphs 1 and 3, the sentence shall not be less than twenty-four years imprisonment, and twelve years imprisonment pursuant to paragraph 2.

The organisation is considered armed when the participants have access to arms or explosive materials, also if concealed or kept in depository locations. The sentence is raised if the circumstances apply to letter e) of paragraph 1 of Article 80. If the organisation is formed with the intent of committing the actions described by paragraph 5 of Article 73, the first and second paragraph of Article 416 of the Penal Code are applied.

The sentences pursuant to paragraphs 1 to 6 are lessened by half to two-thirds for those persons who effectively cooperate in order to ensure the evidence of the crime or to remove decisive resources from the organisation for the committing of the crimes.

- ***Article 407, paragraph 2, letter a), No. 5 c.p.p. Offences of illegal manufacture, introduction into the Country, sale, transfer, withholding and shelter in a public place or open to the public for war weapons or warlike arms or part of those, explosives, and clandestine arms, as well as additional common firearms excluding those provided by Article 2, paragraph 3 of Law 110/75.***

4. Trans-National Offences (Law 146 of 16 March 2006)

The Law 146 of 16 March 2006, published on the Official Gazette of 11 April 2006, ratified and brought into force the Convention and Protocols of the United Nations against organised trans-national crime, adopted by the general Assembly on 15 November 2000 and on 31 May 2001 (so-called Convention of Palermo).

The principal topic addressed by the convention was the concept of *trans-national crime* (article 3). The characteristics of the crime being: (i) it crosses the borders of the individual States, under one or more stages (preparatory, executable or effective); (ii) it is perpetrated by a criminal organisation; and, (iii) it is of a fairly serious nature (the maximum punishment, envisaged for this crime, by the legislation of the various states, must be a maximum term of imprisonment of not less than four years).

The subject matter being addressed is not, therefore, the occasional trans-national offence, but more specifically those crimes which are the outcome of organised, stable and planned activity and so are likely to be repeated over time.

The law ratifying the Convention of Palermo extended the jurisdiction of Legislative Decree 231/01: Article 10 of the Law 146/2006 prescribes that the Trans-national Crimes envisaged by this law shall be disciplined by the provisions of Legislative Decree 231/01.

The law defines the Trans-National Offence as a crime, subject to a maximum term of imprisonment of not less than four years, which involves an organised group of criminals and which:

- is committed in more than one State; or
- is committed in one State, but that a substantial part of the preparation, planning, direction or control is performed in another State; or
- is committed in one State, but implicates an organised group of criminals involved in criminal activity in more than one State; or
- is committed in one State but has substantial effects in another State.

The company is responsible for the following Offences, committed on its behalf or for its benefit, when they are of the trans-national nature indicated above.

Offences Concerning Criminal Conspiracy

- ***Criminal Organisations (Article 416 of the Penal Code)***
- ***Mafia-related Organisations (Article 416-bis of the Penal Code)***
- ***Organisations Aimed at Illicit Trafficking of Narcotic or Psychotropic Substances (Article 74 of Presidential Decree 309/1990)[3]***

3 The types of offences pursuant to Articles 416, 416-*bis* and Article 74 of Presidential Decree 309/1990 are described in the paragraph relative to *Organised Crime Offences* pursuant to Article 24-*ter* of Legislative Decree 231/01.

- ***Criminal Organisations Aimed at the Contraband of Foreign-manufactured Tobacco (Article 291-quater of Presidential Decree 43/1973)***

Such offence hypotheses apply in the event that three or more persons unite with the aim of introducing, selling, transporting, purchasing, or possessing an amount of foreign-manufactured contraband on National territory greater than ten kilograms. Those persons who promote, constitute, direct, organise, or finance such activities are sentenced to three to eight years. Those persons who participate in such activities are sentenced to one to six years' imprisonment.

Offences Concerning the Traffic of Illegal Immigrants

- ***Traffic of Illegal Immigrants (Article 12 Paragraphs 3, 3-bis, 3-ter and 5 of Legislative Decree 286/1998)***

This Offence occurs when any party commits acts aimed at procuring the entry of a person into the territory of the State in violation of the immigration laws, or acts intended to procure the illegal entry into another State of which the person is not a citizen or for which the person does not possess a right of permanent residence, or acts intended facilitate the ongoing residence and make an unlawful profit by exploiting the condition of illegality of the foreigner. This offence is subject to a sentence of imprisonment ranging from four to fifteen years with a fine of EUR 15.000 for each person (depending on the circumstances of the individual offences, the sanctions may be increased in accordance with the provisions of the above mentioned legislation).

In this case the company is subject to a monetary sanction of two hundred to one thousand quotas as well as an interdictory order for the duration of not up to two years. The monetary sanction may consequently reach an amount of approx. EUR 1,5 million (in the event of particularly serious circumstances, this amount may be tripled).

In the event of the commission of the Offence of Traffic of Illegal Immigrants, the entity is subject to an interdiction order for a duration not exceeding two years.

Offences Concerning the Impediment to the Course of Justice

- ***Inducement to Refrain from Making Statements or to Making False Statements to the Judicial Authorities (Article 377-bis of the Penal Code)***

This Offence is committed when anyone, by means of violence or threats or offers or promises of money or other benefits, induces another person, summoned to appear before the judicial authorities to give evidence in the course of criminal proceedings, to refrain from making statements or to make false declarations, when such person has the right not to respond. In such case the Offence is subject to a sentence of imprisonment ranging from two to six years.

- ***Aiding and Abetting of Another Person (Article 378 of the Penal Code)***

This Offence is committed when aid is provided to another person in order to avoid investigation or elude inspections by the Authorities, following the commission of an offence. In such case the Offence is subject to a sentence of imprisonment up to four years.

In regard to the above mentioned circumstances the company is subject to a monetary sanction of up to five hundred quotas. The sanction may consequently reach the amount of approx. 775 thousand Euro. Interdiction orders are not envisaged in regard to such Offences.

5. Offences Related to "Counterfeiting Money, Public Credit Cards, Duty Stamps, and Distinguishing Instruments or Marks" and Offences against Industry and Commerce (Articles 25-*bis* and 25-*bis* 1 of Legislative Decree 231/2001)

Here below the matters in question provided by Article 25-*bis* of Legislative Decree 231/2001 are described and, in particular, the offences **related to the falsification of distinguishing marks** (Articles 473 and 474 Penal Code) introduced by Law 99 of 23 July 2009, Article 15, paragraph 7:

- ***Falsification of Money, Spending, and Introduction into the Country, Subject to Agreement, of Counterfeit Money (Article 453 of the Penal Code);***

- ***Alteration of Money (Article 454 of the Penal Code);***
- ***Spending and Introduction into the Country, Subject to Agreement of Counterfeit Money (Article 455 of the Penal Code);***
- ***Spending Counterfeit Money Received in Good Faith (Article 457 of the Penal Code);***
- ***Falsification of Duty Stamps, Introduction into the Country, Acquisition, Detention, or Placing into Circulation Falsified Duty Stamps (Article 459 of the Penal Code);***
- ***Counterfeiting Filigreed Paper in Use for the Manufacturing of Public Credit Cards or Duty Stamps (Article 460 of the Penal Code);***
- ***Manufacturing or Detention of Filigrees or Instruments Aimed at Falsifying Money, Duty Stamps, or Filigreed Paper (Article 461 of the Penal Code);***
- ***Use of Counterfeit or Altered Duty Stamps (Article 464 of the Penal Code);***
- ***Counterfeiting, Altering or Use of Distinguishing Marks or Signs for Patents, Models and Designs (Article 473 of the Penal Code)***

Anyone who is aware of the existence of industrial property that counterfeits or alters distinguishing marks or signs of industrial products, national or foreign, or anyone who uses such counterfeit or altered marks or signs without having participated in the counterfeiting or alteration, is sentenced to six months to three years' imprisonment and a fine from EUR 2,500 to EUR 25,000.

A sentence of one to four years' imprisonment and a fine from EUR 3,500 to 35,000 shall be applied for anyone who counterfeits or alters industrial patents, designs, or models, national or foreign, or anyone who, without having taken part in the counterfeiting or alteration, uses such counterfeit or altered patents, designs, or models.

The offences provided by the first and second paragraphs are punishable provided that that they the provisions of the internal laws, community regulations, and International conventions have been observed regarding the safeguarding of the intellectual or industrial property.

- ***Introduction of Products with False Signs into the Country and Commerce (Article 474 of the Penal Code)***

Aside from the cases of accomplices in the offences pursuant to Article 473, anyone who, in order earns profits, introduces counterfeit or altered industrial products with marks or other distinguishing signs, National or foreign, into the National territory shall be sentenced to one to four years' imprisonment and find from EUR 3,500 to EUR 35,000.

Aside from the cases of accomplices in the counterfeiting, alteration, introduction into National territory, withholding for sale, selling, or otherwise puts the products pursuant to the first paragraph into circulation in order to earn profits, shall be sentenced to up to two years' imprisonment and fined up to EUR 20,000.

The offences provided by the first and second paragraph are punishable provided that that the provisions of the internal laws, community regulations and International conventions have been observed regarding the safeguarding of the intellectual or industrial property.

Law 99, Article 15, paragraph 7 of 23 July 2009 has also introduced **Article 25-*bis* I of Legislative Decree 231/01**, entered as **"Offences against Industry and Commerce"**, whose specific matters in question are described here below:

- ***Infringed Freedom in Industry and Commerce (Article 513 of the Penal Code)***

Anyone who adopts violence through fraudulent means in order to impede or infringe the fiscal business activities related to industry or commerce shall be sentenced, upon action taken by the accused, if the act does not constitute a graver offence, to up to two years' imprisonment and a fine from EUR 103 to EUR 1,032.

Illicit Competition with Threats or Violence (Article 513-*bis* of the Penal Code)

Anyone who, in the fiscal business activities of a commercial, industrial, or production activity, performs acts of competition with violence or threats shall be sentenced to two to six years' imprisonment.

The sentence shall be raised if the acts of competition regard financial activities in all, or part, and in any form by the Government or by other public entities.

- ***Fraud against National Industry (Article 514 of the Penal Code)***

Anyone who sells or otherwise putting industrial products into circulation on the national or foreign market with counterfeit or altered distinguishing names, brands, or signs, causing damage to national industry, shall be sentenced to one to five years' imprisonment and fined for no less than EUR 516.

If, for the distinguishing brands or signs, the internal provisions of the law or international conventions on safeguarding the actual industry have been observed, the sentence shall be raised and the provisions of Articles 473 and 474 shall not be applied.

- ***Fraud in Commercial Business Activities (Article 515 of the Penal Code)***

Anyone who, in the course of commercial business activities, or in an open public space, delivers one movable item for another, or a movable item by origin, place of origin, quality, or quantity that is different from that guaranteed or stipulated, shall be sentenced, should the act not constitute a graver offence, to up to two years' imprisonment and fined up to EUR 2.065.

If high-value goods are involved, the sentence shall be up to three years' imprisonment and the fine shall not be less than EUR 103.

- ***Sale of Non-genuine Food Items as Genuine (Article 516 of the Penal Code)***

Anyone who sells or otherwise puts non-genuine food items into commerce as genuine shall be sentenced to up to six months' imprisonment and fined EUR 1,032.

- ***Sale of Industrial Products with False Signs (Article 517 of the Penal Code)***

Anyone who sells or otherwise puts original works or industrial products into circulation with distinguishing names, brands, or signs, national or foreign, deceitfully misleading the buyer with regard to the origin, place of origin, or quality of the work or product, shall be sentenced, if the act is not an offence pursuant to another provision of the law, up to two years' imprisonment and fined up to twenty thousand EUR.

- ***Manufacturing and Commerce of Assets Gained by Usurping Industrial Property Titles (Article 517-ter of the Penal Code)***

With the exception of the application of Articles 473 and 474, anyone aware of the existence of the industrial property titles, manufacturing or utilising objects or other goods gained by usurping an industrial property title or in violation of the same shall be sentenced, upon action taken by the accused, to up to two years imprisonment and fined up to EUR 20,000.

The same sentence shall be applied to anyone who, in order to earns profits, introduces on National territory, withholds for sale, sells directly to consumers or puts the same products in circulation the assets pursuant to the first paragraph.

The provisions pursuant to Articles 474-*bis*, 474-*ter*, second paragraph, and 517-*bis*, second paragraph, are applied.

The offences provided by the first and second paragraph are punishable under the condition that the provisions of the internal laws, community regulations and International conventions have been observed regarding the safeguarding intellectual or industrial property.

- ***Counterfeiting Geographical or Denominational Origin Indications of Agriculture and Food Products (Article 517-quater of the Penal Code)***

Anyone who counterfeits or alters geographical or denominational origin indications of agriculture and food products shall be sentenced to up to two years imprisonment and fined up to EUR 20,000.

The same sentence shall be applied to anyone who, in order to earns profits, introduces on National territory, withholds for sale, sells directly to consumers or puts the same products in circulation with counterfeit indications and denominations.

The provisions pursuant to Articles 474-*bis*, 474-*ter*, second paragraph, and 517-*bis*, second paragraph, are applied.

The offences provided by the first and second paragraphs are punishable under the condition that the provisions of the internal laws, community regulations and International conventions have been observed regarding the safeguarding of the geographical indications and the denominations of origin of agricultural and food products.

6. Corporate Offences (Article 25-*ter* of Legislative Decree 231/01)

A brief description is provided below of the various Offences envisaged by Legislative Decree 231/2001 in Article 25-*ter*.

- ***Untrue Corporate Communications (Article 2621 of the Civil Code)***

The Offence is committed when the Directors, Chief Executive Officer, the Managers responsible for general accounting records of the company, the Statutory Auditors or the Liquidators present in the Financial Statements, reports and in other corporate communications envisaged by the law, for submission to the shareholders or the public, material information of an untrue nature, or still subject to evaluation, such as to mislead the persons in address in regard to the economic, net asset or financial situation of the company or the group to which it belongs, with the intention to deceive the shareholders or the public; or when the communication of information, required by law in regard to the same matters, is *opportunely* omitted in order to mislead the persons in address in regard to the above mentioned economic, net asset or financial situatiolt should be noted that the conduct must have the purpose of procuring an unlawful benefit, personally, or on behalf of other parties; the untrue or omitted information must be of a material nature and such as to significantly alter the representation of the economic, net asset or financial situation of the company; the responsibility arises also when such information concerns assets owned by, or administered on behalf of third parties.

- ***Untrue Corporate Communications Causing Damage to the Company, Shareholders or Creditors (Article 2622 of the Civil Code)***

The Offence contemplated by Article 2622 of the Civil Code further arises when, as a consequence of the conduct envisaged by Article 2621 of the Civil Code, a loss is incurred by the company or the creditors.

This Offence is subject to prosecution on hand of legal proceedings initiated by the plaintiff, unless it concerns quoted companies, in which case official action is taken by the authorities.

- ***Untrue Information in Prospectuses (Article 2623 of the Civil Code)[4]***

The criminal conduct is represented by the:

- Presentation of untrue information in the prospectuses required in regard to the issue of share capital or the application for listing admission on regulated stock exchanges, or by the presentation of untrue information in the statements to be published in the event of public purchase or share exchange offers, or by the
- Detention of data or information to be presented in the above mentioned documents.

It should be noted that the:

- Conduct must be intended to procure an unlawful benefit personally or on behalf of other parties;
- Conduct must be such as to mislead the persons addressed by the prospectus.

- ***Untrue Information in the Communications and Reports of the External Auditing Firm (Article 2624 of the Civil Code)[5]***

The Offence is represented by untrue statements or withholding of information, by the persons responsible for the audit, concerning the economic, net asset or financial situation of the company, in order to procure an unlawful benefit, personally, or on behalf of other parties.

The penalty is heavier if such conduct has caused a loss to the parties addressed by the communications.

The active perpetrators of the Offence are the administrators of the auditing firm (being the only parties enabled to commit this specific offence), but the members of the administrative and control bodies of the company as well as its employees may be implicated for complicity in the crime. In fact, in accordance with Article 110 of the Civil Code it may be assumed

4. Repealed by Article 34, paragraph 2, Law 262 of 28 December 2005.
5. Repealed by Article 37, paragraph 34 of Legislative Decree 39 of 27 January 2010.

that there is a possible complicity by the Directors, Statutory Auditors, or other persons belonging to the audited company, who have determined or instigated the unlawful conduct by the person responsible for the firm of external auditors.

- ***Impediment to Control (Article 2625 of the Civil Code)***[6]

The Offence consists in withholding documents or adopting ad-hoc expedients, in order to impede or obstruct the performance of the control and auditing activity legally assigned to the shareholders, to other corporate bodies or to the firm of external auditors.

- ***Unlawful Reimbursement of Share Capital (Article 2626 of the Civil Code)***

The typical conduct comprises, with the exception of the legitimate reduction of shareholders' equity, the reimbursement, also simulated, of paid-in share capital or the waiving of their obligation to contribute such capital.

- ***Illegal Distribution of Retained Earnings or Reserves (Article 2627 of the Civil Code)***

Such criminal conduct comprises the distribution of profits or advance payments of profits which have not yet been earned or which are required by law to be set aside as reserves, or the release of reserves which, even if not constituted by earnings, may not according to the law be distributed.

It should be noted that the reimbursement to the company, or the re-constitution of the reserves, prior to the deadline envisaged for the approval of the Financial Statements, extinguishes the Offence.

- ***Unlawful Transactions in Regard to the Shares or Stockholdings or in Regard to the Parent Company (Article 2628 of the Civil Code)***

This Offence is committed when the Directors purchase or underwrite shares or stockholdings of the subsidiary or parent company, to the detriment of the integrity of the share capital or the reserves which, according to the law may not legally be distributed.

It should be noted that, if the share capital or the reserves are reconstituted prior to the deadline envisaged for the approval of the Financial Statements, relative to the accounting period for which such conduct has occurred, the Offence is extinguished.

- ***Transactions to the Detriment of the Creditors (Article 2629 of the Civil Code)***

This Offence is committed when, in contrast with the provisions of law safeguarding the interests of the creditors, transactions are effected involving reductions of share capital or mergers/demergers with other companies, to the detriment of the creditors.

It should be noted that the payment of compensation for damages to the creditors, prior to a court ruling, extinguishes the Offence.

Failure to Communicate a Conflict of Interest (Article 2629-*bis* of the Civil Code)

This Offence arises when a director or member of the board of directors - of a company with shares quoted on the Italian or other European Union State regulated stock exchanges or - of a company with a wide public distribution of shares in accordance with the intent of Article 116 of the Consolidated Act with reference to Legislative Decree 58 of 24 February 1998 and subsequent amendments or - of a company which is subject to supervision in accordance with the Consolidated Act with reference to the comprised Legislative Decree 385 of 1 September 1993, Legislative Decree 58 of 1998, Law 576 of 12 August 1982, or Legislative Decree 124 of 21 April 1993, - fails to inform the other Directors and the Board of Statutory Auditors of any existing interest that this person may have, of a personal nature or on behalf of third parties, in a particular transaction of the company, with details of the nature, conditions, origin and significance of the transaction.

It should be noted that, if the conflict of interest regards the Chief Executive Officer, he must refrain from personally executing the transaction and must delegate the task to the appropriate collective Corporate Body.

6. Modified by Article 37, paragraph 35 of Legislative Decree No. 39 of 27 January 2010, which excludes the Administrators from impeding the auditing activities sanctioned by said legislation.

- ***Fictitious Constitution of Shareholders' Equity (Article 2632 of the Civil Code)***

This situation arises when: the shareholders' equity of the company is fictitiously constituted or increased by the attribution of shares or stock for an amount which is inferior to their nominal value; shares or stock are reciprocally underwritten; shares or stock are significantly over-valued in regard to the assets in kind contributed, the receivables or the assets of the company, in the event of a corporate restructuring.

- ***Unlawful Allotment of Company Assets by the Liquidators (Article 2633 of the Civil Code)***

This Offence is committed in the event of an allotment of the company assets to the shareholders prior to the payment of amounts due to the creditors of the company or prior to the accrual of the amounts necessary to settle the outstanding balances, thus causing a damage to the creditors.

It should be noted that the payment of compensation for damages to the creditors, prior to a court ruling, extinguishes the Offence.

- ***Corruption between Private Parties (Art. 2635, comma 3 of the Civil Code)***

The offence punishes those who give or promise money or other benefits to administrators, managing directors, managers responsibile for drafting corporate accounting documents, statutory auditors and adjusters, that is, to persons subordinate to the management or supervision of the former, so that the same perform or omit acts in violation to the inherent obligations of their office or to the obligations of fidelity, bringing harm to the Company, as long as the conduct does not constitute a greater offence.

The punishment foreseen is one to three years' imprisonment and the offence becomes automatic prosecution should any falsification of the competition derive from the acquistion of assets or services.

- ***Illegal Influence Upon the Shareholders' Meeting (Article 2636 of the Civil Code)***

Typically, this conduct is intended to obtain, by means of simulated acts or by fraud, a majority of votes at the shareholders' meeting in order to obtain and unlawful benefit of a personal nature or on behalf of third parties.

- ***Manipulating the Market (Article 2637 of the Civil Code)***

This type of Offence occurs when untrue information is circulated or simulated transactions or other expedients are utilised, with the specific intention to cause a significant change in the price of financial instruments which are not quoted or for which no application for listing on a regulated stock exchange has been presented, or with the objective of significantly influencing the public opinion in regard to the financial stability of the banks or banking groups.

- ***Obstruction of the Activities of the Government Supervisory Bodies (Article 2638 paragraphs 1 and 2 of the Civil Code)***

The criminal activity, aimed at obstructing the activities of the Government Supervisory Bodies is committed through the presentation, in the communications to such entities required by the law, of significant data of an untrue nature or still subject to evaluation, in regard to the economic, net asset and financial situation of the company subject to supervision, or by total or partial withholding by other fraudulent means, of matters concerning the same topic that should have been communicated.

7. Terrorism and Subversion of Established Law and Order (Article 25-*quater* of Legislative Decree 231/01)

A brief description is provided below of the principal Offences referred to by Legislative Decree 231/01 in Article 25-*quater*.

- ***Associations for the Purpose of Terrorism, also of an International Nature, or the Subversion of Established Law and Order (Article 270-bis of the Penal Code)***

This law punishes any person promoting, constituting, organising, directing or financing associations aimed at committing acts of violence for the objective of promoting terrorism or the subversion of the established law and order.

For the purposes of criminal law, the objective of promoting terrorism applies also when the acts of violence are directed against a foreign State, an institution or an international organisation.

