ANNUAL REPORT ON CORPORATE GOVERNANCE

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

CONTENTS

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FOREWORD

The Fiat Group adopted and adheres to the Corporate Governance Code for Italian Listed Companies issued in March 2006, with additions and amendments related to the specific characteristics of the Group, as indicated below.

In accordance with legal and regulatory requirements, this Report provides a general description of the Group's corporate governance system together with information on its ownership structure and adherence to the provisions of the Corporate Governance Code, including key governance practices and the principal characteristics of the system of risk management and internal control over financial reporting. This Report, which makes various references to documentation available in the Corporate Governance area of the Group website (www.fiatspa.com), 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 provisions of the Code and describes the principal characteristics of the system of risk management and internal control over financial reporting, in addition to the principal governance practices adopted; and, the fourth consists of summary tables and corporate governance related documents, as well as a side-by-side comparison showing the principles of the Code and how they have been implemented.

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

SECTION I – GENERAL INFORMATION

The corporate governance structure consists of a management and control system and general meetings of shareholders. It is a requirement of law that the accounts are reviewed by independent auditors.

Fiat adopted a system of management and control based on a Board of Directors and a Board of Statutory Auditors. In this structure, the Board of Directors - which is responsible for management and ensures, both as a collegiate body and through specific internal committees having both propositive and advisory functions, that the necessary controls exist to monitor company performance - is supported by another body, distinct from the Board itself, that is vested with independent responsibilities and powers and whose members must meet the requirements of professionalism, integrity, and independence as prescribed by law and Fiat S.p.A.'s By-laws.

Board of Directors

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company through definition of a model for the delegation of powers, conferral and revocation of those powers, and review and approval of the strategic, industrial, and financial plans prepared by the delegated bodies, the corporate structure of the Group, transactions having a material impact on the operating performance, balance sheet, and financial position of the Group, transactions in which the delegated bodies have a conflict of interest and unusual and abnormal transactions with related parties.

The Board of Directors is also 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 delegated bodies, as well as for supervising effective compliance with the administrative and accounting procedures and the adequacy of the powers and means assigned to the manager responsible for the preparation of the Company's financial reports. Article 15 of the By-laws authorizes the Board of Directors to adopt resolutions relating to mergers and demergers – where specifically allowed 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, reduction of share capital in the event of shareholders exercising their right of withdrawal and amendment of the By-laws to reflect changes in the law.

The Board of Directors includes bodies with delegated powers (executive directors), who are responsible for the management of the Company within the limits of the powers delegated to them by the Board of Directors, the Internal Control Committee, the Nominating, Corporate Governance and Sustainability Committee and the Compensation Committee, which have propositive and advisory functions. The members of the Board of Directors were appointed for a three-year term that expires on the date of the General Meeting called to approve the 2011 Financial Statements, and they may be re-elected. Pursuant to the By-laws (Article 11), no one 75 years of age or more may be appointed as a director. Directors are also subject to the clauses of ineligibility and termination prescribed by law. Board members are appointed through a voting list system which ensures that minority shareholders can elect a director. The minimum equity interest required for submission of a list of candidates is that established by Consob with reference to the Company's market capitalization for the last quarter of the final financial year of the mandate. Lists receiving a vote in the General Meeting which is less than half the percentage required for submission of the list may not be considered. Each list must indicate at least one candidate that satisfies the legal requirements of independence, in addition to the requirements of the corporate governance code adopted by the Company. The appointment, replacement or termination of directors or the revocation or lapsing, of their term of office, are subject to the requirements of law.

Pursuant to Article 12 of the By-laws, after an opinion has been expressed by the Board of Statutory Auditors, the Board of Directors shall appoint the manager(s) responsible for the preparation of the Company's financial reporting. The Board may vest more than one individual with the relevant functions provided that those individuals perform such functions jointly and with joint responsibility. Only individuals who have acquired several years of experience in the accounting and financial affairs of large companies may be appointed. In execution of this provision of the By-laws, the Board of Directors appointed the heads of the Group Control and Treasury and Financial Services functions as jointly responsible for preparing the Company's financial reporting, vesting them with the relevant powers.

Board of Statutory Auditors

The Board of Statutory Auditors is responsible for supervision of compliance with law and the By-laws, respect of the principles of proper management, and in particular the adequacy of the internal control system and the organizational, administrative, and accounting structure of the Company and its effective performance, as well as supervision of the implementation of the rules of corporate governance to which the company adheres. It is also required to give

a justified opinion to Shareholders in relation to the appointment, removal and determination of the compensation of independent auditors.
In addition, Legislative Decree 39/2010 assigns the Board of Statutory Auditors the role of internal control and audit committee responsible 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 accounts; and the independence of the independent auditors.
The members of the Board of Statutory Auditors are appointed for a three-year term and may be re-elected. Each member of the Board of Statutory Auditors must satisfy the requirements of integrity and independence prescribed by law. In accordance with the By-laws (Article 17), all the statutory auditors must be entered in the Register of Auditors and possess at least three years' experience as a statutory account auditor. Pursuant to Article 17 of the By-laws, one statutory auditor is to be appointed by minority shareholders representing a minimum equity interest equal to the percentage established by Consob with reference to the Company's market capitalization for the last quarter of the final financial year of the mandate. The statutory auditor appointed by the minority shareholders serves as the Chairman of the Board of Statutory Auditors. In the event of substitution, the departing statutory auditor shall be replaced for the remaining term of office by the first alternate auditor appearing on the same list as the departing auditor, subject to confirmation that he satisfies the requirements of the position. In the event of substitution of the Chairman, that office shall be assumed by the statutory auditor who substitutes him.