- ***Assistance to Persons Associated with Terrorism (Article 270-ter of the Penal Code)***

This law punishes any person providing shelter or food, hospitality, means of transport and means of communication to any person adhering to the terrorist associations mentioned in the preceding Article 270 and 270-*bis*.

A person providing such support to a close relative is not subject to punishment.

- ***Recruitment for the Purposes of Terrorism, also of an International Nature (Article 270-quater of the Penal Code)***

Any person, with the exception of the cases mentioned in the preceding Article 270-*bis*, who enrols one or more persons to carry out acts of violence or the sabotage of essential public services, with terrorist objectives, even if regarding a foreign State, an institution or an international organisation, is subject to a sentence of imprisonment from seven to fifteen years.

- ***Training for Terrorist Activity, Including International Nature (Article. 270-quinquies of the Penal Code)***

Any person, with the exception of the cases mentioned in the preceding Article 270-*bis*, who trains or nevertheless provides instructions as to the preparation or use of explosive materials, firearms or other arms, harmful or dangerous chemical or bacteriological substances, as well as any other technique or method to carry out acts of violence or sabotage of essential public services, for the purposes of terrorism, also if directed against a foreign State, institution or international organisation, is subject to a sentence of imprisonment ranging from five to ten years. The same punishment applies to the person who has been trained.

- ***Conduct with the Objective of Terrorism (Article 270-sexies of the Penal Code)***

Conduct considered to have terrorism as its primary objective, given its nature or context, comprises those acts which may cause serious damage to a Country or to an international organisation and which are carried out with the intention to intimidate the population or compel the public authorities or an international organisation to implement or to refrain from implementing any action, or are aimed at destabilising or destroying the fundamental political, constitutional, economic and social structures of a Country or an international organisation and, also includes, such other activities defined, by conventions or other international law, binding for Italy, as terrorism or actions with terrorist objectives.

- ***Attacks Aimed at Terrorism or the Subversion of Established Law and Order (Article 280 of the Penal Code)***

This law prescribes the punishment for anyone, attempting to assassinate or menace the safety of another person, for the purposes of terrorism or the subversion of established law and order.

The crime is aggravated when, the attack results in grievous bodily harm or the death of the person or when the attack is directed against persons exercising judiciary or penitentiary or public safety functions during the performance of their duties or directed against such persons in virtue of their functions.

- ***Terrorist Attacks with Lethal Explosive Devices or Explosives (Article 280-bis of the Penal Code)***

Unless the act constitutes a more serious crime, any person carrying out for the purposes of terrorism, any act intended to damage movable or immovable property belonging to another party, by means of explosive and nevertheless lethal devices, is subject to a sentence of imprisonment ranging from two to five years. Explosive and nevertheless lethal devices include the weapons and materials assimilable to such weapons as indicated in Article 585 of the Penal Code and capable of causing significant material damage.

If the attack is directed against the seats of the Presidency of the Republic, the Presidency of the Legislative Assemblies, the Court of Constitutional Justice, of Government Bodies or nevertheless Bodies envisaged by the constitutional laws, the terms of imprisonment are increased by up to a half of the normal sentence.

If danger for the safety of the public or serious damage to the national economy derive from the attack, the term of imprisonment applied ranges from five to ten years.

- ***Kidnapping for Purposes of Terrorism or the Subversion of Established Law and Order (Article 289-bis of the Penal Code)***

Such criminal activity is represented by the kidnapping of a person for the purposes of terrorism or the subversion of the established law and order.

The crime is aggravated in the event of the death, be it intentional or not, of the kidnapped person.

- ***Instigation to Commit an Offence against the State (Article 302 of the Penal Code)***

The law envisages that any person who instigates another person to commit one of the culpable Offences, contemplated by the relevant article of the criminal Code concerning Offences against the State and for which the law prescribes a life sentence or imprisonment, shall, in the event of the instigation not being implemented or the instigation being followed but without the commission of the Offence, be subject to a term of imprisonment ranging from one to eight years.

- ***Political Conspiracy by Agreement or by Association (Articles 304 and 305 of the Penal Code)***

This law punishes the conduct of any person who agrees to commit one of the Offences referred to in the preceding point (Article 302 of the Penal Code).

- ***Constitution and Participation in Armed Gangs; Assistance to Participants of Conspiracies and Armed Gangs (Articles 306 and 307 of the Penal Code)***

This Offence arises when an armed gang is constituted in order to commit one of the crimes indicated by the above mentioned Article 302 of the Penal Code.

- ***Terrorism Crimes Envisaged by the Specific Laws: Regulated by that Part of the Italian Legislation, Enacted During the 1970s and 1980s, Aimed at Fighting Terrorism***

- ***Offences, Other that those Indicated in the Penal Code and the Special Laws, Committed in Violation of Article 2 of the New York Convention of 8 December 1999***

In accordance with the above mentioned Article, an Offence is committed when any person who by any means, directly or indirectly, illegally and intentionally, provides or gathers funds with the intention to utilise them or with the awareness that such funds will be utilised, entirely or partially, in order to commit:

a) An act which constitutes a crime, as defined in any of the treaties listed in the attachment; or

b) Any other act intended to cause the death or serious physical injury to a civilian, or to any other person not having an active role in situations of armed conflict, when the objective of such act, in virtue of its nature or context, is to intimidate a population, or to force a government or international organisation to do or to refrain from doing something.

For an act to constitute one of the above mentioned crimes, it is not essential that the funds be effectively utilised to commit the acts described at points (a) and (b).

An Offence is nevertheless committed by any person who attempts to commit the Crimes envisaged above.

Likewise a crime is committed by any person who:

- Participates in the quality of an accessory to the commission of the crime described above;
- Organises or directs other persons in order to commit one of the crimes described above;
- Contributes to the commission of one or more of the crimes referred to above together with a group of persons acting with a common. Such contribution must be intentional and must be made:
  - In order to facilitate the activity or criminal intent of the group, where such activity or intent imply the commission of the crime; or
  - With the full awareness that the intent of the group is to commit a crime.

Of the illegal activity constituting the crime of terrorism, which could easily occur, is the conduct representing “financing” (see Article 270-*bis* of the Penal Code).

To determine whether or not there is an effective risk that such Offences may be committed, it is first necessary to examine the subjective profile provided by the law to identify the requisites constituting the Offence.

From a subjective point of view, the Terrorism-related Crimes are considered as intentional Crimes. Therefore, for the crime to be classified as intentional, it is essential, with regard to demonstrating the psychological mindset of the perpetrator, that this person was aware of the illegal nature of the act and that it was his intention to commit it by means of conduct directly attributable to him. Consequently, in order to be able to classify the crime as such, it is necessary that the perpetrator was aware of the terrorist nature of the activity and that it was his intent to promote it.

In the light of the above considerations, in order to classify such conduct ("financing") as an accessory conduct to the crime of terrorism, it is essential that the perpetrator was aware that the association, to which the financing was made, exists for terrorist or subversive purposes with the intent to promote such activity.

Furthermore, this conduct would be classifiable as a crime of terrorism also if the said person possibly acts intentionally. In such a case, the perpetrator should envisage and accept the risk that the terrorist event will occur, even if he does not directly desire this. The awareness of the risk of the event occurring as well as the voluntary determination to adopt the criminal conduct must be deduced from univocal and objective facts.

8. Offences against the Person (Articles 25-*quater*. 1 and 25-*quinquies* of Legislative Decree 231/2001)

A brief description is provided below of the principal Offences referred to by Legislative Decree 231/01 in Article 25-*quinquies*.

- ***Reduction or Maintenance of the Individual in a State of Slavery (Article 600 of the Penal Code)***

Any person who exercises powers over another person, corresponding to the rights of property, or any person who reduces or maintains another person in an ongoing state of subjection, compelling the individual to work or provide sexual services or to beg or nevertheless to perform services entailing exploitation, is subject to a term of imprisonment ranging from eight to twenty years.

The reduction or maintenance in a state of slavery occurs when such conduct involves the use of violence, threats, deception, abuse of authority or the exploitation of a situation of physical or psychological inferiority or state of need, or when the conduct comprises promising or providing sums of money or other befits to the person exercising the control over the other person.

- ***Juvenile Prostitution (Article 600-bis of the Penal Code)***

Any person who induces another person, under the age of eighteen years, to engage in the activity of prostitution or promotes or exploits such activity is subject to a term of imprisonment ranging from six to twelve years and to a monetary sanction of EUR 15.493 to EUR 154.937.

Unless the fact constitutes a more serious Offence, any person engaging in sexual activity with a person under-age, between fourteen and eighteen years old, in return for money or other economic benefits, is subject to a term of imprisonment ranging from six months to three years with a fine not less than EUR 5.164.

In the event that the fact mentioned in the second paragraph being committed, in regard to a person under sixteen years of age, the applicable term of imprisonment ranges from two to five years.

If the person committing the Offence is under eighteen years old, the prescribed term of imprisonment or monetary sanction is subject to a reduction ranging from a third to two thirds.

- ***Juvenile Pornography (Article 600-ter of the Penal Code)***

Any person who, utilising persons under the age of eighteen years, organises pornographic exhibitions or induces persons under the age of eighteen years to participate in pornographic exhibitions is subject to a term of imprisonment ranging from six to twelve years with a monetary sanction ranging from EUR 25.822 to EUR 258.228.

The same punishment applies to any person selling the pornographic material mentioned above.

In addition to the circumstances indicated in the preceding paragraphs, any person who, by any means, also via computer,

distributes, discloses, circulates or publicises the above mentioned pornographic material, or discloses news or information in order to solicit or otherwise sexually exploit persons under the age of eighteen years, is subject to a term of imprisonment ranging from one to five years with a monetary sanction ranging from EUR 2.582 to EUR 51.645.

Apart from the circumstances indicated in the preceding paragraphs, any person who, offers or transfers the above mentioned pornographic material to other persons, also free of charge, is subject to a term of imprisonment up to three years with a monetary sanction ranging from EUR 1.549 to EUR 5.164.

In the case of paragraphs three and four above, when a considerable quantity of material is involved, the punishment may be increased by not more than two thirds.

- ***Possession of Pornographic Material (Article 600-quater of the Penal Code)***

Apart from the circumstances envisaged by Article 600-*ter,* any person who knowingly procures or possesses pornographic material which has been produced utilising persons under the age of eighteen years, is subject to a term of imprisonment of up to three years and a fine of not less than EUR 1.549.

When a considerable quantity of material is involved, the punishment may be increased by not more than two thirds.

- ***Virtual Pornography (Article 600-quater.1 of the Penal Code)***

The provisions of Articles 600-*ter* and 600-*quater* apply also when the pornographic material is represented by virtual images which have been obtained utilising images, or parts of images, of persons under the age of eighteen years, but the punishment is reduced by one third.

"Virtual images" are those images which have been obtained by means of graphic elaboration techniques that are not entirely or partly associated with real situations, but whose quality of representation renders fictitious situations realistic.

- ***Tourism Aimed at Exploiting Juvenile Prostitution (Article 600-quinquies of the Penal Code)***

Any person who organises or promotes travel, for the enjoyment of juvenile prostitution or nevertheless comprising such activity, is subject to a term of imprisonment ranging from six to twelve years and a fine ranging from EUR 15.493 to EUR 154.937.

- ***Slave Trade (Article 601 of the Penal Code)***

Any person, exercising the activity of slave trading, in regard to another person in the circumstances envisaged by Article 600 or with the objective of committing the Offences referred to by this article, who induces such persons by deceit or who compels them through the use of violence, threats, abuse of authority or by the exploitation of their condition of physical or psychological inferiority or a situation of need, or who promises or provides sums of money or other benefits to third parties who have authority over such persons, to enter or to remain or to leave the territory of the Italian State or to move within the Italian State, is subject to a term of imprisonment ranging from eight to twenty years.

- ***Purchase or Transfer of Slaves (Articles 602 of the Penal Code)***

Apart from the circumstances envisaged by Article 601, any person, who purchases, transfers or sells another person who is in the conditions described in Article 600 is subject to a term of imprisonment ranging from eight to twenty years.

- ***The Practice of Mutilation of the Female Genitals (Article 583 bis of the Penal Code)***

In the absence of therapeutic reasons, any person who causes a mutilation of the female genitals is subject to a term of imprisonment ranging from four to twelve years. For the purposes of this article, the practice of mutilation of the female genitals comprises clitoridectomy, excision and infibulation as well as any other practice which causes similar effects. In the absence of therapeutic reasons, any person who causes injuries to the female genitals with the intention of damaging the sexual functions, other than those indicated in the first paragraph, which cause an illness to the body or the mind, is subject to a term of imprisonment ranging from three to seven years.

The punishment is reduced by up to two thirds if the injuries are of limited nature.

The punishment is increased by a third when the practice referred to in the preceding paragraphs is committed to the damage of a person under the age of eighteen years or for money. The provisions of this article apply also if this practice is performed abroad by an Italian citizen or by a foreign national resident in Italy or to the damage of an Italian citizen or foreign national resident in Italy. In such case, the guilty party is punished in accordance with the request of the Ministry of Justice.

With regard to the these Offences which are connected with slave trading, the responsibility is extended not only to the person who directly performs this illegal practice, but also to the person who knowingly facilitates, even only financially, such conduct.

The related conduct in these cases could be constituted by the illegal procurement of manpower through the illegal immigrant traffic and the slave trading.

9. Market Abuse Offences and Administrative Infringements (Article 25-*sexies* of Legislative Decree 231/01)

9.1 The Offences and Administrative Infringements

The market abuse offences and administrative infringements are regulated by the new Title I-*bis*, Item II, Part V of Legislative Decree 58 of 24 February 1998, Consolidated Law on Financial Instruments and Markets - "TUF" under the heading "Insider Trading and Manipulation of the Market ".

According to the new legislation, the entity can in fact be held responsible not only when the Offences of Insider Trading (Article 184 of the TUF) or Manipulation of the Market (Article 185 of the TUF) are committed on behalf of or for the benefit of the entity, but also when such acts do not constitute Offences but merely Administrative Infringements (respectively Article 187-bis of the TUF with regard to Insider Trading and Article 187-*ter* of the TUF as far as concerns Manipulation of the Market).

When the illegal conduct reflects the requisites of an Offence, the responsibility of the entity will be based upon Article 25-*sexies* of Legislative Decree 231/01; if, on the contrary, the illegal conduct is to be classified as an Administrative Infringement, the entity will be held responsible in accordance with Article 187-*quinquies* of the TUF.

Offences:

- ***Insider Trading (Article 184 of the TUF)***

The Offence of Insider Trading is committed when a person, in possession of privileged information, by virtue of his position as member of an administrative, management or control body of the issuing company, or in the quality of shareholder of that company, or when a person has acquired such information during the course of and consequent to private or public professional activity:

- Purchases, sells or carries out other transactions, directly or indirectly, in his own right or on behalf of third parties, in regard to financial instruments[7] utilising the privileged information obtained in the above described manner;
- Communicates such information to other parties, outside the normal execution of his duties, proession, function or office for which he is responsible (regardless of whether or not the parties receiving the information utilise it to carry out transactions);
- Recommends or induces other parties, to undertake any of the transactions indicated in the first paragraph above, based uon the privileged information in his possession.

The Offence of Insider Trading is committed also when a person, who acquires the privileged information as a consequence of the preparation or commission of illegal activity, commits one of the actions mentioned above (e.g. when a hacker enters into possession of *price sensitive* confidential information after having obtained illegal access to the information system of a company).

7. "financial instruments" include: a) shares and other stockholdings which are negotiable on the stock exchanges; b) bonds, Government securities and other debt securities negotiable on the stock exchanges; b-*bis)* financial instruments, envisaged by the Civil Code, negotiable on the stock exchanges; c) investment fund units; d) securities normally traded o the money market; e) any other normally negotiated security which permits the acquisition of the financial instruments indicated in the preceding points and relative indices; f) "*futures*" contracts in regard to financial instruments, interest rates, foreign currencies, goods and the relative indices, also if the transaction is executed by the cash payment of differentials; g) fixed term and spot exchange contracts (*swaps*) in regard to interest rates, foreign currencies, goods and share indices (*equity swaps*), also when the settlement is effected by cash payment of the of differentials; h) fixed-term contracts related to financial instruments, interest rates, foreign exchange, goods and relative indices, also when the settlement is effected by cash payment of he differentials; i) options contracts to purchase or sell the financial instruments indicated in the preceding points and relative indices, as well as the option contracts in regard to foreign currencies, interest rates, goods and relative indices, also when the settlement is effected by cash payment of the differentials; j) the combination of contracts or securities indicated in the preceding points.

An Example:

The Head of the company's Finance Function issues purchase and sale instructions in regard to the shares of a quoted business enterprise (e.g. a commercial *business partner* of the company) on hand of privileged information.

- ***Manipulation of the Market (Article 185 of the TUF)***

The Offence of Manipulation of the Market occurs when a person circulates false information (so-called manipulation of information) or sets up simulated transactions or other devices capable of provoking a sensible variation in the price of the financial instruments (so-called trading manipulation).

With regard to the spreading of false or misleading information, it should be further noted that this type of manipulation of the market comprises also those cases in which the creation of misleading indications derives from the non-communication of obligatory informantion by the issuing entity or other parties.

Examples:

The Chief Executive Officer of the company discloses false information concerning corporate operations (e.g. in regard to the existence of ongoing restructuring plans) or in regard to the situation of the company in order to influence the price of the quoted shares (*manipulation of information*).

The Head of the Finance Function issues purchase and sale instructions in regard to one or more specific financial instruments or derivative contracts close to the end of the negotiations so as to alter the final price (*trading manipulation*).

With reference to the above cited examples, it should be further noted that the responsibility of the entity arises only in the event of such initiatives having been undertaken, on behalf of or for the benefit of the company, by persons responsible for the representative, administrative or directive functions of the entity or for an organisational unit of the company havig financial and functional autonomy, or by persons who, also effectively, manage or control the company, or the persons subordinate to the dirction or supervision of one of the aforementioned subjects.

Administrative Infringements:

- ***Insider Trading (Article 187-bis of the TUF)***

The Administrative Infringement of Insider Trading is committed when a person, in possession of privileged information, by virtue of his position as member of an administrative, management or control body of the issuing company, or in the quality of shareholder of that company, or when a person has acquired such information during the course of and consequent to private or public professional activity:

- Purchases, sells or carries out other transactions, directly or indirectly, in his own right or on behalf of third parties, in regard to financial instruments utilising the privileged information obtained in the above described manner;
- Communicates such information to other parties, outside the normal execution of his duties, proession, function or office for which he is responsible (regardless of whether or not the parties receiving the information utilise it to carry out transactions);
- Recommends or induces other parties, to undertake any of the transactions indicated in the first paragraph above, based uon the privileged information in his possession.

The Administrative Infringement of Insider Trading is committed also when a person, who acquires the privileged information as a consequence of the preparation or commission of illegal activity, commits one of the actions mentioned above.

The Adminitrative Infringements addressed by this article, for the greater part correspond to the Offences disciplined by article 184 of the TUF, with the main difference being the absence of criminal intent (which, on the contrary, is an essential condition for such conduct to be considered an Offence Insider Trading). In order for the conduct to be considered as an Administrative Infringement of Insider trading, infact, it is sufficient that the conduct be of a culpable nature, and does not therefore reveal the real intention of the perpetraror of the illegal act.

The sanctions envisaged by this article are applicable also to any person acting in the manner therein described, who is in possession of privileged information and is aware of, or through the exercise of due diligence, is able to ascertain the privileged nature of such information.

Finally, it should be noted in regard to the illegal acts envisaged by the article in question that, that the attempeted commission of the illegal act is equivalent to the effective perpetration of the same.

Example:

The person in charge of *Mergers & Acquisitions* negligently (with a superficial attitude) induces other persons to carry out transactions in regard to financial instruments on hand of privileged information acquired during the course of the execution of his function.

- ***Manipulation of the Market (Article 187-ter of the TUF)***

The provisions of Article 187-*ter* of the TUF extend the range of the conduct subject to the application of administrative sanctions, as compared to the provisions concerning sanctionable Offences, and punishes any person, who by any means of communication, spreads information, rumours or false or misleading information which provide or are likely to provide false or misleading indications in regard to financial instruments (so-called manipulation of information).

In this case, therefore, the configuration of an administrative infringement of manipulation of the market does not take into consideration the effects of the illegal conduct, whereas Article 185 of the TUF, in regulating in regard to the offence of manipulation of the market and the application of relative sactions, requires that the false information be "*realistically capable*" of sensibly altering the prices of the financial instruments.

Paragraph 3 of Article 187-*ter* of the TUF further envisages the application of sanctions in regard to the following conduct (so-called trading manipulation):

- Transactions or purchase and sale instructions which provide or are likely to provide false or misleading indications in regard to the offer, demand or price of the financial instruments;
- Transactions or purchase and sale instructions which, through the activity of one or more persons acting in cooperation, permit the market price of one or more financial instruments to be fixed at an abnormal or artifcial level;
- Transactions or purchase or sale instructions that utilise devices or any other form of deceit or expedient;

Other devices capable of providing false or misleading indications in regard to the offer, demand or price of the financial instruments.

Example:

The person in charge of *Investor Relations* spreads false or misleading information through the press with the intention of manoeuvring the price of a security or underlying assets in a direction favouring an open position in regard to such financial instrument or assets or favouring a transaction already planned by the person disclosing the information.

9.2 The Concept of Privileged Information

(omissis)

9.3 Disclosure Obligations

(omissis)

10. Crimes of Manslaughter and Serious Personal Injury or Grievous Bodily Harm, Committed in Violation to the Accident Prevention and Occupational Hygiene and Health Protection (Article 25-*septies* - of Legislative Decree 231/2001- Legislative Decree 81 of 9 April 2008)

Article 9 of Law 123 of 3 August 2007 amended Legislative Decree 231/01 by incorporation of the Article 25-*septies* which extends the responsibility of the entities to include the illegal acts relating to the violation of the safety and accident prevention regulations.

In execution of Article 1 of Law 123/07, Legislative Decree 81 of 9 April 2008 has come into force with regard to matters concerning "occupational health and safety".

This Decree is a Consolidated Act, coordinating and harmonising all relevant prevailing legislation, with the intention to provide a common instrument for easy consultation by all persons involved in safety management.

In particular, Legislative Decree 81/2008 revokes some important laws concerning safety, including Legislative Decree 626/94 (implementation of the European Community Directives concerning the improvement of occupational health and safety), Legislative Decree 494/96 (implementation of the European Community Directives concerning the minimum safety and health requirements to be implemented at temporary or mobile installation sites), as well as Articles 2, 3, 4, 5, 6 and 7 of Law 123/2007.

Article 300 of Legislative Decree 81/2008 has replaced the wording of Article 25-*septies* of the above-mentioned Legislative Decree 231/01, in regard to the Crimes referred to in Article 589 (Manslaughter) and Article 590 third paragraph (Serious Personal Injury or Grievous Bodily Harm) of the Penal Code, committed in violation of the Occupational Hygiene and Health Protection regulations[8].

The new wording has redefined the sanctions applicable to the entity, in proportion to the offence and the aggravating circumstances that may be incurred during the commission of the offence.

- ***Manslaughter (Article 589 of the Penal Code)***

The Crime is committed whenever someone is responsible for causing the death of another person.

Nevertheless the criminal circumstances envisaged by Legislative Decree 231/01, concern only those cases in which the event/death has been caused, not due to responsibility of a general nature, such as inexperience, imprudence or negligence, but rather due to specific responsibility, consisting in the violation of the occupational accident prevention regulations.

In relation to the Crime in question, the Article 25-*septies* of Legislative Decree 231/01 envisages the application, in regard to the entity, of a monetary sanction of 1000 quotas and an interdictory sanction ranging from three months to one year, only when the Crime has been committed in violation of Article 55, paragraph 2, o the Consolidated Act, i.e., when the criminal act has been committed within the environment of certain specific types of company (such as industrial companies with more than 200 employees or companies where the workers are exposed to biological risks, asbestos, etc.).

Furthermore, whenever the same crime is committed by simple violation of the accident prevention regulations, a monetary sanction is applicable ranging from 250 to 500 quotas, whereas in the event of conviction an interdictory sanction applies for a duration ranging from three months to one year.

- ***Serious Personal Injury or Grievous Bodily Harm (Article 590 Paragraph 3 of the Penal Code)***

The Crime is committed whenever someone, in violation of the occupational accident prevention regulations, causes Serious Personal Injury or Grievous Bodily Harm to another person.

In accordance with paragraph 1 of Article 583 of the Penal Code, the personal injury is considered serious in the following cases:

"1) If the event derives from an illness which endangers the life of the injured person, or an illness or incapacity to attend to the normal activity for a period exceeding forty days;

2) If the event results in the permanent weakening of a sense or an organ ".

In accordance with paragraph 2 of Article 583 of the Penal Code, the bodily harm is considered *grievous* if the event derives from:

- *"A definitely or probably incurable illness;*
- *The loss of a sense;*
- *The loss of a limb, or a mutilation which renders the limb useless, or the loss of the use of an organ or the capacity to procreate, or a permanent and serious loss of the power of speech;*
- *The deformity, or permanent disfigurement of the face ".*

8. «Article 25-*septies*. - (Manslaughter and Serious Personal Injury or Grievous Bodily Harm, committed in violation of the Accident Prevention and Occupational Health and Safety Protection Legislation)
   1. In relation to the crime referred to in Article 589 of the Penal Code, committed in violation of Article 55, paragraph 2, of Legislative Decree, implementing the provisions of law 123 of 2007 in regard to matters concerning occupational health and safety, a monetary sanction is applied equivalent to 1,000 quotas. In the event of conviction for the Crime relative to the preceding period, the interdictory measures referred to in Article 9, paragraph 2, are applied for a duration not less than three months and not greater than one year.
   2. With exception of the provisions of paragraph 1, in relation to the crime referred to in Article 589 of the Penal Code, committed in violation of the Occupational Health and Safety regulations, a monetary sanction is applied equivalent to not less than 250 quotas and not greater than 500 quotas. In the event of conviction for the crime relative to the preceding period, the interdictory measures referred to in Article 9, paragraph 2, are applied for a duration not less than three months and not greater than one year.
   3. In regard to the crime referred to in Article 590, third paragraph of the Penal Code, committed in violation of Occupational Health and Safety regulations, a monetary sanction is applied equivalent to not greater than 250 quotas. In the event of conviction for the crime relative to the preceding period, the interdictory measures referred to in Article 9, paragraph 2, are applied for a duration not greater than six months».

When the crime is committed in violation of the accident prevention regulations, a monetary sanction is applicable to the entity not exceeding 250 quotas and, in the event of conviction for the crime, an interdictory sanction is applicable for a maximum of six months.

In any case, Article 5 of Legislative Decree 231/2001 prescribes that the Crimes must have been committed on behalf of the entity or for its benefit.

Legislative Decree 213/01further envisages in Article 30 that, in order to avoid the entity incurring administrative responsibility, the Compliance Program referred to by Legislative Decree 231/01 must be adopted and effectively implemented, to ensure compliance with the specific juridical obligations, in particular relative to the:

- Observance of the technical-structural standards prescribed by the law in regard to the plant, premises and work equipment;
- Risk assessment and accident prevention and protection activity carried out;
- Activity of an organisational nature (e.g. first aid, contract management, periodic meetings concerning safety matters, consultation with the workers' safety representative);
- Activity regarding information and training of the workers, as well as the sanitary supervision;
- Supervisory activity, in regard to the observance by the workers of the occupational safety procedures and instructions;
- Procurement of the documentation and certification prescribed by the law;
- Periodic verification of the application and effectiveness of the procedures adopted.

11. Crimes of Receiving of Stolen Goods, Money Laundering and Utilisation of Money, Goods, or Benefits of Unlawful Origin (Article 25-*octies* of Legislative Decree 231/2001 - Legislative Decree 231/2007)

Legislative Decree 231/2007 known also as the "Anti-Money Laundering Decree" (which has enacted the provisions of the Directive 2005/60/ EC concerning the prevention of the utilisation of the financial system for the purpose of recycling funds deriving from criminal activity and the financing of terrorism, as well as the Directive 2006/70/CE that prescribes the measures for implementation), has introduced into the framework of Legislative Decree 231/01 the new Article 25-*octies*, which extends the responsibility of the legal entity to include also the Crimes of Receiving of Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin (Articles 648, 648-*bis*, and 648-*ter* of the Penal Code) even if committed at national level.

Law 146/2006 (paragraphs 5 and 6 of Article 10, now repealed by the Anti-Money Laundering Decree) had already contemplated the responsibility of the entities for the Crimes of Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin, but only if these offences had been committed at Trans-National level.

The Crimes of Receiving of Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin are considered as such also if the activities which have generated the same have been carried out in another State of the European Union or in another country.

The objective of Legislative Decree 231/2007 is, therefore, to protect the financial system from being utilised for the purposes of money laundering or the financing of terrorism and it addresses a wide range of interested parties including, not only the banks and financial intermediaries, but also those operators who carry out activity such as the custody and transport of money and securities, or real estate agents, etc. (the so-called "financial operators").

- ***Receiving Stolen Goods (Article 648 of the Penal Code)***

With the exclusion of the actual participation in the preceding criminal activity, this Crime arises when, with the objective of procuring a benefit personally or on behalf of other parties, a person purchases, receives or hides money or property deriving from criminal activity of whatever nature, or nevertheless intervenes to abet the purchase, receipt or concealment. This Crime is subject to a sentence of imprisonment ranging from two to eight years and a fine ranging from EUR 516 to EUR 10.329. The punishment, when the Crime is of a tenuous nature, is a term of imprisonment of up to six years with a

fine of EUR 516. The provisions of this article apply also, in the event of it not being possible to bring charges against or punish the person from whom the money or property has been received.

- ***Money Laundering (Article 648-bis of the Penal Code)***

This Crime is committed when a person exchanges or transfers money, property or other benefits deriving from intentional criminal acts, or carries out other transactions in their regard, in order to prevent the identification of their criminal provenance. This crime is subject to a sentence of imprisonment ranging from four to twelve years and a fine ranging from EUR 1.032 to EUR 15.493. The penalty is increased in the event of the Crime being committed during the course of the performance of professional activity.

- ***Utilisation of Money, Goods, or Benefits of Unlawful Origin (Article 648-ter of the Penal Code)***

This Crime is committed in the event of goods or other assets, deriving from an unlawful origin, being utilised for economic or financial activity. This Crime is subject to a sentence of imprisonment ranging from four to twelve years with a fine ranging from EUR 1.032 to EUR 15.493. The penalty is increased in the event of the Crime being committed during the course of the performance of professional activity.

In accordance with the provisions of the Article 25-*octies*, the entities may be subject to monetary sanctions up to a maximum amount of EUR 1.500.000 and interdictory sanctions not exceeding a maximum duration of two years, in the event of the commission of one of the crimes envisaged by this article, even if committed strictly with a national context, and with the premise that the entity derives an interest of benefit.

The powers and responsibilities of the Compliance Program Supervisory Board have been revised; in accordance with Legislative Decree 231/2001, the duty of the Compliance Program Supervisory Board is to supervise the implementation of the Compliance Program.

12. Offences Related to the Violation of Copyright Laws (Article 25-*novies* of Legislative Decree 231/01)

Article 15, paragraph 7 of Law 99 of 23 July 2009 introduced the offences related to copyright laws pursuant to Article 25-*novies* of Legislative Decree 231/01.

Below the single matters in question relative to the law are outlined:

- ***Article 171, Paragraph 1, Letter a-bis and Paragraph 3 (Law 633/1941)***

Except where otherwise provided by Article 171-*bis* and Article 171-*ter*, a fine from EUR 51.00 to EUR 2,065.00 shall be applied to anyone who, without proper rights and for any purpose whatsoever:

a bis) Makes a protected original work, or part of the same, available to the public by inserting it in a telematics network system, through connections of any type whatsoever;

The sentence shall be up to one year imprisonment and a fine not less than EUR 516.00 if the abovementioned offences are committed regarding a work belonging to others that is not intended for publication, or by usurping the authorship of the work, or through deformation, mutilation, or other modification of the same work, or anything that brings offence to the honour or the reputation of the author.

- ***Article 171-bis (Law 633/1941)***

Anyone who, in order to gain profits, abusively duplicates programs by a processor or for the same purposes imports, distributes, sells, withholds, or transfers on location any programs containing material that is not countermarked by the Italian Authors' and Publishers' Association (SIAE), is subject to a sentence of six months' to three years' imprisonment and a fine from EUR 2,582 to EUR 15,493. The same sentence is applied if the act involves any means solely intended to allow or facilitate the arbitrary removal or the functional evasion of provisions applied for the protection of a program by processors. The sentence is not lessened to the minimum of two years' imprisonment and a fine of EUR 15,493 if the act is of relevant graveness.

Anyone who, in order to gain profits on support material that is not countermarked by the Italian Author's and Publishers' Association (SIAE), reproduces, transfers to other support systems, distributes, communicates, presents, or demonstrates publicly the contents of a database in violation of the provisions pursuant to Articles 64-*quinquies* and 64-*sexies*, or performs the extraction or the reuse of the database in violation of the provisions pursuant to Articles 102-*bis* and 102-*ter,* or distributes, sells, or transfers on location shall be sentenced from six months' to three years' imprisonment and fined from EUR 2,582 to EUR 15,493. The sentence shall not be less than the minimum of two years' imprisonment and a fine of EUR 15,493 if the act is of relevant graveness.

- ***Article 171-ter (Law 633/1941)***

If the act is committed for non-personal use, sentence is set at six months' to three years' imprisonment and a fine from EUR 2,582 to EUR 15,493, for lucrative purposes by:

a) Abusively duplicating, reproducing, transmitting, or transmitting publicly, by any sort of method, an original work, wholly or in part, intended for circuit television, cinematography, the sale or rental of disks, tapes, or similar support, or any other support containing sound recordings or video recordings of musical, cinematographic or assimilated audio-visual works or sequences of images in movement;

b) Abusively reproduces, transmits, or transits publicly, by any sort of method, entire or parts of literary, dramatic, scientific, musical, or dramatic-musical works, or multimedia, also if inserted in collective or composed works or databases;

c) Even though not having participated in the duplication or reproduction, introduces on Italian territory, withholds for the sale or distribution, or distributes, places on the market, permits rental or any other means, transmits in public, transmits by means of television by any method, transmits by means of radio, plays the abusive duplications or reproductions in public pursuant to letters a) and b);

d) Withholds for the sale or distribution, places on the market, sells, rents, transfers for any purpose, projects in public, transmits video cassettes, music cassettes, any form of support containing sound recordings or video recordings of musical, cinematographic or audio-visual or sequence of images in movement, or other support for which is prescribed by means of radio or television by any method pursuant to this law for the application of a countermark by the Italian Authors' and Publishers' Association (SIAE), lacking the same countermark or equipped with counterfeit or altered countermarks;

e) In absence of an agreement with the legitimate distributor, transmits or retransmits an encrypted service, by any means, which was received by means of apparatuses or parts of apparatuses, acts of decoding transmissions with conditioned access;

f) Introduces on Italian territory, withholds for the sale or distribution, distributes, sells, transfers for rental, transfers for any purpose, commercially promotes, installs slides or special decoding elements that permit access to an encrypted service without paying the required fee.

f-*bis*) Manufactures, imports, distributes, sells, rents, transfers for any purpose, publishes for sale or rental, or withholds for commercial reasons, equipment, products or components or renders services that have a prevalent purpose or commercial use of evading efficient technological measures pursuant to Article 102-*quater* or that are mainly planned, produced, adopted, or realised for the purpose of making possible or facilitating the evasion of the aforementioned measures. The technological measures also include those applied, or that remain following the removal of the same measures subsequent to the voluntary initiative of title rights or to agreements between the latter and the beneficiary exceptions, or following the execution of administrative or judicial authority proceedings;

h) Abusively removes or alters the electronic information pursuant to Article 102-*quinquies*, or distributes, imports for distribution purposes, transmits by radio or television, communicates or makes publicly available works or other protected materials from which the same electronic information has been removed or altered.

The sentence is one to four years' imprisonment and a fine from EUR 2,582 to EUR 15,493 for anyone who:

a) abusively reproduces, duplicates, transmits, or spreads, sells or puts on the market, transfers for any reason, or abusively imports more than fifty copies or samples of works that are protected by copyright laws and by related rights;

a-*bis*) in violation of Article 16, for lucrative purposes, communicates to the public by inserting in a telematics network system, through connections of any sort whatever, an original work, or part of the same, that is protected by copyright laws;

b) exercising in an entrepreneurial form any activities involving the re production, distribution, sale or commercialisation, importation of works protected by copyright laws and by other related rights, is found guilty of the acts pursuant to paragraph 1;

c) promotes or organises illicit activities pursuant to paragraph 1.

The sentence is lessened if the act is of particular tenuousness.

The sentence for one of the offences pursuant to paragraph 1 implies:

a) the application of the accessory punishment pursuant to Articles 30 and 32-*bis* of the Penal Code;

b the publication of the sentence in one of more newspapers, of which one must be a national newspaper, and in one or more specialised periodicals;

c) the suspension for a period of one year of concession or authorisation of radio-television transmitting for the business operations of the production or commercial activities.

The amounts deriving from the application of the pecuniary sanctions provided by the previous paragraphs are paid to the National Entertainment Industry Employee Pension Organisation.

- ***Article 171-septies (Law 633/1941)***

The punishment pursuant to Article 171-*ter,* paragraph 1, also applies to:

a) Producers and importers of support material not subject to countermarks pursuant to Article 181-*bis*, which do not communicate to the Italian Authors' and Publishers' Association (SIAE) within thirty days from the commercial entry date on national territory or the importation of information necessary for the unambiguous identification of the same support material;

b) Should the act not constitute a graver offence, anyone falsely declaring the absolution of the obligations pursuant to Article 181-*bis*, paragraph 2, of this law.

- ***Article 171-octies (Law 633/1941)***

Should the act not constitute a graver offence, the sentence shall be six months' to three years' imprisonment and a fine from EUR 2,582 to EUR 25,822 for anyone who fraudulently produces, places for sale, imports, promotes, installs, modifies, uses for public and private apparatuses or parts of apparatuses, acts of decoding audio-visual transmissions with conditioned access executed via air, satellite, or cable, in either analogical or digital form. Conditioned access is intended as all the audio-visual signals transmitted by Italian or foreign broadcasting stations in such a way as to render the same visible exclusively to closed groups of users selected by subject that executes the emission of the signal, independently from the requirement of a fee for the fruition of such services.

The sentence of not less than two years' imprisonment and a fine of EUR 15,493.00 shall be applied if the act is not of relevant graveness.

13. Induction Offences for Not Making Declarations or Making False Declarations to Judicial Authorities (Article 25-*decies* of Legislative Decree 231/01[9])

Law 116 of 3 August 2009 introduced the offence of **"Induction for Not Making Declarations or Making False Declarations to Judicial Authorities"** to Article 25-*decies* of Legislative Decree 231/01.

Such offence hypothesis – already pursuant to Legislative Decree 231/01 among the transaction offences (Article 10, paragraph 9, Law 146/2006) – now assumes relevance on a national level.

- ***"Induction for Not Making Declarations or Making False Declarations to Judicial Authorities (Article 377-bis of the Penal Code)***

Should the act not constitute a graver act, anyone who, through violence or threatening, or by offers, or by promising money or other means, induces any person called to testify before the Judicial Authorities into not making declarations or making false declarations that are useful in penal proceedings, when the same has the right to not respond, shall be sentenced to two to six years' imprisonment.

14. Specific Categories of Environmental Offences (Article 25-*undecies* of the Legislative Decree 231/01)

The Legislative Decree 121 of 7 July 2011, which implements the Directive 2008/99/CE and the Directive 2009/123/CE, in accordance with the obligation imposed by the European Union to incriminate any conduct which is extremely detrimental to the environment, has introduced the Article 25-*undecies* of the Legislative Decree 231/01.

The categories of offences envisaged by Article 25-*undecies* are as follows.

Offences introduced by the Penal Code

- ***The killing, destruction, capturing, removal or possession of any specimen of wild animal or vegetable protected species (Article 727-bis of the Penal Code)***

Unless the fact constitutes a more serious offence, anyone who, other than in the permitted circumstances, kills, captures or possesses any specimen belonging to a wild animal protected species is subject to the punishment of detention from one to six months and a fine of up to 4.000 euro, with the exception of such cases where the act concerns a negligible quantity of such specimens and has a negligible impact upon the conservation of the species. Anyone who, other than in the permitted circumstances, destroys, removes or possesses specimens belonging to a wild vegetable protected species is subject to a fine of 4.000 euro, with the exception of such cases where the act concerns a negligible quantity of such specimens and has a negligible impact upon the conservation of the species.

- ***Destruction or damaging of a habitat within a protected site (Article 733-bis of the Penal Code***

Anyone who, other than in the permitted circumstances, destroys a habitat within a protected site or nevertheless damages it so as to compromise its state of conservation, is subject to the punishment of detention of up to eighteen months and a fine of 3.000 euro.

Offences envisaged by the "Consolidated Environmental Protection Act"

- ***Penal Sanctions (Article 137– paragraphs 2,3,5,11,13 – of the Legislative Decree 152 / 2006, - Consolidated Environmental Protection Act)***

c. 2) Unauthorised Dumping or Disposal of Dangerous Substances

When the conduct set out on paragraph 1 concerns industrial waste waters containing dangerous substances comprised in the categories and groups of substances indicated in the tables 5 and 3/A of the Attachment 5 of the said decree, the prescribed punishment is detention ranges from three months to three years.

9. Article 25-*decies* has been inserted from Article 4, paragraph 1, of Law 116 of 3 August 2009, not taking into account the previous insertion of Article 25-*novies* from Law 99 of 23 July 2009.

c. 3) Disposal in Violation of the Provision.

Anyone who, other than in the circumstances referred to in paragraph 5, effects a disposal of industrial waste waters containing dangerous substances comprised in the categories and groups of substances indicated in the tables 5 and 3/A of the Attachment 5 to the third section of this decree without observing the terms of the authorisation, or the other requirements of the competent Authority as prescribed by Articles 107, paragraph 1, and 108, paragraph 4, is subject to the punishment of detention of up to two years.

c. 5) Disposal in Violation of the Limits Established in the Tables

Anyone who, in the course of a disposal of industrial waste waters, exceeds the maximum values established by table 3 or, in the case of disposal on the soil those prescribed by table 4, of the Attachment 5 to the third section of this decree, or exceeds the more restrictive limits imposed by the regions or autonomous provinces or by the competent Authority as prescribed by Articles 107, paragraph 1, in relation to the substances indicated in table 5 of the Attachment 5 to the third section of this decree, is subject to the punishment of detention of up to 2 years with a fine ranging from 3.000 euro to 30.000 euro. If also the maximum values established for the substances indicated in table 3/A of the same Attachment 5 are exceeded, the applicable term of detention is from six months to three years with a fine ranging from 6.000 euro to 120.000 euro.

c. 11) Prohibition of Waste Disposal on the Soil, in the Subsoil, or in the Underground Waters.

Anyone who fails to observe the prohibition of waste disposal as prescribed by Articles 103 and 104 is subject to punishment by detention of up to three years,

c. 13) Waste Disposal in the Sea by Ships or Aircraft

The penalty of detention from two months to two years will always be applicable if the waste disposal in the sea by ships or aircraft contains substances or materials, the disposal of which is absolutely forbidden by the provisions of the international conventions which prevail in this regard and which have been ratified by Italy, unless the quantity of such substances are such as to be rapidly rendered harmless by the physical, chemical and biological processes which naturally occur in the sea and have been the subject of a prior authorisation by the competent Authority.

- ***Unauthorised Handling of Refuse (Article 256 – paragraphs 1a, 1b, 3 first and second clause, 4 5, 6 first clause – Legislative Decree 152 / 2006- Consolidated Environmental Protection Act)***

c. 1 a, b) Unauthorised Handling of Refuse

Anyone who carries out the activity of collection, transport, disposal, commerce and intermediation of refuse without the required authorisation, registration or communication referred to by Articles 208, 209, 210, 211, 212, 214, 215 and 216 is subject to the punishment of:

a) detention from three months to a year with a fine ranging from 2.600 euro to 26.000 euro with regard to refuse which is not dangerous;

b) detention from six months to two years with a fine ranging from 2.600 euro to 26.000 euro with regard to dangerous refuse.

c. 3) Establishing and Management of an Unauthorised Refuse-Disposal Site

Anyone who sets up or manages an unauthorised refuse-disposal site is subject to the punishment of detention from six months to two years with a fine ranging from 2.600 euro to 26.000 euro. The punishment of detention of one to three years and a fine ranging from 5.200 euro to 52.000 euro will be applied, if the refuse-disposal site is utilised, even partially, for the disposal of dangerous refuse. The conviction or issue of a sentence, in accordance with Article 444 of the criminal procedure, will give rise to the confiscation of the area upon which the unauthorised refuse-disposal site has been set up regardless of whether it is the property of the perpetrator or parties participating in the offence, without prejudice to the obligation to decontaminate and restore the condition of the location.

c. 5) Prohibition to Mix Refuse

Anyone who, in violation of the prohibition envisaged by Article 187, carries out the unauthorised activity of mixing refuse, is subject to the punishment by the penalty prescribed by paragraph 1, sub-paragraph b).

c. 6) Storage of Medical Refuse

Anyone who effects a temporary storage of dangerous medical refuse at the location where such refuse is produced, thus contravening the requirements of Article 227, paragraph 1, subparagraph b), is subject to the punishment of detention from three months to 1 year with a fine ranging from 2.600 euro to 26.000 euro. The administrative monetary sanction, ranging from 2.600 euro to 15.500 euro, is applicable in regard to quantities not exceeding 200 litres or equivalent quantities.

- ***Decontamination of Sites (Article 257 – paragraphs 1, 2 – Legislative Decree 152 / 2006 - Consolidated Environmental Protection Act)***

c. 1) Failure to Decontaminate Sites

Anyone who causes the pollution of the soil, the subsoil, the surface waters or the underground waters, thus exceeding the concentration risk level, is subject to the punishment of detention from six months to one year or a fine ranging from 2.600 euro to 26.000 euro, if such person fails to carry out the decontamination of the site in conformity with the project approved by the competent Authority, as prescribed by Articles 242 and following sections. In the event of failure to give notice as required by Article 242, the the offender is subject to the punishment of detention from three months to one year or a fine ranging from 1.000 euro to 26.000 euro.

c. 2) Dangerous Substances

The punishment of detention from one to two years and a fine ranging from 5.200 euro to 52.000 euro is applicable if the pollution is caused by dangerous substances.

- ***Violation of the Obligations to Give Notice, Maintain Compulsory Registers and Documentation of Formulas (Article 258 – paragraph 4 second clause – Legislative Decree 152 / 2006 - Consolidated Environmental Protection Act)***

c. 4) Transport of Refuse without Formula Documentation

The punishment prescribed by Article 483 of the Penal Code is applicable, not only to anyone who draws up a refuse analysis certificate indicating false information as to the nature, the composition and the chemical-physical characteristics of the refuse, but also to anyone who makes use of a false certificate during the transport.

- ***Trafficking of Refuse (Article 259 – paragraph 1 – Legislative Decree 152 / 2006 - Consolidated Environmental Protection Act)***

c. 1) Crossborder Shipment of Refuse, Constituting Illegal Trafficking

Anyone who effects a shipment of refuse, so as to constitute an illegal traffic as intended by Article 26 of the (EEC) regulation of 1 February 1993, n. 259, or effects a shipment of refuse listed in Attachment II of the said regulation in violation of Article 1, paragraph 3, subparagraps a), b), c) and d) of the regulation itself, is subject to a fine ranging from 1.550 euro to 26.000 euro and detention of up to two years. The sanction increases in the case of dangerous refuse being involved.

- ***Organised Activity for the Illegal Trafficking of Refuse (Article 260 – paragraphs 1 and 2 – Legislative Decree 152 / 2006 - Consolidated Environmental Protection Act)***

c. 1) Illegal Handling of Refuse

Anyone who, with the purpose of making a wrongful profit, through ripetitive operations and the setting up of organised ongoing means and activities, transfers, receives, transports, exports, imports or nevertheless illegally handles substantial quantities of refuse is subject to the punishment of detention from one to six years.

c. 2) Highly Radioactive Refuse

If highly radioactive refuse is involved, the applicable punishment is detention from three to eight years.

- ***IT Control System of the Traceability of Refuse (Article 260-bis – paragraphs 6, 7 second and third clause, 8 – Legislative Decree 152 / 2006 - Consolidated Environmental Protection Act)***

c. 6) False Indications in the Refuse Traceability Certificate

The punishment envisaged by Article 483 of the Penal Code is applicable not only to anyone who draws up a refuse analysis certificate, utilised within the context of the traceability control system (SISTRI), indicating false information as to the nature, the composition and the chemical-physical characteristics of the refuse, but also to anyone who includes a false certificate with the data to be supplied for the purposes of the traceability of the refuse.

c. 7) Transport of Dangerous Refuse Unaccompanied by a Copy of the Sistri Form or Utilising a Form Containing False Information

The punishment envisaged by Article 483 of the Penal Code is applicable in regard to the transport of dangerous refuse. The aforementioned punishment is applicable also to anyone who, during the course of the transport, makes use of a refuse analysis certificate indicating false information as to the nature, the composition and the chemical-physical characteristics of the refuse being transported.

c. 8) Transport of Refuse with a Fraudulently Altered Sistri Form

A transporter who accompanies the transport of the refuse with a hardcopy of the SISTRI - AREA MOVIMENTAZIONE form, which has been fraudulently altered, is subject to the punishment of the joint provisions of Articles 477 and 482 of the Penal Code. The sanction increases by up to one third in the case of dangerous refuse being involved.

- ***Sanctions (Article 279 – paragraph 5 – Legislative Decree 152 / 2006 - Consolidated Environmental Protection Act)***

c. 5) Exceeding Emission Limits and Air Quality Value Limits

With regard to the events contemplated by paragraph 2, the applicable punishment is always detention of up to one year, if the exceeding of the emission value limits also result is the exceeding of the air quality value limits envisaged by the prevailing regulations.

Offences relating to the protection of the animal and vegetable species

- ***Article 1 – paragraphs 1, 2 – Law No. 150/1992***

1. Unless the act constitutes a more serious offence, the applicable punishment is the detention of three months to one year and a fine ranging from fifteen million lire to one hundred and fifty million lire for anyone, who in violation of the (EC) regulation 338/97 of the Council of 9 December 1996 and its successive implementations and amendments, concerning the categories belonging to the species listed in Attachment A of the said Regulation and its subsequent amendments:
   a) imports, exports or re-exports specimens, under whichever customs system, without the prescribed certificate or licence, that is, utilising a certificate or licence which is not valid in accordance with the intent of Article 11, paragraph 2a of the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments;
   b) fails to observe the directions for the safety of the specimens, specified in a licence or in a certificate issued in conformity with the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments and with the (EC) Regulation 939/97 of the Commission of 26 May 1997 and its subsequent amendments;

c) utilises the aforesaid specimens in a manner not corresponding to the terms of the authorisation or certification conditions issued with the import licence or by a subsequent certification;

d) transports or arranges for the transit of specimens, also on behalf of third parties, without a licence or the prescribed certificate, or without sufficient proof of the existence of such documents, either issued in conformity with the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments and with the (EC) Regulation 939/97 of the Commission of 26 May 1997 and its subsequent amendments or, in the event of the exportation or re-exportation from a third party Country, adhering to the Washington Convention, issued in conformity with the said convention;

e) sells plants which have been artificially reproduced in contrast with the rules established on the basis of Article 7, paragraph 1, subparagraph b), of the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments and with the (EC) Regulation 939/97 of the Commission of 26 May 1997 and its subsequent amendments;

f) possesses, utilises for the purpose of generating profit, purchases, sells, displays or holds for commercial purposes, offers for sale or nevertheless sells specimens without the prescribed documentation.

2. In the event of recidivism, the applicable punishment is the detention from three months to two years and a fine ranging from twenty million lire to two hundred million lire. Should the above mentioned offence be committed during the course of a business activity, the sentence is accompanied by the suspension of the trading licence for a minimum of six months and up to a maximum of eighteen months.

Article 2 – paragraphs 1, 2 – Law No. 150/1992

1. Unless the act constitutes a more serious offence, the applicable punishment is a fine ranging from twenty million lire to two hundred million lire or detention from three months to one year for anyone, who in violation of the (EC) regulation 338/97 of the Council of 9 December 1996 and its successive implementations and amendments, concerning the categories belonging to the species listed in Attachments B and C of the said Regulation:

a) imports, exports or re-exports specimens, under whichever customs system, without the prescribed certificate or licence, that is, utilising a certificate or licence which is not valid in accordance with the intent of Article 11, paragraph 2a of the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments;

b) fails to observe the directions for the safety of the specimens, specified in a licence or in a certificate issued in conformity with the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments and with the (EC) Regulation 939/97 of the Commission of 26 May 1997 and its subsequent amendments;

c) utilises the aforesaid specimens in a manner not corresponding to the terms of the authorisation or certification conditions issued with the import licence or by a subsequent certification;

d) transports or arranges for the transit of specimens, also on behalf of third parties, without a licence or the prescribed certificate, or without sufficient proof of the existence of such documents, either issued in conformity with the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments and with the (EC) Regulation 939/97 of the Commission of 26 May 1997 and its subsequent amendments or, in the event of the exportation or re-exportation from a third party Country, adhering to the Washington Convention, issued in conformity with the said convention;

e) sells plants which have been artificially reproduced in contrast with the rules established on the basis of Article 7, paragraph 1, subparagraph b), of the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent implementations and amendments and with the (EC) Regulation 939/97 of the Commission of 26 May 1997 and its subsequent amendments;

f) possesses, utilises for the purpose of generating profit, purchases, sells, displays or holds for commercial purposes, offers for sale or nevertheless sells specimens without the prescribed documentation, specifically to the species referred to in Attachment B to the Regulation.

2. In the event of recidivism, the applicable punishment is the detention from three months to one year and a fine ranging from twenty million lire to two hundred million lire. Should the above mentioned offence be committed during the course of a business activity, the sentence is accompanied by the suspension of the trading licence for a minimum of four months and up to a maximum of twelve months.

- ***Article 3 bis – paragraph 1 –Law No. 150/1992***

1. With regard to the topics addressed by Article 16, paragraph 1, subparagraphs a), c), d), e), and l), of the (EC) Regulation 338/97 of the Council of 9 December 1996 and its subsequent amendments, concerning not only the falsification or alteration of certificates, licences, notification of importation, declarations, communication of information for the puposes of obtaining a licence or certificate, but also the use of false or altered certificates or licences, the punishments to be applied are set out in volume II, chapter VII, section III of the Penal Code.

- ***Article 6 – paragraph 4 – Law No. 150/1992***

4. Anyone who contravenes the provisions set out in paragraph 1, is subject to the punishment of detention of up to three months or a fine ranging from fifteen million lire to two hundred million lire.

Offences relating to the protection of the ozone layer and of the environment

- ***Discontinuance and Reduction of the Use of Damaging Substances (Article 3 – paragraph 6 – Law No. 549/ 1993)***

6. Anyone who violates the requirements of this Article is subject to the punishment of detention of up to two years and a fine of up to three times the value of the substances utilised for productive purposes, imported or marketed. In more serious cases, the sentence is accompanied by the revocation of the authorisation or licence on hand of which the illegal activity has been carried out.

Offences relating to pollution caused by ships

- ***Wilful Pollution (Article 8 of Legislative Decree 202/2007)***

1. Unless the act constitutes a more serious offence, and, where the violation has occurred with their complicity and has wilfully contravened the provisions of Article 4, the Captain of the ship, regardless of the flag that the ship is flying, as well as the members of the crew, the shipowner and the shipping company are subject to the punishment of detention from six months to two years and a fine ranging from 10.000 euro to 50.000 euro.
2. If the violation, referred to in paragraph 1, causes permanent damage or, nevertheless, of a particularly serious nature, to the quality of the waters, an animal or vegetable species or to a part thereof, the applicable punishment is detention from one to three years and a fine ranging from 10.000 euro to 80.000 euro.
3. The damage is to be considered particularly serious when the elimination of its consequences are of an exceptionally complex nature from a technical point of view, that is, very onerous or achievable only with exceptional measures.

- ***Culpable Pollution(Article 9 of Legislative Decree 202 / 2007)***

1. Unless the act constitutes a more serious offence, and, where the violation has occurred with their complicity and has negligently contravened the provisions of Article 4, the Captain of the ship, regardless of the flag that the ship is flying, as well as the members of the crew, the shipowner and the shipping company are subject to the punishment of detention from six months to two years and a fine ranging from 10.000 euro to 50.000 euro.
2. If the violation, referred to in paragraph 1, causes permanent damage or, nevertheless, of a particularly serious nature, to the quality of the waters, an animal or vegetable species or to a part thereof, the applicable punishment is detention from one to three years and a fine ranging from 10.000 euro to 80.000 euro.
3. The damage is to be considered particularly serious when the elimination of its consequences are of an exceptionally complex nature from a technical point of view, that is, very onerous or achievable only with exceptional measures.

- ***Sanctions to be Borne by the Entity as per Legislative Decree 121/2011***

Monetary sanctions are envisaged with regard to all such events where the responsibility lies with the Entity. The delegated legislator has determined three levels of seriousness, as set out below:

- monetary sanctions ranging from 150 to 250 quotas for offences punished with imprisonment of up to two years or punished with detention of up to two years;
- monetary sanctions of up to 250 quotas for offences punished with a fine or punished with detention of up to one year, or punished with detention of up to two years (concurrently with the fine);
- monetary sanctions ranging from 200 to 300 quotas for offences punished with imprisonment of up to three years or punished with detention of up to three years.

An exception to the above defined scale is made by Article 260, paragraph 1, of Legislative Decree 152/ 2006 (Consolidated Environmental Protection Act), which envisages a more severe sanctionary procedure, as may be seen below, in regard to the organised activity for the illegal traffic of refuse:

- monetary sanctions ranging from 300 to 500 quotas.

The application of the interdictory sanctions - as per Article 9, paragraph 2, of the Legislative Degree 231/01 - in regard to a legal entity, is exclusively foreseen in the following cases:

1) Article 137, paragraphs 2, 5 second clause, and 11 of the Legislative Decree 152/2006;

2) Article 256, paragraph 3 - second clause of the Legislative Decree 152/2006;

3) Article 260 paragraphs 1 and 2 of the Legislative Decree 152/2006.

Only in such circumstances, will it therefore be possible to apply to the legal entity the same precautionary sanctions, as intended by Article 45 and following sections of the Legislative Decree 231/01.

The most serious sanction of those envisaged by the Legislative Decree 231/01, that is, the definite interdiction from exercising the business activity as intended by Article 16, paragraph 3, is applicable in those cases where the legal entity or one of its organisational activities is permanently utilised with the sole or prevalent purpose of permitting or facilitating the perpetration of the offences of criminal conspiracy for the illegal traffic of refuse (Article 260, paragraphs 1 and 2, of the Legislative Decree 152/2006).

15. Employment Offences by Citizens of Foreign Countries with Irregular Residency (Art. 25-*duodecies* of Legislative Decree 231/01)

Legislative Decree No. 109, Art. 2 of 16 July 2012 introduced the offence of ***"Employment of Citizens from Foreign Countries with Irregular Residency"*** to Art. 25-*duodecies* of Legislative Decree 231/01, which foresees for such offence the application of a pecuniary sanction to the Company from 100 to 200 shares, with a limit of 150.000 euros.

Such offence hypothesis is regulated by Art. 22, comma 12-*bis*, of Legislative Decree 25 July 1998, No. 286 (consolidation act on the regulations concerning the control of immigration and the conditions of the foreigner):

- ***"Employment of Citizens from Foreign Countries with Irregular Residency"***

The punishment for the offence pursuant to comma 12 of Art. 22 of Legislative Degree of 25 July 1998, No. 286 – according to which *"The employer who is responsible for any of its foreign employees without a residency permit foreseen by this article, that is, whose permit has expired and for which the relative renewal, revocation, or cancellation has not been requested, shall be punishable under the terms of the law to imprisonment from six months to three years, and shall pay a fine of 5000 euros for each relative employee involved"* – is increased from one third to one half:

a) If the number of employed workers is greater than three;

b) If the employed workers are minors under the legal working age;

c) If the employed workers are subjected to other working conditions of particular exploitation pursuant to the third comma of Article 603-*bis* of the Penal Code.

Attachment B: the Confindustria Guidelines

During the development of the Company Compliance Program, reference has been made to the Confindustria Guidelines summarised below.

The fundamental principles, indicated by the Confindustria Guidelines for the development of Compliance Programs, may be outlined as follows:

- Identification of the **areas of risk**, in order to ascertain in which company area/sector the offences may occur;
- Introduction of a **control system** capable of preventing the risks with the adoption of appropriate procedures.

The more relevant components of the control system proposed by Confindustria are:

- A code of conduct;
- An organisational system;
- Manual and computer procedures;
- Delegation of authority and signature powers;
- Control and management systems;
- Communication with personnel and training.

The control system components must reflect the following principles:

- Verifiability, traceability, consistency and congruity of every transaction;
- Application of the criterion of segregation of duties (no person should independently manage the entire process);
- Documentation of the controls;
- Introduction of an appropriate disciplinary system with regard to violation of the regulations, a code of conduct and the procedures envisaged by the Compliance Program.

- Identification of the requisites of the Compliance Program Supervisory Board, namely:
  - Autonomy and independence;
  - Professional competence;
  - Ongoing activity;
  - Integrity and absence of conflicts of interest.
- Characteristics of the Compliance Program Supervisory Board (composition, function, powers, etc.) and relevant disclosure obligations.

To ensure the necessary freedom of initiative and independence, it is essential that no operational tasks be assigned to the Compliance Program Supervisory Board, which would involve it in operational decisions and activities and thus compromise its impartiality when assessing conduct and the Program.

The Guidelines envisage that the Compliance Program Supervisory Board may be composed of one or more persons. The decision to opt for solution or another must bear in mind the objectives envisaged by the law and, consequently, must ensure an effective level of controls consistent with the size and organisational complexity of the entity.

When the Compliance Program Supervisory Board is composed of more than one person, its members may be drawn from within the company or from external sources, providing that each member possesses the above-mentioned requisites of autonomy and independence. In the event of the position of the internal members not being totally independent of the entity, the Confindustria Guidelines require that the degree of independence of the Compliance Program Supervisory Board be evaluated as a whole.

Bearing in mind the fact that the legislation in discussion concerns the Penal Code to a great extent and that the activity of the Compliance Program Supervisory Board is intended to prevent the commission of offences, it is essential, from a juridical point of view, that the said Body be aware not only of the nature, but also of the manner in which the offences may

be committed; such information may be obtained by utilising the internal resources of the Company, or with the support of external consultants,if necessary.

In this regard, for matters concerning occupational health and safety, the Compliance Program Supervisory Board must seek the support of all the resources assigned to the management of such aspects (such as the Head of the Prevention and Protection Service, the staff assigned to the Prevention and Protection Service, the Workers' Safety Representative, the Location Doctor, the personnel responsible for first aid, and the person responsible for emergency management in case of fire).

In the case of a group of companies, it is possible to centralise the functions envisaged by Legislative Decree 231/01, at the Group parent company, providing that:

- A Compliance Program Supervisory Board is constituted at each subsidiary company (except in the event of the delegation of this function, thenthe Board of Directors when the subsidiary is a small company);
- The Compliance Program Supervisory Board of the subsidiary company may provide resources allocated to the Compliance Program Supervisory Board at the Group parent company;
- The staff assigned to the Compliance Program Supervisory Board of the Group parent company act in the capacity of external professional consultants, who perform their activity on behalf of the subsidiary company and report directly to the Compliance Program Supervisory Board of the subsidiary company.

It should be noted that the decision not to align the Compliance Program with certain recommendations of the Confindustria Guidelines does not compromise the validity of the Program. As each Program must, in fact, be developed in regard to the effective reality of the particular company, it may well differ from the Confindustria Guidelines which, necessarily are of a more general nature.

3 – Guidelines for the System of Internal Control and Risk Management

1. Foreword

The System of Internal Control and Risk Management for Fiat S.p.A. (the "Company") and subsidiaries is an essential element in the system of corporate governance and plays a key role in the identification, measurement, management and monitoring of the main risks to which the Group is exposed. As such, it contributes to the protection of corporate assets, the efficiency and effectiveness of businesses processes, the reliability of financial information and compliance with laws and regulations, as well as the By-laws and internal procedures.

The System of Internal Control and Risk Management reduces, but cannot eliminate, the possibility of poor judgment in decision-making; human error; fraudulent violation of control processes by employees and others; or other unforeseeable events. Accordingly, a good Internal Control and Risk Management System provides reasonable but not absolute assurance against the Company being obstructed in the achievement of its business objectives or orderly and legitimate conduct of its activities by circumstances that are reasonably foreseeable.

The Company's System of Internal Control and Risk Management, which is based on international and national best practice, consists of the following three levels of control:

- Level 1: operating areas, which identify and assess risk and establish specific actions for management of that risk
- Level 2: departments responsible for risk control, which define methodologies and instruments for managing risk and monitor that risk
- Level 3: internal audit, which provides independent evaluations of the entire System

2. Responsibilities relative to the System of Internal Control and Risk Management

2.1 Responsibilities of the Board of Directors

The Board of Directors has ultimate responsibility for the Company's Internal Control and Risk Management System. In particular, through its Committees, the Board:

a) defines the nature and acceptable level of risk consistent with the Company's strategic objectives

b) establishes guidelines for the System of Internal Control and Risk Management, updating them as appropriate

c) examines the risks identified by the Director responsible for the System of Internal Control and Risk Management and evaluates whether the risks have been correctly identified and whether the System is adequate for management of those risks

d) evaluates, at least annually, the adequacy and effectiveness of the System of Internal Control and Risk Management in relation to the profile of the Company and the Group

e) approves, at least annually, the work plan prepared by the Head of Internal Audit (which must also address the reliability

of information systems) based on recommendations of the Statutory Auditors and the Director responsible for the System of Internal Control and Risk Management

f) describes, in the Annual Report on Corporate Governance, the essential elements of the System of Internal Control and Risk Management, providing its evaluation on the overall adequacy of that system

g) evaluates, with input from the Board of Statutory Auditors, any findings presented by the independent auditors in a letter of recommendations, if any, and in their report of significant issues arising during the audit

In order to properly fulfill its responsibilities, the Board of Directors relies on the support of specific entities. To that end, the Board of Directors:

a) appoints a Director responsible for design, implementation and management of an effective System of Internal Control and Risk Management

b) establishes an Internal Control and Risk Committee, attributing it responsibility for providing advice and proposals in relation to the System of Internal Control and Risk Management, as well as financial reporting

c) at the recommendation of the Director responsible for the System of Internal Control and Risk Management, and following consultation with the Statutory Auditors, in addition to a favorable opinion from the Internal Control and Risk Committee:

   i appoints and dismisses the Head of Internal Audit who may not be responsible for any operational area and reports directly to the Board

   ii ensures that person has adequate resources for the fulfillment of his/her responsibilities

   iii sets that person's remuneration consistent with Company policy

2.2 Responsibilities of the Internal Control and Risk Committee

The Internal Control and Risk Committee's activities in support of the Board of Directors include:

a) assisting the Board in defining and updating guidelines for the System

b) evaluating – in collaboration with the manager responsible for the Company's financial reporting and after consultation with the independent auditors and Board of Statutory Auditors – correct application of the accounting principles adopted and consistency with the principles applied for the consolidated financial statements

c) making recommendations on specific aspects relating to identification, measurement, management and monitoring of the principal corporate risks, in addition to defining the nature and acceptable level of risk consistent with the Company's strategic objectives

d) reviewing periodic reports providing an evaluation of the System of Internal Control and Risk Management and other reports of particular significance from Internal Audit

e) monitoring the independence, adequacy, efficiency and effectiveness of internal audit, including with reference to Legislative Decree 231/01 on corporate liability

f) reviewing, in consultation with the Board of Statutory Auditors, findings submitted by the independent auditors in their report and letter of recommendations

g) reporting to the Board of Directors, at least every six months (on the occasion of the approval of the annual and half-year financial report), on the activities carried out, as well as on the adequacy of the System of Internal Control and Risk Management

h) reviewing, with the support of the head of Internal Audit, whistleblowing reports received for the purpose of monitoring the adequacy of the System of Internal Control and Risk Management

i) reviewing the work plan prepared by the head of Internal Audit

j) carrying out the functions of the committee for transactions with related parties, except where related to compensation

The Committee may request that Internal Audit perform audits of specific operational areas, at the same time informing the Chairman of the Board of Statutory Auditors that such request has been made.

The Committee is entitled to access company information and functions necessary to its activities and to utilize external consultants, in accordance with the procedures established by the Board of Directors. The Company shall make adequate financial resources available to the Committee to carry out its role, within the limits approved by the Board.

The head of Internal Audit makes available to the Committee, at its request, specialist personnel and retains, at the Company's expense and at the instruction of the Committee, independent consultants selected by the Committee to assist on matters relating to its activities.

2.3 Responsibilities of the Director Responsible for the System of Internal Control and Risk Management

The Director responsible for the System of Internal Control and Risk Management:

a) identifies and actively manages of the Company's principal risks, submitting them periodically to the Board for evaluation

b) implements guidelines for the System of Internal Control and Risk Management, reporting back to the Board in relation to significant aspects

c) proposes candidates for the position of head of Internal Audit to the Board

This Director may request that Internal Audit perform audits of specific operational areas.

2.4 Responsibilities of Internal Audit

The head of Internal Audit:

a) verifies – both on a continuous basis and in relation to specific needs, and in conformity with international professional standards – the adequacy and effective functioning of the System of Internal Control and Risk Management through an audit plan, approved by the Board of Directors, that is based on a structured analysis and ranking of the principal risks

b) has direct access to all information necessary or appropriate to the execution of his responsibilities

c) prepares periodic reports containing adequate information on Internal Audits activities, and on the Company's risk management process, as well as adherence internally to plans established for risk mitigation. These periodic reports are to include an evaluation of the adequacy of the System of Internal Control and Risk Management

d) promptly reports events of particular significance

e) submits the above reports to the Chairmen of the Board of Statutory Auditors, the Internal Control and Risk Committee and the Board of Directors, as well as to the Director responsible for the System of Internal Control and Risk Management

f) verifies, as part of the audit plan, the reliability of information systems, including accounting systems

2.5 Responsibilities of second level control functions

Fiat assigns certain functions responsibility for specific "second level" controls that are designed to ensure adequate monitoring and management of corporate risk.

In relation to identification of the principal corporate risks, the Director responsible for the System of Internal Control and Risk Management relies on the support of functions responsible for "second level" controls.

The functions principally involved in this process are:

- central functions for updating, management and coordination of the mapping of risk drivers for all operating sectors and companies utilizing a top-down approach
- the function assigned responsibility for coordination and consolidation of risk reports (including at group, sector, regional and company level) generated by individual organizational units
- Manager responsible for the Company's financial reporting, for errors or anomalies in financial information
- organizational structures responsible for monitoring other specific categories of risk, including strategic, operational, financial and compliance

2.6 Responsibilities of the Board of Statutory Auditors

The Board of Statutory Auditors, including in its role as committee for internal control and audit, supervises the System of Internal Control and Risk Management.

In relation to its activities, the Board of Statutory Auditors:

- may request that internal audit perform audits of specific operational areas or corporate transactions
- promptly exchanges information with the Internal Control and Risk Committee relevant to fulfillment of their respective responsibilities

2.7 Responsibilities of employees

In function of their role within the Company, all employees have a degree of responsibility for achievement of the Company's objectives by ensuring the effective and efficient functioning of the System of Internal Control and Risk Management.

Accordingly, they should have the necessary knowledge, training and ability to operate within the scope of the Internal Control and Risk Management System and be properly enabled to carry out the duties and fulfill the responsibilities associated with their role. This implies that all employees have the right and the duty to be fully informed and understand the Company in which they work, as well as the Group, its operating mechanisms, its objectives, the markets in which it operates and the risks to which it is exposed daily.

3. Guidelines

3.1 Identification of risks

With the support of the "second level" control functions, the Director responsible for the System of Internal Control and Risk Management directs activities relative to management of the principal corporate risks, on the basis of the strategic objectives and the characteristics of activities of the Company and its subsidiaries, and submits them periodically to the examination of the Board of Directors.

Identification of those risks is based on the following criteria:

a) nature of the risk, particularly those of a financial nature, those relating to adherence to accounting standards and those that could potentially have a significant adverse impact on the Company's reputation

b) high probability of occurrence

c) limited ability of the Company to mitigate the impact of the risk on its activities

d) potential size of the risk

Following that, the Board of Directors examines the risks and measures for mitigation of those risks on the basis of their nature and acceptable level of risk consistent with the Group's strategic objectives.

3.2 Implementation of the System of Internal Control and Risk Management

The Internal Control and Risk Management System – which consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks – contributes to:

a) promoting the efficiency and effectiveness of business processes, thereby enabling adequate management of risks of an operating, financial, legal or other nature that obstruct achievement of the organization's objectives

b) ensuring the reliability of financial information and the quality of internal and external reporting through use of processes, procedures and systems that allow for a substantive and reliable flow of information both internally and externally

c) ensuring compliance with legal and regulatory requirements, in addition to the Company By-laws and internal procedures

d) protecting corporate assets and resources from inappropriate or fraudulent use or loss

Accordingly, the Director responsible for the System of Internal Control and Risk Management ensures that the System:

I. is an integral part of the Group's activities and culture, by implementing suitable information, communications and training processes and systems for reward and discipline to incentivize the proper management of risks and discourage conduct that is contrary to the principles incorporated in those processes

II. is capable of responding promptly to significant risks arising from factors within the Group, as well as changes in operating environment external to the Group

III. includes procedures for prompt communication to the appropriate level of Group management, by adopting solutions to ensure that functions directly involved with the Internal Control and Risk Management System have access to the necessary information and to management

IV. provides for periodic control of the efficiency and effectiveness of the System for Internal Control and Risk Management, as well as the possibility of implementing specific controls should weaknesses in the Internal Control and Risk Management System emerge

V. facilitates the identification and timely execution of corrective measures

3.3 Evaluation of effectiveness of the System of Internal Control and Risk Management

Periodic evaluations of the adequacy and effectiveness of the System of Internal Control and Risk Management, with revisions when appropriate, are essential to ensuring the System's full and proper effectiveness.

The Board of Directors, with the assistance of the Internal Control and Risk Committee, is responsible for those periodic evaluations, as well as for verifying that such a system is in place for the Group. In addition, it also undertakes regular reviews of the structure of the Internal Control and Risk Management System, its adequacy and effective and concrete functioning.

For that purpose, the Board of Directors examines reports submitted at least half-yearly by the heads of Internal Audit, the Internal Control and Risk Committee, and the Director responsible for the System of Internal Control and Risk Management, to verify (i) whether the structure of the System of Internal Control and Risk Management currently in place within the Group is effective in enabling achievement of its objectives and, (ii) whether any weaknesses reported require improvements to the System.

In addition, in parallel with approval of the annual financial statements, the Board:

a) examines the significant company risks submitted to its attention by the Director responsible for the System of Internal Control and Risk Management and evaluates methods for identification, measurement and management of those risks. For that purpose, it gives particular attention to changes occurring in the nature and extent of significant risks during the financial year and the Group's response to those changes

b) evaluates the effectiveness and adequacy of the System of Internal Control and Risk Management of the Company and of strategically significant subsidiaries in managing those risks, with particular emphasis on any failings or weaknesses reported

c) considers what actions have or should be taken to promptly remedy those failings or weaknesses

d) enacts any policies, processes or rules of conduct that will enable the Group to react adequately to new risks or to risks that have not been adequately managed

Approved: Board of Directors, 10 December 2002 (in effect from 1 January 2003)

Revised: Board of Directors, 22 February 2012

4 – Procedure for the Engagement of Independent Auditors

Purpose and scope of application

This procedure ("Procedure") governs the engagement ("Engagement") of audit firms (possessing the subjective and objective requirements imposed by law) and parties related to them by Fiat S.p.A. ("Fiat" or "Parent Company") and its subsidiaries ("Subsidiaries"), for the purpose of ensuring that the independence of external firms engaged to audit the financial statements is maintained.

Related parties of an audit firm are considered to be entities belonging to the same network[1], as well as equity partners, shareholders, directors, members of management and supervisory bodies and employees of audit firms engaged pursuant to Article 14 of Legislative Decree 39/2010 and related implementing regulation[2].

Group auditors

The audit firm engaged by FIAT pursuant to Article 14 of Legislative Decree 39/2010, is the principal auditor for the entire Fiat Group ("Group") and, consequently, should also be considered by Subsidiaries for audit engagements pursuant to Article 165 of Legislative Decree 58/98.

The use of other (secondary) audit firms by Subsidiaries is subject to the prior approval of the individual responsible for Fiat's Internal Control System ("Compliance Officer"), as per the "Approval Procedures" indicated below.

Engagement categories and restrictions

The Procedure establishes certain restrictions applicable to Engagements by Group Companies based on Italian law, and further restrictions may apply to non-Italian Subsidiaries under local law.

Group Companies may engage the Group's principal auditor or secondary auditors and related parties ("Group Auditors") for audit and accounting services only, in accordance with the procedures set out below.

In particular:

1. The scope of engagement of the Group Auditors shall be the following Audit Services:

a. audit of annual and interim financial statements in conformity with the applicable laws and regulations
b. audit of annual and interim consolidation packages
c. reports or opinions on specific transactions that, by law, are to be issued by the independent auditors
d. audit of reports required by national or supranational authorities (e.g., the European Union) in relation to grants/financing for specific initiatives/projects

1. Structure of which auditors or an audit firm are members that: exists for the purposes of collaboration and has a clear practice of sharing revenues or costs; or, is under common ownership, control or direction and shares common practices and procedures for quality control, the same business strategy, the same name or a significant proportion of professional resources
2. Currently Consob Communication DAC/RM/96003558 of 18/4/1996

e. comfort letters associated with the issue of financial instruments, placements and capital raising undertaken by the Company and its Subsidiaries

2. The Group Auditors may, at the conditions and within the limits specified below, be engaged for the following Audit-Related Services:

a. agreed upon audit activities in the following areas:
- financial due diligence on companies subject to acquisition or disposal
- procedures carried out in areas related to the Internal Control System, in support of the internal auditors
- audits of associate companies provided for in shareholder agreements (i.e., audit rights granted)
- audits of employee benefit plans of the Company or Subsidiaries

b. opinions on accounting and reporting matters, including advice on the application of (i) new accounting principles and regulations relating to financial and statutory reporting, (ii) accounting principles applicable in other jurisdictions, and (iii) rules and regulations issued by supervisory/regulatory bodies

3. The Group Auditors may not, except as otherwise specified in the "Approval Procedures" below, be engaged for Non-Audit Services (Tax and Other). By way of example, Non-Audit Services include the following activities:

Tax

a. development of transfer pricing and cost segregation policies, and other similar tax-related issues
b. tax planning and associated services, including those related to corporate reorganizations
c. advice on tax and related matters for any tax filings of the Company or its Subsidiaries

Other

d. treasury management consulting services
e. strategic planning or operational risk management services
f. consulting on business integration subsequent to a merger transaction
g. property consulting services

4. Engagement of the Group Auditors is expressly prohibited for the following activities ("Prohibited Services"):

a. bookkeeping or other services related to the accounting records or financial reports
b. financial information systems design and implementation
c. appraisal or valuation services and fairness opinions
d. actuarial services
e. internal audit outsourcing services
f. advice and services related to the recruitment, training and management of human resources
g. broker or dealer, investment advisory or investment banking services
h. legal services
i. other activities and services, including consulting and legal advice, unrelated to the audit,

and any other services for which, under Italian law, the Group Auditors cannot be engaged.

Approval procedure

Audit Engagements – Article 14 of Legislative Decree 39/2010 (Audit Services 1.a/1.b)

With regard to Engagements falling within the scope of Article 14 of Legislative Decree 39/2010 and Article 165 of Legislative Decree 58/98, as well as any local legislation that may apply, it should be noted that:

- The audit plan associated with the proposal for engagement of auditors listed in the Register of Auditors held by Consob is to be formulated by the relevant functions and the Compliance Officer of FIAT S.p.A., with the support of Fiat Revi (a consortium company that provides internal audit services to the FIAT Group) and collaboration of the sector parents.
- Any changes to the audit plan, including amendments to terms, conditions and fees, as well as the appointment of a secondary auditor, must be promptly communicated to the Compliance Officer and justified by the sector parents through the submission of an explanation form (specimen copy attached) supported by the appropriate documentation.

The Compliance Officer shall submit the audit plan together with proposed changes to the Internal Control Committee for implementation by the relevant corporate bodies in relation to engagement of the Group Auditors. The recommendations submitted by the Board of Statutory Auditors to Shareholders for approval must be duly supported.

Other "Audit Services" (points 1.c to 1.e)

The terms and conditions of engagement of the Group Auditors for other audit services are subject to the prior review of Fiat Revi. Periodic reports on such engagements shall also be provided by Fiat Revi to the Compliance Officer.

"Audit Related" Services

To ensure independence of Group Auditors in relation to Engagements for Audit Related services:

- The maximum expenditure may not exceed 25% of the overall cost of Audit Services for the year
- Engagements for audit related services by the Group Companies shall be authorized by the Compliance Officer, within the maximum expenditure amount specified above, subject to prior review of the terms and conditions by Fiat Revi
- Engagement proposals that exceed the maximum expenditure must be submitted by the Compliance Officer to the Internal Control Committee and the Board of Statutory Auditors for their review

Non Audit Services

The Group Auditors may not be engaged for this category of services. Existing contracts may continue to their conclusion, but cannot be renewed, even if automatically renewable, except where exceptional circumstances exist and the Compliance Officer has given written approval.

Cost reporting

In order to provide the Compliance Officer and Internal Control Committee with the necessary information on actual costs incurred, Fiat Revi must conduct a review, at least every six months, of fees paid to the Group Auditors for the "Audit", "Audit related" and "Non Audit" activities described above, as well as, at the request of the Compliance Officer, fees paid to other audit firms and parties related to them.

In relation to the costs incurred for the above activities, Fiat Revi is to conduct the appropriate analyses to verify:

- the existence of authorization for the Engagement
- the amount paid to the audit firm for the Engagement
- due receipt by Fiat Revi of information on costs incurred, during the review referred to above.

The Compliance Officer is to report to the Internal Control Committee and Board of Statutory Auditors, on an annual basis, on costs incurred for the above Engagements, as well as the status of existing contracts.

Approved:	Board of Directors meeting of 23 December 2004
Effective:	1 January 2005
Revised:	Board of Directors meeting of 20 April 2011

5 – Whistleblowing Procedures

Whistleblowings management

1. Foreword

Whistleblowings concern situations of suspected or alleged violations of business ethics as outlined in the Code of Conduct, financial and accounting fraud, and harassment, intimidation or discriminatory behavior towards employees or third parties.

They also include whistleblowings received from employees and individuals outside the company regarding accounting, internal controls or auditing matters.

In general, whistleblowings are submitted to the Top Management of the Group or its Sectors/Companies, or to the heads of the Human Resources, Legal and Internal Audit Functions. In other cases, they are submitted to a designated manager or other trustworthy persons, including members of the Board of Directors, the Board of Statutory Auditors, and the Internal Control Committee.

2. Applicable external and in-house regulations

Section 301 of the Sarbanes-Oxley Act (SOA), with which Fiat S.p.A. is required to comply, contains provisions for managing whistleblowings and safeguarding the anonymity of whistleblowers.

The Code of Conduct and the Compliance Program (prepared pursuant to Legislative Decree 231/2001) adopted by the Group specify that designated **recipients of whistleblowings** may be the whistleblower's **direct superior**, the **Compliance Officer** or the **Compliance Program Supervisory Body** pursuant to Legislative Degree 231/2001 of **Fiat S.p.A.** as well as the Sector Compliance Officers.

These documents reaffirm the Group's commitment to safeguarding the anonymity of the **whistleblower** (i.e., the person who files a written or verbal whistleblowing regarding an ethical breach), and to guaranteeing that *employees who report violations are not subject to adverse action or reprisal of any kind, regardless of whether or not they identify themselves.*

3. Duties and responsibilities

For the purposes of this procedure, the final decision as to whether whistleblowings are grounded in fact falls to the Compliance Officer of Fiat S.p.A., who will cooperate with the Whistleblowings Committee described in paragraph 6 below in assessing the findings of the investigations and reviews carried out by said committee prior to taking any necessary action. More specifically:

- the duties of the Compliance Officer of Fiat S.p.A. include regular reporting of whistleblowing-related matters to the Board of Statutory Auditors and the Internal Control Committee during their regular meetings, and
- where whistleblowings concern financial statements, accounting, internal controls and auditing matters, the Board of Statutory Auditors is empowered to request that the Compliance Officer of Fiat S.p.A. provide further details, if necessary extending the investigation. The Board of Statutory Auditors may also require that implemented measures be revised and supplementary measures adopted.

4. Process

The Whistleblowings Management Procedure applies to all Group Companies in all countries.

The process consists of the following activities:

- receive, register and retain whistleblowing;
- assess the objective and subjective issues raised by the whistleblowing;
- initiate, where deemed appropriate, the investigation and review process, and report to the interested parties;
- specify any disciplinary measures;
- inform the interested parties, the Board of Statutory Auditors and the Fiat S.p.A. Internal Control Committee of the findings of the review.

5. Control

The procedure is based on:

- identifying the parties who can receive whistleblowings;
- safeguarding the whistleblower's anonymity to protect whistleblowers from reprisal;
- whistleblowing assessment by the Compliance Officer of Fiat S.p.A.;
- ensuring that records can be traced by and are accessible to the Internal Control Committee, the Board of Statutory Auditors and the Whistleblowings Committee;
- disclosure of whistleblowers who are demonstrated to have acted in bad faith;
- collective evaluation by the Whistleblowings Committee of proposed disciplinary measures;
- regular reporting to the Board of Statutory Auditors and the Internal Control Committee;
- any other action requested by the Board of Statutory Auditors.

6. Whistleblowings Committee

To ensure fairness and openness, a Whistleblowings Committee has been set up and will meet regularly in order to:

- assess the findings of whistleblowing investigations and reviews as requested by the Compliance Officer of Fiat S.p.A., and thus evaluate any disciplinary measures to be imposed for ethical breaches;
- reach collective decisions, upon request by the Compliance Officer of Fiat S.p.A., regarding measures/sanctions;
- record decisions taken;
- empower the Compliance Officer of Fiat S.p.A. to maintain an updated register for all whistleblowings and retain documentation of whistleblowing investigations and reviews, and
- evaluate requests submitted by the Compliance Officer of Fiat S.p.A. regarding disclosure of the identity of whistleblowers who can be demonstrated to have acted in bad faith.

The Whistleblowings Committee consists of the Compliance Officer, Senior Counsel and Head of Human Resources of Fiat S.p.A. and, by invitation, a representative of each Sector or Company directly involved in the whistleblowing (i.e., the Sector/Company Compliance Officer, General Counsel or Head of Human Resources).

7. Whistleblowings register

The Whistleblowings Register summarizes the essentials of all whistleblowings received (either directly or through other Group personnel) by the Compliance Officer of Fiat S.p.A. and by the Sector and Company Compliance Officers: the whistleblowing registration number, date of receipt, whether the whistleblowing is signed or anonymous, company/B.U., country, and function receiving the whistleblowing.

These records, which reside in segregated areas on the Fiat S.p.A. intranet:

- make secure areas available for Fiat S.p.A. and each Sector/Company, where the relevant Compliance Officers record all whistleblowings submitted, and
- enable the Compliance Officer of Fiat S.p.A. to access all whistleblowing records and update the data for which he is responsible.

In addition to whistleblowings, the Compliance Officer of each Sector and Company shall promptly notify the Compliance Officer of Fiat S.p.A. of any ethical breaches which have come to light during operations or in the course of Fiat Revi[1] audits, and provide the information needed to assess them.

In such cases, the *Whistleblowings Register* will be updated afterwards (i.e., upon conclusion of investigation and review).

The source shall be expressly identified, and the report submitted to the Board of Statutory Auditors and Internal Control Committee shall classify these cases separately.

8. Operating procedure and control points

Whistleblowings receipt

Whistleblowings, whether signed or anonymous, may be submitted through a variety of channels: orally (in person or by phone), or by internal or regular mail and e-mail.

All whistleblowings arriving at the company, independently of source and who receives them, shall be forwarded immediately to the Compliance Officer of Fiat S.p.A. or to the Sector/Company Compliance Officers.

Failure to report a submitted whistleblowing is a violation of this procedure, the Code of Conduct and the Compliance Program pursuant to Legislative Decree 231/2001. All such violations will be evaluated to determine whether the sanctions contemplated by said documents will be imposed.

The Sector/Company Compliance Officer:

- records all submitted whistleblowings in the *Whistleblowings Register*;
- prepares the *summary sheet* containing all information needed to identify the whistleblowing, assess its merits, and propose further action (e.g., dismiss, investigate, etc.);
- promptly forwards all submitted whistleblowings to the Compliance Officer of Fiat S.p.A. in hardcopy form, accompanied by a copy of the summary sheet.

The Compliance Officer of Fiat S.p.A.:

- records all submitted whistleblowings in the *Whistleblowings Register*;
- prepares the summary sheet;
- for whistleblowings received from the Sector/Company Compliance Officers, updates the summary sheet prepared by the latter and indicates his assessment of the type of action that should be proposed (which may or may not agree with the suggestions put forth by the Sector/Company Compliance Officer).

1 These include cases emerging at Group companies during:
- Normal operational controls by employees or third parties in the course of current work.
- Regular Management checks on work by personnel.
- Regular checks by Sector/Company Compliance Officers to determine internal control system effectiveness.
- Audits performed by Fiat Revi on the basis of the budgeted Audit Plan or carried out upon special request from the Sectors/Companies.

Investigation and review

The Compliance Officer of Fiat S.p.A.:

- for detailed whistleblowings[2], notifies the appropriate Sector/Company Compliance Officer and the parties involved, and initiates the investigation and review process. This activity may be assigned to the Sector/Company Compliance Officer, Fiat Revi, or to the Corporate Security Officer in the case of investigations performed outside the Fiat Group;
- decides whether and in which phase to notify the subject of the whistleblowing and/or the whistleblower (if identified);
- may suspend or interrupt the investigation at any time if the whistleblowing is found to be groundless;
- in cases where the whistleblower (if identified) can be demonstrated to have acted in bad faith, may be authorized by the Whistleblowings Committee to bring suit against the whistleblower;
- updates the Whistleblowings Register and the summary sheet, indicating the current status of the whistleblowing (dismissed, under investigation, etc.).

Disciplinary measures

The Whistleblowings Committee:

- is notified by the Compliance Officer of Fiat S.p.A. concerning the findings of all investigations which have been concluded since the previous committee meeting, and collectively evaluates any proposed measures[3] which should be taken in order to apply the sanctions envisaged by the Group. Judicial proceedings may be instituted in accordance with established procedures if there are grounds for doing so;
- assesses requests submitted by the Compliance Officer of Fiat S.p.A. to disclose the identity of whistleblowers (if non-anonymous) who have been shown to have acted in bad faith, providing the necessary documentation;
- records the decisions made during the meeting.

The Compliance Officer of Fiat S.p.A.:

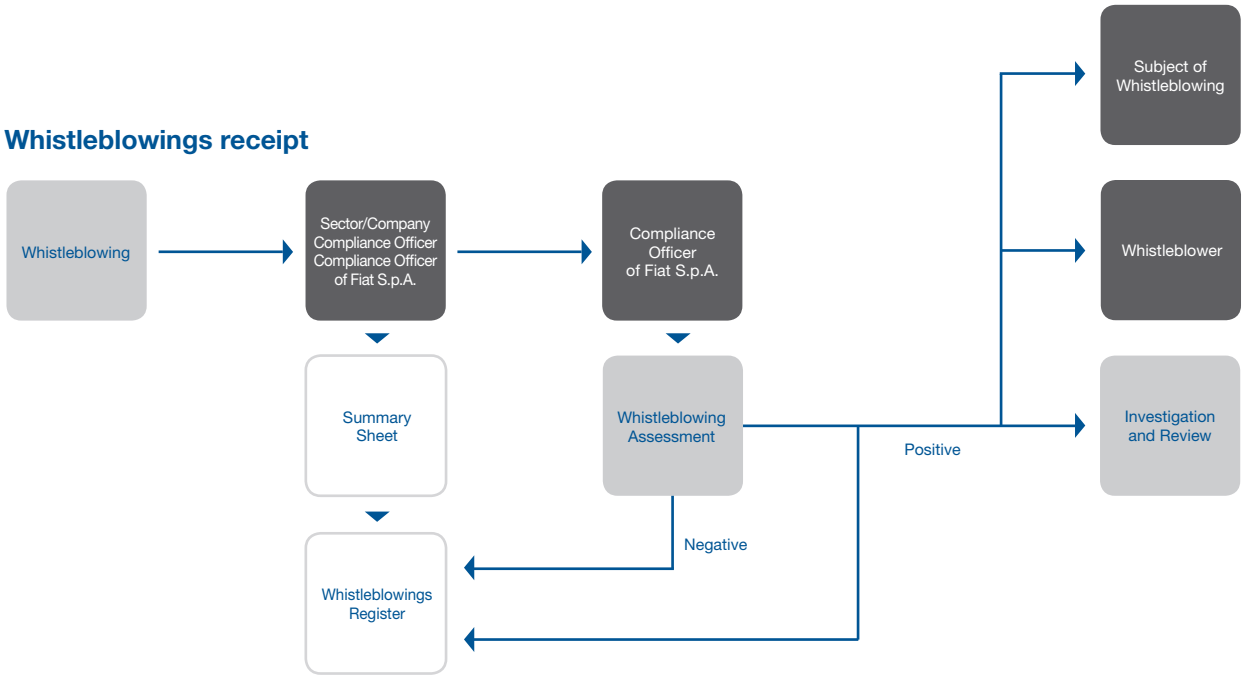
- files the minutes of the meeting;
- retains documentation regarding investigations and any measures approved by the Whistleblowings Committee;
- informs Management of the findings of investigation and review and of any measures that have been approved, complying with Fiat Revi standards and confidentiality requirements;
- updates the *summary sheet*, indicating the decisions reached by the Whistleblowings Committee;
- updates the *Whistleblowings Register* with the current status of all whistleblowings;
- informs the whistleblower (if identified) of the findings of the investigations concerning the whistleblowing, or the reasons for which the whistleblowing was dismissed;
- monitors the progress of the measures agreed on by the Whistleblowings Committee;
- supplies the Board of Statutory Auditors and the Internal Control Committee with regular information regarding the whistleblowings that have been received and their current status, providing a concise, timely overview of the whistleblowings submitted in the current period and in the course of the year, how they have been handled, and the status of associated activities (in progress, concluded); for the activities that have been concluded since the previous meeting, the Compliance Officer also provides information concerning the outcome, Whistleblowings Committee decisions, and any judicial proceedings that have been instituted;
- guarantees that the Board of Statutory Auditors and the Internal Control Committee can on request access detailed documentation regarding individual whistleblowings (whether dismissed, handled, or under investigation) and minutes of Whistleblowings Committee meetings.

For whistleblowings concerning financial statements, accounting, internal controls and auditing matters, the Board of Statutory Auditors and the Internal Control Committee of Fiat S.p.A. may request that the Compliance Officer of Fiat S.p.A. provide further details (if necessary extending the investigation) and adopt supplementary measures.

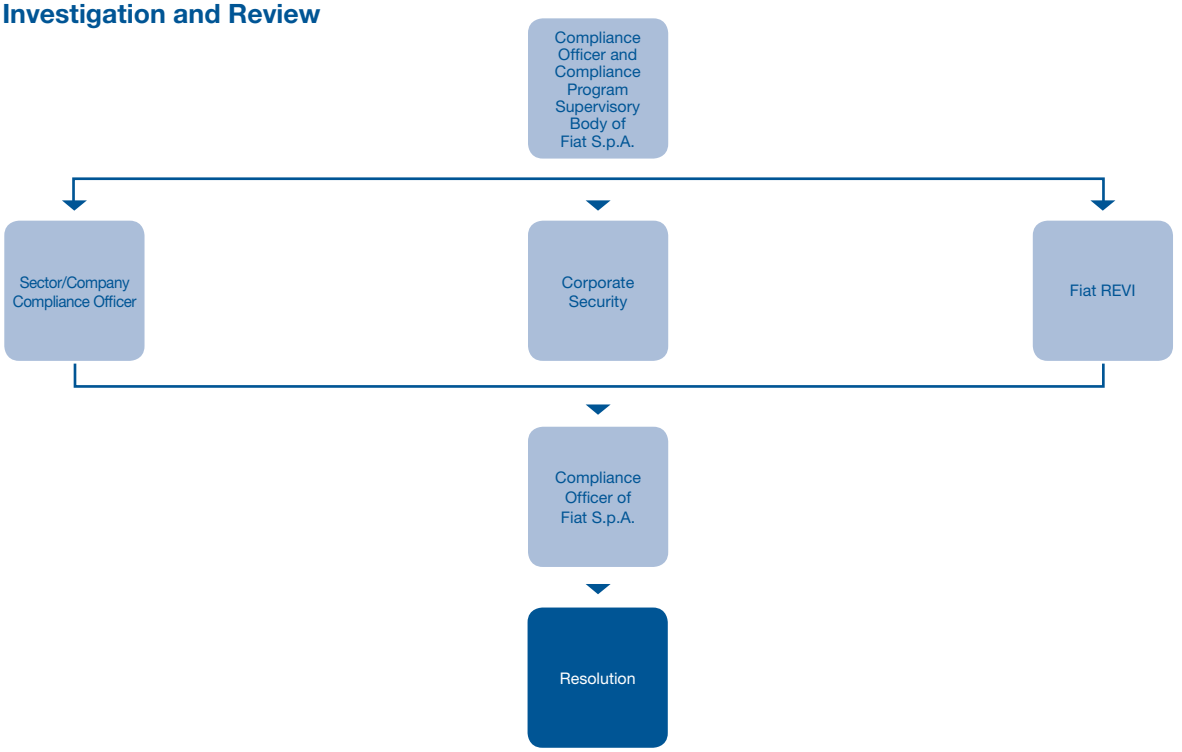
2 **Detailed whistleblowing** – A whistleblowing providing sufficient corroborating information to identify the alleged wrongdoing, the company/B.U. involved, the person(s) involved, the period in which the wrongdoing was committed, and if possible the sums, causes and aims involved in the wrongdoing. Investigations are carried out to determine whether the whistleblowing is truthful or not. Their purpose is thus to clear wrongfully accused persons, or handle the measures taken regarding the subjects of whistleblowings or whistleblowers who are found to have acted knowingly in bad faith.

3 Measures may be taken against the subject(s) of a whistleblowing, whistleblowers who have acted in bad faith (if identified), or parties whom normal control activities or FiatRevi audits have shown to be guilty of misconduct.

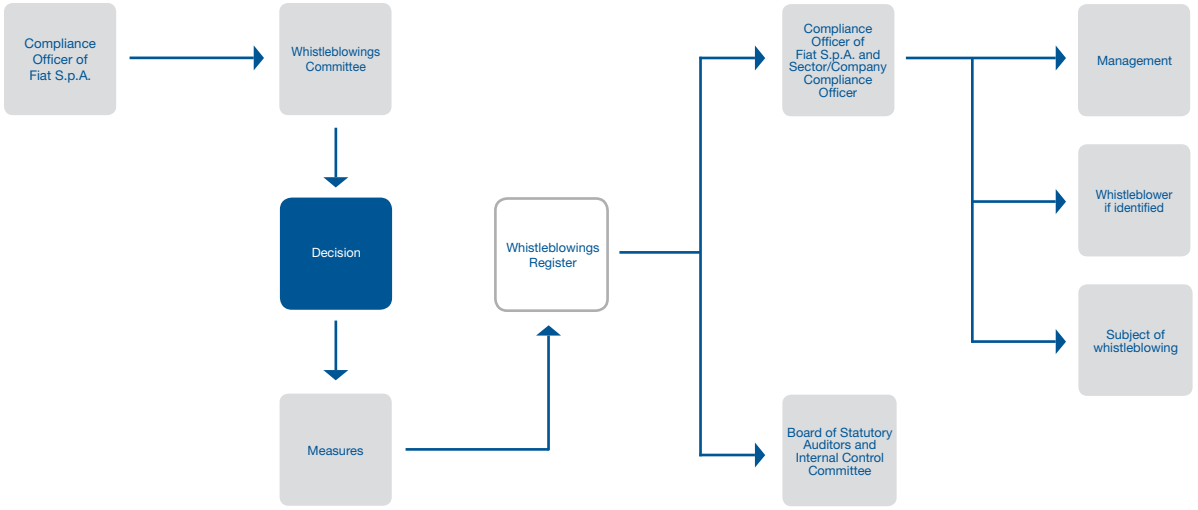
Whistleblowings receipt



Investigation and Review



Resolution



Procedure implementation and dissemination toward employees and third parties

Upon recommendation by the Compliance Officer, the Internal Control Committee evaluates the Whistleblowings Management Procedure and submits it to the Board of Directors which, having heard the opinion of the Board of Statutory Auditors, resolves to approve it.

In conformity with local law and regulations, the procedure applies to all Group Companies in all countries.

Adoption of the procedure is reported to the Fiat S.p.A. Internal Control Committee.

The following process shall be implemented to ensure that information concerning the procedure is effectively disseminated to all Group employees:

- the Fiat S.p.A. CEO sends the text of the procedure to the CEOs and Compliance Officers of each Sector and Company, empowering them to initiate the dissemination process. This procedure, which will be accompanied by a cover letter citing the regulations outlined in the Sarbanes-Oxley Act and the principles expressed in the Code of Conduct and the Compliance Program pursuant to Legislative Decree 231/2001, emphasizes the importance of uniform methods for handling whistleblowings within the Group, and specifies the objective and subjective requirements which whistleblowings must meet in order to qualify for further investigation;
- the Whistleblowings Management Procedure is posted on the Corporate Governance area of the Group intranet, and is translated into the languages used for the Code of Conduct;
- with the consensus of the Sector and Company Human Resources functions, the Compliance Officers directly inform all Management personnel and invite function heads to take appropriate action to inform their associates;
- the internal news bulletins for each Sector and Company shall feature an excerpt from the Whistleblowings Management Procedure;
- Isvor courses shall provide an overview of the Whistleblowings Management Procedure (content shall be similar to that published in the news bulletins).

Approved:	Board of Directors Meeting of 23 December 2004
Effective:	1 January 2005
Revision:	Board of Directors Meeting of 20 February 2007

6 – Charter of the Internal Control and Risk Committee

Composition

The Internal Control and Risk Committee established by the Board of Directors of Fiat S.p.A. (the Committee) is composed of at least three independent directors with adequate experience in accounting and financial matters or risk management.

The Committee's members and Chairman are appointed by the Board of Directors, which may also dismiss them. If the Board has not already done so, the Committee may appoint a secretary that need not be one of its members.

Role

The Committee's role is to support, through advice and proposals, the evaluation and decision-making process of the Board of Directors relative to the System of Internal Control and Risk Management and periodic financial reporting.

In particular, the Committee is responsible for:

- assisting the Board in defining and updating guidelines for the System
- evaluating – in collaboration with the manager responsible for the Company's financial reporting and after consultation with the independent auditors and Board of Statutory Auditors – correct application of the accounting principles adopted and consistency with the principles applied for the consolidated financial statements
- making recommendations on specific aspects relating to identification, measurement, management and monitoring of the principal corporate risks, in addition to defining the nature and acceptable level of risk consistent with the Company's strategic objectives
- reviewing periodic reports providing an evaluation of the System of Internal Control and Risk Management and other reports of particular significance from Internal Audit
- monitoring the independence, adequacy, efficiency and effectiveness of internal audit, including with reference to Legislative Decree 231/01 on corporate liability
- reviewing, in consultation with the Board of Statutory Auditors, findings submitted by the independent auditors in their report and letter of recommendations
- reporting to the Board of Directors, at least every six months (on the occasion of the approval of the annual and half-year financial report), on the activities carried out, as well as on the adequacy of the System of Internal Control and Risk Management
- reviewing, with the support of the head of Internal Audit, whistleblowing reports received for the purpose of monitoring the adequacy of the System of Internal Control and Risk Management
- reviewing the work plan prepared by the head of Internal Audit
- carrying out the functions of the committee for transactions with related parties, except where related to compensation

The Committee discharges other duties that may from time to time be assigned to it by the Board of Directors and examines any issues that the Chairman of the Board of Directors and/or the Chief Executive Officer deem appropriate for the Committee to examine in relation to areas that fall within the scope of its role.

The Committee is entitled to access company information and functions necessary to its activities and to utilize external consultants, in accordance with the procedures established by the Board of Directors. The Company shall make adequate financial resources available to the Committee to carry out its role, within the limits approved by the Board.

The Committee may request that Internal Audit perform audits of specific operational areas, at the same time informing the Chairman of the Board of Statutory Auditors that such request has been made.

The head of Internal Audit makes available to the Committee, at its request, specialist personnel and retains, at the Company's expense and at the instruction of the Committee, independent consultants selected by the Committee to assist on matters relating to its activities.

Meetings

Meetings of the Committee are called by the Chairman whenever he deems appropriate and, in any event, at least every six months. The Chairman of the Board of Statutory Auditors, or other Statutory Auditor designated by him, shall attend meetings of the Committee. The other Statutory Auditors may also attend the meetings, as may – at the invitation of the Committee Chairman and in relation to specific items on the agenda – other individuals or representatives from the independent auditors, including Directors that are not members of the Committee and company personnel.

Meetings may be participated in by means of telecommunication.

Amendments to the Charter

The Committee shall review the Charter annually and, where appropriate, propose amendments to the Board of Directors.

Approved: Board of Directors, 31 October 2002 (in effect from 1 January 2003)
Revised: Board of Directors, 22 February 2012

7 – Charter of the Nominating, Corporate Governance and Sustainability Committee

Composition

The Nominating, Corporate Governance and Sustainability Committee is composed of at least three Directors, the majority of whom independent.

The Board of Directors appoints the members of the Committee and its Chairman.

The Committee may name a secretary that need not be one of its members; the Secretary draws up the minutes of the meetings.

Duties

The Nominating, Corporate Governance and Sustainability Committee is entrusted with the following advisory duties:

- select and propose to the Board of Directors, on the occasion of co-optation to the Board, nominees for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications;
- recommend to the Board of Directors, on the occasion of renewal of mandates, nominees for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications;
- submit opinions to the Board of Directors regarding the size and composition of the Board, and on the professional and managerial skills whose presence within the Board is considered appropriate;
- evaluate, on an annual basis, the activities performed by the Board of Directors and its Committees;
- examine proposals presented by the Chief Executive Officer regarding appointment and succession plans of members of the Group Executive Council and managers with strategic responsibility;
- periodically update the Board of Directors on new corporate governance regulations and present proposals to update the company's system accordingly;
- evaluate proposals relating to strategic guidelines for sustainability-related issues, present, where appropriate, opinions to the Board of Directors, review the annual Sustainability Report.

The Chairman of the Committee reports to the Board of Directors on the activities performed.

Meetings

The Committee will be called by its Chairman whenever he deems it appropriate or following a request by the Chief Executive Officer, and in any case at least twice a year.

The Chairman of the Committee may invite other individuals to attend the meetings whenever their presence may help the Committee to perform its functions.

The Committee may rely on the support of external counsel at the Company's expense.

Committee meetings may be held with the support of telecommunication devices (videoconference, conference call, etc.). Under these circumstances, the meeting will be deemed to have been held at the location where the Chairman and the Secretary drawing up the minutes are present.

Amendments to the Charter

The Committee shall annually review the adequacy of this Charter and propose amendments to the Board of Directors, if any.

Approved: Board of Directors Meeting of 24 October 2007
Revised: Board of Directors Meeting of 22 July 2009

8 – Charter of the Compensation Committee

Composition

The Compensation Committee is composed of three non-executive directors, the majority of whom are independent.

The Committee's members and Chairman are appointed by the Board of Directors.

If the Board has not already done so, the Committee may appoint a secretary that need not be one of its members. The Secretary is responsible for preparing minutes of the meetings.

Role

The Compensation Committee is attributed the following advisory responsibilities:

- presenting proposals to the Board in relation to compensation policies for directors and executives with strategic responsibilities
- presenting proposals to the Board in relation to individual compensation plans for the Chairman, Chief Executive Officer and other directors with specific responsibilities, as well as in relation to the establishment of performance targets for their variable compensation and, on an annual basis, verifying the level of achievement
- examining proposals from the Chief Executive Officer concerning compensation and performance evaluations for executives with strategic responsibilities
- periodically evaluating the adequacy, overall coherence and concrete application of compensation policies for directors and, on the basis of information provided by the Chief Executive Officer, for executives with strategic responsibilities
- carrying out the functions of the committee for transactions with related parties, where related to compensation
- examining specific issues relating to compensation when requested by the Board and providing recommendations

The Chairman reports to the Board on the Committee's activities.

Meetings

Meetings of the Committee are called by the Committee Chairman whenever he deems appropriate or the Chief Executive Officer so requests and, in any event, at least twice annually. The Chairman of the Board of Statutory Auditors, or other Statutory Auditor designated by him, shall attend meetings of the Committee. The other Statutory Auditors may also attend the meetings.

The Chairman of the Committee may invite other individuals to attend meetings to support the Committee in carrying out its activities.

The Committee may utilize external consultants, at the Company's expense, subject to verification that no circumstances exist which would compromise the independence of that consultant.

Committee meetings may be held by videoconference, conference call or other means of telecommunication.

Amendments to the Charter

The Committee shall review the Charter annually and, where appropriate, propose amendments to the Board of Directors.

Approved: Board of Directors, 24 October 2007
Revised: Board of Directors, 22 February 2012

9 – Procedures for Transactions with Related Parties

pursuant to Article 4 of Consob Regulation 17221 of 12 March 2010, as amended

Contents

Preface

On 21 October 2010, the Board of Directors, having received a favorable opinion from the Internal Control Committee, adopted the "Guidelines for procedures for transactions with related parties", which set out general principles and recommendations aimed at ensuring full transparency and substantial and procedural fairness in transactions with related parties.

The Guidelines define, *inter alia*, the role and function of a Committee of independent directors with responsibility for reviewing transactions with related parties, the composition of the Committee depending of the type of transaction under consideration, the determination of related parties and the procedure for collecting information in advance, the definition of thresholds for significant and minor transactions, any exemptions from the procedures to be applied, and the corporate entities responsible for administering the procedures.

Specifically, the Board of Directors established that the Internal Control Committee (constituted entirely of independent directors) shall have responsibility for reviewing transactions with related parties, with the exception of matters relating to remuneration for which the Compensation Committee (also constituted entirely of independent directors) shall be responsible. It also delegated the Internal Control Committee responsibility for drafting the formal procedures in conformity with the Guidelines.

The Procedures, which comply with Consob Regulation 17221 of 12 March 2010 (hereinafter the "Regulation") and the Consob Communication of 24 September 2010 (hereinafter the "Communication"), shall take effect from 1 January 2011 and have been published on the website of Fiat S.p.A. (hereinafter the "Company"): www.fiatspa.com.

1. Definitions

For the purposes of these Procedures, the following definitions shall apply.

"Independent Directors": directors who satisfy the requirements of independence adopted by the Company in 2005 which conform with the Recommendations of the Corporate Governance Code for Italian Listed Companies published in March 2006. On the basis of the Communication, the requirements established in the Corporate Governance Code are considered at least equivalent to those established in Article 148 (c.3) of Legislative Decree 58/98. In particular, directors may be considered independent if they:

a) do not directly, indirectly or on behalf of third parties, nor have they within the past three years, maintained an economic or shareholding relationship or relationship of any other nature with the individuals or entities listed below:

- *the Company, its subsidiaries and associates, or companies subject to control by the same entity as the Company;*
- *any individual or entity which, including jointly with others, controls the Company, is a member of a shareholder agreement for the control of the Company or exercises significant influence over it;*
- *executive directors or executives with strategic responsibilities for those entities;*

b) are not, or have not been within the past three years, executive directors or executives with strategic responsibilities for the entities described in point a);

c) have not been directors of the Company for more than nine years, including non-successive terms of office;

d) are not executive directors of companies outside the Group where one or more executive directors of the Company are non-executive directors;

e) have not been, within the past three years, shareholders or directors of one of the Company's major competitors;

f) have not been, within the past three years, shareholders or directors of a rating agency which is currently, or has been within the past three years, responsible for assigning a rating to the Company, a subsidiary of the Company or a company which, including jointly with others, controls the Company;

g) are not, or have not been within the past three years, partners or directors or members of an audit team – or of an entity forming part of its network – which has been engaged within the past three years to perform audits of the Company,

its subsidiaries, companies subject to control by the same entity or any company which, including jointly with others, exercises control or significant influence over it;

h) are not close relatives of and do not cohabit with individuals who would be ineligible under the preceding points.

The independence of directors is evaluated by the Board of Directors. Where, during the course of such evaluation, the Board identifies the existence of a relationship included in point a), it may express a favorable view only where such relationship can be considered immaterial given its exact nature or amount.

"Non-related Directors": directors who are not themselves counterparty to a transaction, nor related to any counterparty to that transaction.

"Committee": the Company's Internal Control Committee shall serve as the Committee, with the exception of matters relating to remuneration for which the Company's Compensation Committee shall be responsible.

Should one or more Committee members be related to counterparties in a transaction under consideration, they must disclose that relationship to the Committee Chairman.

If, in relation to a specific transaction, the number of independent, non-related directors does not correspond to the minimum required by the Regulation, the Committee shall, as appropriate, be supplemented by one or more other directors who satisfy the requirements. The appointment shall be made by the Chairman of the Board of Directors or, should he be a related party, by the Chairman of the Committee or, in his absence, by the other two members of the Committee. For Non-significant Transactions, the Committee is to be composed exclusively of non-executive, non-related directors (the majority of whom are independent), whereas for Significant Transactions it must be composed exclusively of non-related, independent directors.

Where, despite the foregoing, it is not possible to form the Committee due to the relationships which may exist, the Committee's function shall be carried out by the Company's Board of Statutory Auditors.

The Committee may also engage one or more independent experts, in accordance with the provisions of the Charter of the Internal Control Committee.

"Standard or market terms": means the normal conditions applicable for non-related parties in transactions of a similar nature, size and risk or conditions based on regulated tariffs, fixed prices or those applicable for entities with which the Company is bound by law to contract at a pre-determined level of consideration.

These conditions also include those based on price lists made publicly available by Group companies, or those normally applied for best customers.

Documentation provided in relation to the transaction must contain objective evidence of the above.

"Significant Interest": for the purposes of these Procedures, the determination of the significance of a related party's interest in a transaction shall be based on the nature of the transaction, its value, as well as any other element considered relevant. As a general rule, that determination is to be made by the managers responsible for preparing the Company's financial reporting, who may consult with the Committee or, as appropriate, be assisted by independent experts.

Interests resulting merely from the fact that the Company shares one or more directors or executives with strategic responsibilities with a subsidiary or associate shall not be considered significant interests.

An interest may be considered significant where, in addition to the sharing of one or more directors or executives with strategic responsibilities, those individuals are beneficiaries of incentive plans based on financial instruments that depend significantly on the results attained by subsidiaries or associates involved in the transaction. Determination of the significance of that interest should take into consideration the weighting of compensation directly dependent on the subsidiary's performance (including incentive plans) in relation to the total compensation of the director or executive with strategic responsibilities.

"Related-party Transaction": any transfer of resources, services or obligations between related parties, with or without consideration.

These shall include:

- mergers, demergers (*scissione per incorporazione* or *scissione in senso stretto* as defined under Italian law) with a non-proportional allotment of shares to existing shareholders and capital increases, on a non-rights basis, to a related party;
- any decision on the allocation of compensation and other economic benefits, in any form, to members of the boards of directors and statutory auditors and to executives with strategic responsibilities.

Demergers with a proportional allotment of shares to existing shareholders and rights issues are excluded.

"Minor Transactions": transactions less than € 200,000 in value or, for transactions with legal entities having consolidated annual revenues in excess of € 200,000,000 only, transactions less than € 10,000,000 in value.

"Significant Transactions": based on the definitions in Annex 3 of the Regulation, transactions where the value is in excess of 5% (2.5% for transactions with a listed parent company or its related parties) of the Company's consolidated equity or, if greater, its market capitalization, or transactions where the total assets or total liabilities of the acquired entity are in excess of 5% (2.5% for transactions with a listed parent company or its related parties) of the Company's consolidated assets.

"Non-significant Transactions": transactions other than Significant Transactions and Minor Transactions.

"Ordinary Transactions": transactions taking place in the ordinary course of the Company's operating activities, and any financial activity that is directly connected to those operating activities.

Operating activity is defined as activity that contributes to generation of the principal components of revenue, and all other activities which, even if not within the scope of the Company's objects, cannot be classified as "investment" or "financial" activity.

Each transaction must be appropriately classified (i.e., operating, "investment" or "financial") on the basis of the activity carried out by the Company. The general characteristics of each transaction should also be evaluated on the basis of: principal objective, level of frequency in the context of the Company's business, size, contractual terms and conditions (including those relating to consideration), and type of counterparty.

"Related Parties": an individual or entity is considered a related party of a company where that party:

(a) directly or indirectly, including through subsidiary entities, trustees or intermediaries:
  (i) controls, is controlled by, or is under common control with the company;
  (ii) holds an interest in the company that gives it significant influence over the company;
  (iii) has joint control over the company;

(b) is an associate of the company;

(c) is a joint venture in which the company holds an interest;

(d) is an executive with strategic responsibilities of either the company or its parent;

(e) is a close member of the family of any individual specified in letter (a) or (d);

(f) is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power (i.e., not less than 20%) in such entity resides, directly or indirectly, with any individual specified in letter (d) or (e);

(g) is a supplementary, collective or individual post-employment benefit plan, in Italy or abroad, for the benefit of employees of the company or any other related party;

as defined in Annex 1.1 of the Regulation, which reflects the concept contained in IAS 24.

Evaluation of each related-party transaction must give careful consideration to the substance of the transaction, rather than merely its legal form.

2. Types of related-party transactions and method of execution

The Procedures for Transactions with Related Parties contained in this document, which also constitute the direction given by Fiat to its subsidiaries pursuant to Article 114 (2) of Legislative Decree 58/98, are to be implemented and disseminated to Group companies by the managers responsible for preparing the Company's financial reporting, who must also ensure coordination with the administrative and accounting procedures required under Article 154-*bis* of Legislative Decree 58/98.

To this end, each member of the Boards of Directors and Statutory Auditors must inform the managers responsible if they, or parties related to them, intend to engage, either directly or indirectly, in a non-minor transaction of any nature with a Group company.

At least every three years, the managers responsible for preparing the Company's financial reporting must evaluate whether a revision of the Procedures is necessary, taking into account, among other things, any changes in ownership of the Company and the demonstrated effectiveness of the Procedures in practice. The managers responsible may also consult with the Internal Control Committee.

2.1. Significant Transactions

Significant Transactions are subject to the approval of the Board of Directors, subsequent to a favorable binding opinion being received from the Committee.

The opinion is to be expressed in relation to the substantial and procedural fairness of the transaction, as well as the reasonableness of the financial terms.

Alternatively, transactions can be approved directly by the Board of Directors, with a vote in favor from a majority of the non-related, independent directors who have received complete and timely information.

If a transaction requires the approval of shareholders, the Company may exercise its right under Article 11 (2) of the Regulation. In such an event, the transaction may be carried out only if the majority of non-related voting shareholders vote in favor of the transaction.

During the evaluation and negotiating phase, the Committee or one or more members delegated by the Committee are to receive complete and timely information, and shall have the authority to request information and communicate its views to the delegated bodies or the individuals responsible for conducting the evaluations or negotiations.

The Board of Directors and the Committee must receive timely and adequate information on: the nature of any relationship, operational aspects of the transaction, the timing and financial terms of the transaction, evaluation method used, the underlying objectives and motivations, and any risks for the Group.

The Company's interest in carrying out the transaction, in addition to the financial reasonableness and substantial fairness of the terms and conditions, are to be adequately documented in the minutes for the meeting in which the transaction is approved.

The Committee shall provide the Boards of Directors and Statutory Auditors, at least quarterly, a full report on the status of any Significant Transactions.

2.2. Non-significant Transactions

A prior opinion is to be given by the Committee. The opinion is not binding.

An opinion must be expressed in relation to the financial reasonableness and substantial fairness of the transaction terms and the basis for that opinion adequately recorded in the minutes for the meeting in which the transaction is approved, where they exist.

In the event of a negative opinion being expressed by the Committee, the relevant entity may, nevertheless, still proceed with the transaction, with the appropriate public disclosure being made pursuant to Article 7 (g) of the Regulation.

For Non-significant Transactions, the reporting requirements set out in Section 2.1 shall also apply.

2.3. Intragroup transactions

The Procedures shall not apply to transactions with or between subsidiaries or with associates, except where other related parties of the Company are determined to have a significant interest in subsidiaries or associates party to the transaction.

2.4. Other transactions involving subsidiaries

Any other non-exempt transaction between a subsidiary and a related party of the Company is to be deemed as a transaction between the Company and that related party, where and in so far as it may be considered a transaction carried out by the Company through that subsidiary, as provided under the Regulation.

2.5. Transactions involving intangible assets

For transactions with related parties of the Company involving the Fiat brand or other asset of equivalent importance for the Group, the procedures described in Sections 2.1 or 2.2 above shall apply, based on the transaction value, as well as the provisions of Section 2.3, based on the counterparties to the transaction. The Board of Directors shall, in any event, have the power to apply additional cautionary measures.

In its evaluation, the Board of Directors is to take the potential impact of the transaction on the Company's operating autonomy into consideration.

2.6. Standing approvals

Standing approvals may be adopted for similar transactions which are sufficiently explicit by type of transaction and related party and are carried out on a repeat basis.

For each standing approval – whose duration may not be longer than a year – the Board of Directors shall indicate the expected maximum value of transactions to take place under the approval, on a cumulative basis, in addition to the basis upon which the terms and conditions were established.

For standing approvals, the procedures set out in Section 2.1 or 2.2 shall be applied on the basis of the expected maximum value of those transactions on a cumulative basis.

For individual transactions carried out under the standing approval, the procedures set out in Sections 2.1. and 2.2 shall not apply.

For the purposes of Section 3.1.1, transactions carried out under a standing approval shall not be considered in calculation of the cumulative amount.

The Committee shall provide the Boards of Directors and Statutory Auditors, at least quarterly, a full report on the status of any standing approvals.

2.7. Exemptions

The Procedures described above shall not apply to the following:

- transactions taking place in the ordinary course of business and entered into at standard or market terms;
- transactions with or between subsidiaries, and/or jointly-controlled entities, and transactions with associates, except where other related parties of the Company have a significant interest in that subsidiary or associate;
- transactions of minor value;
- compensation plans based on financial instruments that have been approved by shareholders pursuant to Article 114-*bis* of Legislative Decree 58/98 and transactions related to implementation of those plans;

- shareholder resolutions relating to fees for members of the Boards of Directors or Statutory Auditors, and resolutions relating to compensation for directors with specific responsibilities where the total amount is set by shareholders;
- resolutions relating to fees for directors with specific responsibilities, where a total amount has not been set by shareholders pursuant to Article 2389 (3) of the Civil Code, and to other executives with strategic responsibilities, provided that the Company has adopted a remuneration policy in accordance with the Regulation.

3. Reporting requirements

3.1. Public disclosure requirements

3.1.1. Ongoing disclosure

For **Significant Transactions**, including those to be undertaken by Italian or foreign subsidiaries[1], the Company is to prepare an information document conforming to the requirements of Annex 4 of the Regulation. This obligation also exists when, within the same financial year, the Company enters into multiple transactions that are similar in nature or form part of a single strategy with the same related party or with other individuals or entities that are related both to that party and to the Company which, considered collectively, exceed the significance threshold established under Annex 3 of the Regulation ("Cumulation").

The information document is to be made available to the public and to Consob, by the deadline and in the manner established in the Regulation, together with the report of independent directors, as applicable, and, with regard to those elements deemed essential under Annex 4 of the Regulation, reports of independent experts.

Where such transactions are carried out by a subsidiary company, that subsidiary shall be required to provide the Company, in a timely manner, with the information necessary to prepare the above document.

No information document is required for transactions that qualify for exemption under these Procedures (considered individually or collectively), nevertheless the obligation of transparency to Consob for **transactions taking place in the ordinary course of business and entered into at standard or market terms** remains.

For transactions with related parties that are subject to the reporting requirements established under Article 114 (1) of Legislative Decree 58/98, the public information disclosure is to include any additional information required by the Regulation.

3.1.2. Periodic disclosure

In its annual and interim reports, the Company provides information on significant individual transactions, and any other individual transactions completed during the relevant period, which had a significant impact on the Company's operating results and/or financial position. It also provides information on changes or developments for transactions described in the previous annual report which had a significant impact on the Company's operating results and/or financial position for the relevant period.

The Company must indicate which of those transactions were exempt from the Procedures because they took place in the ordinary course of business and were entered into at standard or market terms.

The above information is not required for the following:

- shareholder resolutions relating to fees for members of the Boards of Directors or Statutory Auditors, and resolutions relating to compensation for directors with specific responsibilities where the total amount has already been set by shareholders;
- transactions of minor value.

1 Refers to the definition of control pursuant to Article 2359 of the Civil Code.

3.2. Internal information flows

The Committee, as well as the Boards of Directors and Statutory Auditors, are to receive information and documentation on proposed transactions adequately in advance of any resolution being taken, and they are to be kept regularly informed during and after execution of the transaction.

Controlling entities, members of the Boards of Directors and Statutory Auditors, and managers of the Company, as well as any individuals or entities holding a significant interest as defined under Article 120 of Legislative Decree 58/98 or participating in shareholder agreements as defined under Article 122 of Legislative Decree 58/98 – who are related parties of the Company – shall provide the Company with the information necessary to identify related parties and transactions involving those parties.

Approved: 17 November 2010

Effective date: 1 January 2011

10 – Guidelines for Significant Transactions

1. Introduction

In conformity with the Corporate Governance Code of Borsa Italiana (the Italian stock exchange), transactions having a significant impact on the Company's earnings and financial position are subject to prior examination and approval by the Board.

2. Significant transactions

Decision-making authority for Significant Transactions is excluded from the powers attributed to the executive directors.

Determination of **Significant Transactions** is based on the criteria for significance established by Consob.

Before the Company undertakes a significant transaction, the executive directors are to provide the Board of Directors, a reasonable period in advance, with a summary report of their analysis of the strategic compatibility, economic feasibility and expected return.

3. Application of the Guidelines

The executive directors must take the necessary measures to ensure that Fiat S.p.A. and its subsidiaries conform with the principles of conduct described in these Guidelines.

Each Director is required to provide the Company with the information necessary for it to discharge its duties under the Guidelines.

Approved: Board of Directors Meeting of 31 October 2002
Revised: 18 February 2011 and 20 February 2013

11 – By-laws of Fiat S.p.A.

Article 1 – Name

A Joint Stock Company is hereby incorporated under the name “Fiat S.p.A.”.

The name may be written in either upper case or lower case letters, with or without punctuation marks.

Article 2 – Registered Office

The Company has its registered office in Turin (Italy).

Article 3 – Objects

The objects for which the Company is established are: to carry on, either directly or through wholly or partially-owned companies and entities, activities relating to passenger and commercial vehicles, transport, mechanical engineering, agricultural equipment, energy and propulsion, as well as any other manufacturing, commercial, financial or service activity.

Within the scope and for the achievement of the above purposes, the Company may:

- operate in, among other areas, the mechanical, electrical, electromechanical, thermomechanical, electronic, nuclear, chemical, mining, steel and metallurgical industries, as well as in telecommunications, civil, industrial and agricultural engineering, publishing, information services, tourism and other service industries;
- acquire shareholdings and interests in companies and enterprises of any kind or form and purchase, sell or place shares and debentures;
- provide financing to companies and entities it wholly or partially owns and carry on the technical, commercial, financial and administrative coordination of their activities;
- purchase or otherwise acquire, on its own behalf or on behalf of companies and entities it wholly or partially owns, the ownership or right of use of intangible assets providing them for use by those companies and entities;
- promote and ensure the performance of research and development activities, as well as the use and exploitation of the results thereof;
- undertake, on its own behalf or on behalf of companies and entities it wholly or partially owns, any investment, real estate, financial, commercial, or partnership transaction whatsoever, including the assumption of loans and financing in general and the granting to third parties of endorsements, suretyships and other guarantees, including real security.

Article 4 – Duration

The Company is established for a period ending on 31 December 2100.

Article 5 – Share Capital

The Company’s issued share capital is €4,476,441,927.34 divided into 1,250,402,773 ordinary shares, having a par value of €3.58 each.

Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006, the demerger of activities to Fiat Industrial S.p.A., and the resolutions adopted by shareholders at the Extraordinary Meeting on 4 April 2012, share capital may be increased, through paid capital contributions, by a maximum of €34,249,412.50 through the issue of up to

9,566,875 new ordinary shares, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.

Article 6 – Shares

Shares are registered shares issued in dematerialized form.

Each share confers the right to participate pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up.

In addition, each share confers the right to vote with no restriction whatsoever.

The Company's share capital may also be increased through contributions in kind or receivables.

Article 7 – General Meetings

General Meetings of Shareholders may be called where the Company has its registered office, or elsewhere in Italy, by means of a notice published, on or before the statutory deadline, on the Company's internet site, as well as in any other manner required by law. The notice may also provide for a single call only or a first, second and, for Extraordinary General Meetings only, a third call.

As the Company is required to prepare consolidated financial statements, an Ordinary General Meeting of Shareholders must be convened within 180 days after the close of the Company's financial year.

A General Meeting may also be called whenever the Board of Directors deems it appropriate and must be convened when required by law.

Article 8 – Attendance and Representation at General Meetings

Holders of voting rights who have obtained the appropriate documentary evidence from an authorized intermediary are entitled to attend a General Meeting or be represented by proxy. Communication thereof must be made to the Company in accordance with applicable law.

At each General Meeting, the Company may designate one or more representatives upon whom holders of voting rights may confer proxy, giving instructions to vote on one or more motions on the agenda. Details of the designated representative(s) and the procedure and deadline for conferment of the proxy are to be provided in the notice of the general meeting.

A General Meeting may be held with attendees being in multiple adjacent or remote locations that are linked by a telecommunications system, provided that the correct procedures and the principles of good faith and equal treatment of all shareholders are observed.

In such cases:

- Notice of the General Meeting must state the audio/video link-up locations provided by the Company at which the Meeting may be attended and the Meeting will be deemed held at the location where the Chairman and the individual taking the Minutes of the Meeting are present;
- The Chairman of the Meeting must, in his office as Chairman and/or through his delegated representatives present at the various link-up locations, be able to ensure that the Meeting is regularly convened, ascertain the identity of the attendees and their right to attend the Meeting, direct the proceedings and verify the result of any votes;
- The individual taking the Minutes of the Meeting must be able to adequately follow any elements of the Meeting which are to be included in the Minutes;
- All attendees must be able to participate in any discussion and vote simultaneously on the items on the Agenda.

The Board of Directors may institute a procedure for voting to be conducted electronically.

Proxies may be conferred electronically in conformity with applicable law.

Electronic notification of proxies may be given, in accordance with the procedures stated in the meeting notice, on the relevant section of the Company's internet site or by message sent to the certified electronic mail address provided in the meeting notice.

Article 9 – Calling of General Meetings and Validity of Resolutions

Resolutions adopted in a General Meeting in accordance with the requirements of law and the Company By-laws are binding on all shareholders, including those who are absent or dissenting.

An Ordinary General Meeting shall be considered regularly convened when: at first call, at least one-half of shares are represented; at a single or second call, any portion of shares are represented.

Resolutions are adopted by an absolute majority of votes cast, except for the election of Directors and Statutory Auditors for which the provisions of Articles 11 and 17 shall apply.

An Extraordinary Meeting of Shareholders shall be considered regularly convened when: at first call, at least one-half of shares are represented; at second call, more than one-third of shares are represented; or, at a single or third call, at least one-fifth of shares are represented.

In an Extraordinary Meeting of Shareholders, resolutions are adopted with the favorable vote of at least two-thirds of shares represented at the Meeting.

The foregoing shall be without prejudice to any special majorities required by law.

Article 10 – Chairmanship of General Meetings

General Meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman, if appointed. Where both are absent, the chair for the Meeting shall be selected by those shareholders present.

The Secretary shall be appointed by the shareholders present, upon the proposal of the Chairman. Where the law so provides, or where deemed appropriate by the Chairman of the meeting, the minutes may be drawn up by a notary public appointed by the Chairman, in which case appointment of a Secretary shall not be required.

Article 11 – Board of Directors

The Company is managed by a Board of Directors consisting of a number varying from nine to fifteen members, as determined by Shareholders in a General Meeting.

No one aged 75 or over shall be appointed as a Director.

The Board of Directors is appointed by using lists of candidates filed at the company's registered office at least 25 days prior to the date of the meeting. If several lists are submitted, one of the members of the Board of Directors shall be chosen from the list that obtained the second highest number of votes. Lists may be submitted only by those shareholders who, individually or together with others, own voting shares representing a percentage no lower than the percentage which is mandatory under applicable law. Certification of that percentage must, if not presented at the time the lists are filed, be provided at least 21 days prior to the date of the meeting. All of the above shall be stated in the meeting notice.

No single shareholder, nor shareholders that are controlled by or associated with the company pursuant to the Italian Civil Code, can present or vote, even by means of third parties or a trustee company, more than one list of candidates. Each candidate can be present in one list only, otherwise he will be considered ineligible.

The candidates included on the lists must be indicated in numerical order and satisfy the requirements of integrity imposed by law. The candidate who is indicated at number one on the list must also satisfy the legal requirements of independence, in addition to the requirements of the corporate governance code adhered to by the Company.

Together with each list the following shall also be deposited: comprehensive information on the personal and professional characteristics of the candidates and declarations in which the single candidates accept the candidature and, on their own responsibility, state that they satisfy the envisaged requirements. The candidates who do not comply with these rules are ineligible.

Once Shareholders have, in a General Meeting, determined the number of directors to be elected, the following procedure shall be applied:

1. all the directors except one shall be elected from the list that has obtained the highest number of votes, on the basis of the numerical order under which they appear on the list;
2. in accordance with the law, one director shall be elected from the list that has obtained the second highest number of votes, on the basis of the numerical order under which the candidates appear on the list.

Lists that received a percentage of votes at the General Meeting that is less than half of the number required pursuant to the third paragraph of this article shall not be counted.

The foregoing rules for appointment of the Board of Directors do not apply if at least two lists are not submitted or voted on, or at General Meetings that must replace directors during their terms. In these cases, Shareholders shall decide in a General Meeting on the basis of a relative majority.

Without prejudice to what is set forth in this article, the appointment, revocation, expiration of the term of office, replacement or lapsing of Directors is governed by the applicable laws. However, if as a result of resignations or other reasons the majority of the Directors elected by Shareholders is no longer in office, the term of office of the entire Board of Directors will be deemed to have expired, and a General Meeting of Shareholders will be convened on an urgent basis by the Directors still in office for the purpose of electing a new Board of Directors.

Article 12 – Corporate Offices, Committees and Directors' Compensation

The Board of Directors shall appoint, from among its members, a Chairman, a Vice Chairman, where deemed appropriate, and one or more chief executive officers. In the event of the absence or incapacity of the Chairman, the Vice Chairman, if appointed, shall assume his functions.

The Board of Directors may establish an executive committee and/or other committees having specific functions and tasks, determining both the composition and procedures of such committees. More specifically, the Board of Directors shall establish a committee to supervise the Internal Control System and committees for the nomination and compensation of directors and senior executives with strategic responsibilities.

After receiving the opinion of the Board of Statutory Auditors, the Board of Directors shall appoint the manager responsible for the preparation of the Company's financial reports. The Board of Directors may vest with the relevant functions more than one individual provided that these individuals perform such functions together and have joint responsibility. Only a person who has acquired several years of experience in the accounting and financial affairs at large companies may be appointed.

The Board of Directors may also appoint one or more Chief Operating Officers and may designate a Secretary, who need not be selected from among its members.

Compensation payable to the Directors and members of the executive committee shall be determined by Shareholders in a General Meeting and shall remain valid until or unless superseded by a further resolution. Compensation for Directors vested with particular offices shall be determined by the Board of Directors, after having received the opinion of the Board of Statutory Auditors. Shareholders may, however, set an aggregate amount for compensation of all Directors, including those vested with specific responsibilities.

Article 13 – Meetings and Duties of the Board of Directors

Meetings of the Board of Directors, called by the Chairman, are convened at least once each quarter and at any other time the Chairman deems appropriate or when requested by three or more Directors or a Director to whom powers have been delegated.

A meeting of the Board of Directors can also be called, after first notifying the Chairman, by one or more of the Statutory Auditors.

Meetings are called through written notice, accompanied by all materials pertinent to the discussion, to be sent at least five days prior to the date of the meeting, except in cases of urgency.

Meetings are presided over by the Chairman or, in his absence, by the Vice Chairman, if appointed. In the absence of both, another Director designated by the Board shall assume the chair.

Directors to whom powers have been delegated must report to the Board of Directors and the Board of Statutory Auditors at least once each quarter on general operating performance and expected future developments, as well as on transactions carried out by the Company or its subsidiaries that are particularly significant in terms of their size or other characteristics, and each Director is required to disclose any interest that they may have, either directly or on behalf of third parties, in any transaction to which the Company is a party.

On the basis of the information received, the Board of Directors: evaluates the adequacy of the Company's organizational and administrative structure and accounting systems; reviews the Company's strategic, industrial and financial plans; and, based on reports from the bodies with delegated powers, assesses the Company's overall operating performance.

Directors and Statutory Auditors may participate in meetings through the use of a telecommunications system. In such cases, it must be possible to identify the individual participants and they must be able to follow the proceedings, participate in real time in discussion of the items on the agenda and receive, send or view documents.

Article 14 – Resolutions of the Board of Directors

For any resolutions taken by the Board to be valid, the majority of serving Directors must be present. Resolutions are passed by an absolute majority of votes of the Directors present. In the event of a tie, the chairman of the meeting shall have the deciding vote.

Resolutions are to be recorded in minutes signed by both the chair and secretary of the meeting.

Article 15 – Powers of the Board of Directors

The Board is vested, without limitation, with the fullest powers for the ordinary and extraordinary management of the Company and has the authority to carry out any act, including acts of disposition, deemed appropriate to achievement of the Company's purposes – including registration, subrogation, postponement or cancellation of mortgages, liens or priorities, in whole or in part, as well as effecting or cancelling registrations or notes of any kind, independently of the payment of debts to which such registrations or notes relate – without exclusion or exception other than those acts where the approval of Shareholders is required by law.

In addition to the power to issue non-convertible bonds, the Board of Directors is also authorized to adopt resolutions relating to:

- merger and demerger of companies, where specifically allowed by law;
- establishment or closure of branch offices;
- designation of Directors empowered to represent the Company;
- reduction of share capital in the event of shareholders exercising their right of withdrawal;
- amendment of the By-laws to reflect changes in the law;
- transfer of the Company's registered office to another location in Italy.

The Board of Directors, and any individual or bodies it may delegate, shall also have the power to carry out, without the requirement for specific shareholder approval, all acts and transactions necessary to defend against a public tender or exchange offer, from the time of the public announcement of the decision or obligation to make the offer until expiry or withdrawal of the offer itself.

The Board of Directors, and any individual or bodies it may delegate, shall also have the power to implement those decisions, not yet fully implemented either in whole or in part and that do not constitute the normal activities of the company, taken prior to the communication referred to hereinabove, the implementation of which may counter the achievement of the objectives of the offer.

Article 16 – Representation

The Chairman and Vice Chairman of the Board of Directors and the Chief Executive Officer, separately and individually, shall be the Company's legal representatives in relation to the execution of resolutions adopted by the Board and in legal proceedings, as well as execution of other powers conferred on them by the Board.

The Board of Directors may also confer on other Directors the power to represent the Company to third parties and in legal proceedings, including the power to give formal depositions as provided by law.

Article 17 – Election and Qualifications of the Statutory Auditors

The Board of Statutory Auditors is composed of 3 regular members and 3 alternate members. The minority has the right to appoint one regular and one alternate auditor.

All statutory auditors must be entered in the register of auditors and possess at least three years' experience as a statutory account auditor.

The Board of Statutory Auditors is appointed on the basis of lists, filed at the Company's registered office at least 25 days prior to the date of the meeting, in which candidates, whose number shall not exceed the number of statutory auditors to be appointed, are listed in numerical order. The list consists of two sections: one for candidates to the office of regular auditor, the other for candidates to the office of alternate auditor.

Only those shareholders who, alone or with others, hold in total voting shares representing a percentage no lower than that required by applicable laws for the submission of lists of candidates for the appointment of the company's Board of Directors have the right to present lists of candidates.

Certification of that percentage must, if not presented at the time the lists are filed, be provided at least 21 days prior to the date of the meeting. All of the above shall be stated in the meeting notice.

No single shareholder, nor shareholders belonging to the same group, nor shareholders who are parties of shareholders' agreements whose object is the company's shares, can present or vote, even by means of third parties or a trustee company, more than one list. Each candidate can be present in one list only, otherwise he will be considered ineligible.

Candidates who are within the legally applicable limit for the number of concurrent offices held and meet the requirements of integrity, professionalism and independence set forth in the law and this article may be included in lists of candidates. Statutory auditors whose term of office has expired may be re-elected.

The lists must also be accompanied by the following:

- information as to the identity of the shareholders submitting the lists, with an indication of the total percentage equity interest held;
- a statement by shareholders other than those having a controlling interest or relative majority interest, including jointly, in which they declare that they have no relation to such latter shareholders as provided in applicable law;
- exhaustive information on the personal and professional characteristics of the candidates and a declaration in which the single candidates accept the candidature and state, on their own responsibility, that they satisfy the requirements laid down by law and by the company's By-laws for the position in question;
- a list of the positions as director or statutory auditor held by candidates in other companies and their undertaking that they will update said list at the date of the General Meeting.

Any candidate for which the above rules are not observed will be considered as ineligible.

The statutory auditors are elected as follows:

1. two regular auditors and two alternate auditors are elected from the list that has obtained the highest number of votes from Shareholders, on the basis of the numerical order under which they appear in each section of the list;
2. in compliance with the provisions of applicable law, the remaining regular auditor and the other alternate auditor are elected from the list that has obtained the second highest number of votes from Shareholders, on the basis of the numerical order under which they appear in each section of the list. In the case of a tied vote between lists, the candidates are appointed from the list submitted by the shareholders having the greater equity interest or, subordinately, by the greatest number of shareholders.

The chairmanship of the Board of Statutory Auditors will go to the first candidate from the list that has obtained the second highest number of votes as determined pursuant to preceding point 2.

Should it be impossible to proceed with the appointment according to the above described system, Shareholders shall resolve by relative majority in a General Meeting.

Where the requirements of the law or company articles are not met, the statutory auditor forfeits his office.

In the event of a statutory auditor being replaced, the first alternate auditor belonging to the same list as the auditor being substituted and after having confirmed the existence of the prescribed requirements, will join the Board for the remainder of the auditors' term of office. In the event of a replacement of the Chairman, the office will be taken over by the statutory auditor that replaces him.

In relation to the appointment of statutory auditors, the above rules do not apply to General Meetings that have to appoint regular and/or alternate auditors to return the number of members of the Board to its original level. In such cases, Shareholders resolve by relative majority in a General Meeting, basing the decision on the principle that minority shareholders shall be represented.

Meetings of the Statutory Auditors may be held by means of telecommunication systems. In such cases, the meeting is deemed to have been held at the location where it was convened and where at least one Statutory Auditor was present. In addition, it must be possible to identify the attendees, and they must be able to follow the proceedings, intervene in real time in the discussion of the topics on the Agenda and receive, send or view documents.

Article 18 – Independent Audits

Accounting audits shall be performed by a firm of independent auditors which satisfies the statutory requirements.

Appointment and removal of the certified auditors and determination of their compensation is at the discretion of Shareholders upon recommendation from the Board of Statutory Auditors.

The duration of the appointment, as well as the rights, duties and prerogatives of the independent auditors are subject to the provisions of law.

Article 19 – Financial Year

The Company's financial year ends on December 31 each year.

Article 20 – Allocation of Profit

Net profit reported in the annual financial statements shall be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital;
- further allocations to the legal reserve, allocations to the extraordinary reserve, retained profit reserve and/or other allocations that Shareholders may approve;
- to each share, distribution of any remaining profit that Shareholders may approve.

Where the Board of Directors sees fit in relation to the Company's operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

Any dividends unclaimed within five years of the date they become payable shall be forfeited and shall revert to the Company.

Article 21 – Right of Withdrawal

The right of shareholders to withdraw is governed by the applicable laws, it being understood that this right is not available to shareholders who, either because absent or dissenting, did not vote in support of resolutions extending duration or introducing or removing restrictions on the circulation of shares.

The terms and procedures for the exercise of this right, the criteria used to determine share values and the share redemption process are governed by the applicable laws.

Article 22 – Domicile and Identification of Shareholders

For all matters regarding the relationship of Shareholders with the Company, their domicile shall be considered that recorded in the Shareholder Register.

The Company may, through the centralized share administration service, request that intermediaries provide details of the identity of shareholders and the number of shares registered to them on a particular date.

Article 23 – Winding-up

The Company shall be wound up in the cases provided for and in accordance with the term of the law.

It shall be for Shareholders, in a general meeting, to appoint one or more liquidators and determine their powers.

In the event of a winding up, the Company's assets shall be distributed in an equal pro rata amount to all shares.

12 – Procedures for General Meetings

1. Sphere of application, nature and amendments to the regulations

1.1 The present Regulations govern the conduct of Ordinary and Extraordinary Stockholders Meetings and also, as far as they are compatible, any Special Stockholders Meetings.

1.2 Amendments to these Regulations shall be approved by the Ordinary Stockholders Meeting. Preference shares shall also be entitled to vote on the relevant resolutions.

2. Entitlement to participate in and attend the stockholders meetings

2.1 Meetings shall be open to holders of voting rights or their representatives who have obtained prior documentary evidence of their entitlement by the respective intermediaries, in accordance with applicable laws and the By-laws.

2.2 No official authorization shall be required of representatives of the Company's external auditors attending the Meeting.

2.3 The Chairman shall be entitled to allow financial analysts or economic and financial journalists to attend the meetings, subject to their identification and unless otherwise resolved by the Meeting.

3. Verification of identity and legitimate entitlement

3.1 Procedures to verify the identity and legitimate entitlement of those wishing to participate in or attend the Meeting shall be carried out by Company employees carrying an appropriate identification card, under the responsibility of the Chairman. Such procedures shall start at least one hour prior to the time fixed in the notice of convening of the Meeting.

3.2 Persons entitled to attend shall present a document released by a qualified intermediary, or a copy of a communication released by the intermediary and by the same forwarded to the Company, in conformity with applicable law and the By-laws. The persons entitled shall have to collect the attendance form from the Company.

3.3 Anyone attending the Meeting as the representative of one or more holders of voting rights must deliver the documents that prove his/her entitlement to attend and that of those he/she represents, and sign a declaration attesting to the absence of any reasons for not acting as a representative. The delegation of rights must be signed by the holder of the voting right or his/her legal representative, attorney or proxy.

3.4 The holder of voting rights who attends the Meeting in person may not assign any part of said voting rights at the same Meeting. However, it is possible to assign the totality of his or her voting rights to others in respect of particular items on the Agenda. In this case, the authorization shall specify the items for which it is assigned.

3.5 The principal or intermediary who requests delegations of voting rights, and representatives of any association that has obtained the delegations of voting rights of its members, shall provide the Company with documentation attesting to

the legitimacy of said delegate or representative to participate before the time indicated on the notice of convening of the Meeting and in good time to verify the entitlement on the basis of the number of such delegations obtained.

3.6 The possession of audio and video recording equipment shall be announced before entering the Meeting and their use shall require prior authorization by the Chairman. Mobile telephones shall be switched off.

3.7 It is absolutely forbidden to introduce any dangerous or inappropriate article or weapon into the Meeting hall.

4. Constitution of the meeting, chairmanship and opening of the meeting

4.1 At the time set in the notice of convening of the Meeting, the person indicated in the By-laws shall take the chair, or in his absence the procedures required for the constitution of the Meeting and the appointment of a Chairman shall be presided over by the Chief Executive Officer, or in his absence by the most senior Director who shall be responsible for collecting the names of the candidates and putting them to the vote. The candidate who receives the votes of the relative majority of the capital represented at the Meeting shall be appointed Chairman.

4.2 Special Meetings shall be chaired by the common representative, if appointed, failing which the Chairman shall be elected by the Meeting.

4.3 The Chairman shall be assisted by a secretary appointed by the Meeting on the Chairman's recommendation or, if necessary or appropriate, on the recommendation of a Notary. Both the Secretary and the Notary may ask for the collaboration of persons they trust, even if the latter are not stockholders.

4.4 The Chairman shall be entitled to seek the assistance of Directors, Statutory Auditors, employees of the Company and/or its subsidiaries, as well as by specially invited outside experts.

4.5 Any logistic and instrumental services required shall be supplied by appointees of the Company who shall be required to wear appropriate identification cards.

4.6 Discussion at the Meeting may be filmed and/or recorded on audio/video both for transmission/projection in the hall where the Meeting is held or adjacent rooms, and to provide additional information for drafting minutes and preparing replies.

The information presented at the Meeting by corporate bodies may be divulged through the Company's Internet site.

4.7 The Chairman shall state the number of those present and the shares represented, and ascertain that the Meeting is duly constituted.

4.8 Should the necessary quorum not be reached for the constitution of the Meeting or the discussion of some items on the Agenda, the Chairman, or in his absence the person presiding over the Meeting, shall inform those present and may defer the start of the Meeting for not more than one hour, prior to postponing the discussion of the aforesaid items to a later Meeting.

4.9 Should the Chairman put procedural irregularities or other matters governed by these Regulations to the vote, said vote shall be carried by the majority of the capital represented at the Meeting.

4.10 Anyone intending to leave the Meeting before its conclusion or before any particular vote, shall inform the person responsible for recording the number of voting shares present of his intention.

4.11 After having ascertained that the Meeting is duly constituted, the Chairman shall declare the Meeting open and proceed to the discussion of the Agenda.

5. Agenda

5.1 The Chairman or, if he so requests, his assistant shall read out the items on the Agenda and the motions to be submitted for approval by the Meeting. Unless the Meeting objects, the Chairman shall be entitled to handle several items on the Agenda together or in a different order from that announced in the notice of convening of the Meeting.

5.2 Unless the Chairman considers it necessary or unless a specific request is presented and approved by the Meeting, documents previously deposited for perusal by interested parties, as indicated in the notice of convening of the Meeting, shall not be read out at the Meeting itself.

6. Discussion and powers of the chairman

6.1 The Chairman shall open the discussion and direct it by inviting those who have requested permission to speak to take the floor in the order in which their requests were booked and guaranteeing their right to participate.

6.2 The Chairman may specify that such requests should be made in writing, indicating the item on the Agenda that the individual concerned wishes to address.

6.3 Anyone entitled to participate in the Meeting, including the common representatives of the different classes of shares, if appointed, and the representative of bondholders, shall be entitled to take the floor on any item on the Agenda and to comment or put forward proposals thereon.

6.4 All speeches to the Meeting must be clear and concise. They must be strictly pertinent to the items on the Agenda and must be delivered in a time deemed to be appropriate by the Chairman.

6.5 If the speaker fails to comply with these rules, the Chairman shall invite him/her to draw his/her speech to a close, failing which he/she shall be refused the floor.

6.6 The Chairman shall direct the Meeting to ensure its correct function and to guarantee the rights of all those present. The Chairman may withdraw or deny the right to speak or take any other action considered appropriate in the circumstances if speeches are not authorized or repetitive, or if they cause disturbance to the other persons present or impede them from speaking, or contain anything offensive or immoral or detrimental to public order, or are contrary to the purposes for which the Company was created.

7. Interruption and adjournment of the meeting

7.1 The Meeting shall normally conduct all its business in a single session. However, should the Chairman deem it appropriate, any session may be interrupted for a maximum period of two hours.

7.2 The Chairman may adjourn the Meeting, only on one occasion, by no more than five days, provided that the Meeting votes in favor with the majority specified by Article 2374 of the Italian Civil Code, fixing the day and the time of the new Meeting for the continuation of business.

8. Replies and closure of discussion

8.1 The Chairman or, if he so requests, his assistant shall answer any questions raised in a speech either immediately or after all the speeches have been made. Should several speeches cover the same material, a single answer should suffice.

8.2 The Chairman shall be entitled not to reply to questions unrelated to the Agenda and to questions concerning:
- information on Company relations with third parties which cannot be disclosed or is not relevant;
- very detailed information which is of no interest to the Meeting or which makes no useful contribution to voting intentions.

8.3 At the end of all the speeches and replies, the Chairman shall declare the discussion closed.

9. Voting and counting the votes

9.1 Depending on the circumstances, the Chairman shall be entitled to call for a vote on each Agenda item once the discussion of that item is completed or invite the Meeting to vote on some items of the Agenda, or on the Agenda in its entirety.

9.2 Anyone entitled to vote may explain the reasons for his or her vote in the time strictly necessary.

9.3 Votes shall be cast openly, by show of hands or other manner decided by the Chairman at the time of voting, including the use of suitable technical instruments that facilitate the counting process.

9.4 Should the outcome of a vote by show of hands not be unanimous, depending on the circumstances the Chairman may invite the abstainers and those not in favor of the motion, if in the minority, or vice versa those in favor if fewer than those opposed, to declare their voting intentions or to make them known using the method or instrument indicated.

9.5 In the case of lists or relative majority voting, only votes in favor of a particular list or candidate shall be counted and non-voters shall be deemed to have abstained. Each vote holder shall be entitled to one vote representing the totality of his/her voting shares, for one list, or one candidate for each available seat.

9.6 The representatives of trust companies and those delegated to vote for others shall be entitled to split their votes in compliance with the instructions received from the stockholders they are representing.

10. Declaration of the results and closure of the meeting

10.1 At the end of the voting procedures the Chairman shall ascertain the results and declare any motion carried that has received the majority vote required by law, the By-laws or these Regulations.

10.2 Once all the items on the Agenda have been dealt with, the Chairman shall declare the Meeting closed.

11. Annexes to the minutes of the meeting

11.1 The Chairman shall be entitled to supply the Notary or Secretary with any documents read or described during the Meeting for attachment to the Minutes as additional information, provided that such documents are deemed to be relevant to the matters discussed.

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Parading the Flags/Unfurling the Flags

Flags are an emblem, a sign of belonging, a symbol of culture. They can be used to identify a place, a region, a nation or even an international organization.

I consider myself a Swiss and French artist, my two countries of origin. However, I am also drawn by other cultures and lands, such as Burgundy and Tuscany, and consider myself a citizen of the world, enriched by the many cultures I have had the opportunity to experience during my life.

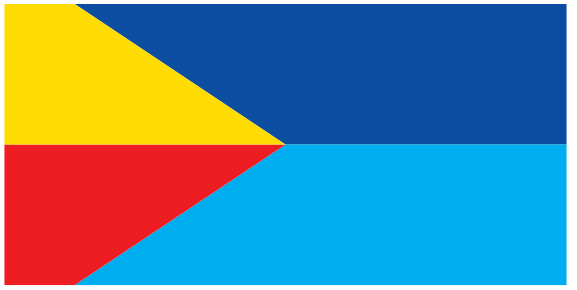
For Fiat Group's 2012 annual publications, I explored the concept of flags as a universal symbol of culture and a representation of the many nations where the Turin-based multinational is present.

I took elements characteristic of each national flag, placed them on a fresh canvas, interweaving and unifying those elements – some figurative, some abstract – in a dance of vivid color.

Through this melange of symbols, I wanted to portray the interdependence that exists in the world of Fiat and emphasize the cultural cross-fertilization fundamental to the success of a Group whose genetic composition reflects its global presence encompassing EMEA, APAC, LATAM and NAFTA.

The notion of national identity is transformed into a sense of belonging to a vast, modern and open community: a community of men and women that share the same passion for their work, the same desire for success, the same ambition to work together toward a common objective.

March 2013



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