General Meetings

General Meetings represent the totality of shareholders. In ordinary general meetings, shareholders may pass resolution on approval of the annual financial statements, appointment and dismissal of the members of the Board of Directors, appointment of the members of the Board of Statutory Auditors and its Chairman, compensation for the Directors and Statutory Auditors, engagement of the independent auditors, and the extent of liability of the Directors and Statutory Auditors. In extraordinary general meetings, shareholders may pass resolution on amendments to the By-laws and transactions of an extraordinary nature such as capital increases, mergers and demergers, except for matters attributed to the Board of Directors in Article 15 of the By-laws, as indicated above.
Pursuant to Article 8 of the By-laws, 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. For each general meeting, the Company may designate one or more representatives upon whom holders of voting rights can confer 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 to be provided in the notice of the general meeting. For the General Meeting of 30 March (single call), the Company has designated Mr. Aldo Milanese (common representative for the holders of savings shares) as representative upon whom shareholders can confer proxy.
An Ordinary General Meeting shall be 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 with voting rights must be represented and resolutions are adopted by absolute majority; at a single or second call, any portion of shares with voting rights may be represented and resolutions are adopted by absolute majority), except for the election of Directors and Statutory Auditors for which a relative majority is sufficient.
An Extraordinary General Meeting shall be considered regularly convened and

resolutions adopted valid when the majorities required by law are present. At first call, at least one-half of shares with voting rights must be represented; at second call, more than one-third of shares with voting rights must be represented; and, for a single or third call, at least one-fifth of shares with voting rights must be represented. Resolutions are adopted with the favorable vote of at least two-thirds of shares represented at the Meeting.

Special meetings may also be held by shareholders of a specific share class (i.e., preference or savings shares) which, as provided by law, may vote on the appointment or dismissal of a common representative and legal action against such person in relation to his responsibilities, approval of resolutions passed in a general meeting which are prejudicial to the rights of a specific class, on the establishment of a dedicated fund to meet expenditures necessary for the safeguarding of the common interests of those shareholders, settlement of legal disputes against the company and other areas of common interest.

Independent Audits

As required by law, accounting audits are performed by independent auditors entered in the official register. On 3 May 2006, Shareholders approved the appointment of Deloitte & Touche S.p.A. as independent auditors for six financial years, pursuant to law applicable at the time. This mandate covers the 2006-2011 period. Article 3 of Legislative Decree 303 of 29 December 2006 amended Article 159(4) of Legislative Decree 58/98 extending the term of the independent auditors' mandate to nine years. Nevertheless, the transitional rules stipulate that existing mandates shall expire as previously agreed by contract.
The above mandate expires upon issue of the report on the 2011 financial statements and, pursuant to law, is no longer renewable. At the forthcoming General Meeting, Shareholders will, therefore, be called upon to approve the reccomendation of the Board of Statutory Auditors for the appointment of Reconta Ernst & Young S.p.A. as the Company's independent auditors for the nine-year period 1 January 2012 – 31 December 2020.

Direction and Coordination

Fiat S.p.A. is not subject to the direction and coordination of any other company or entity and is fully independent in the definition of its general strategic and operating guidelines. Pursuant to Article 2497-*bis* of the Civil Code, its Italian subsidiaries, with a few specific exceptions, have named Fiat S.p.A. as the entity which exercises direction and coordination over them. That activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the internal control system, corporate governance model and corporate structure, the issue of a Code of Conduct which is adopted throughout the Group, and the establishment of general policies for the management of human and financial resources, purchasing of production materials, and marketing and communication. Furthermore, coordination of the Group includes specialized companies which provide centralized cash management, corporate and accounting, and internal audit services.

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 the management of their core business.

SECTION II – OWNERSHIP STRUCTURE

Share Capital

The Company has issued share capital of €4,464,084,082.50 divided into: 1,092,247,485 ordinary shares (85.64% of share capital), 103,292,310 preference shares (8.10% of share capital) and 79,912,800 savings shares (6.26% of share capital). As a result of the Demerger of activities to Fiat Industrial S.p.A. (*scissione parziale proporzionale*), which took effect on 1 January 2011, the share capital of the Company was reduced in the amount of €1,913,178,892.50 from €6,377,262,975 to €4,464,084,082.50 through a reduction in par value of shares in all classes from €5.00 to €3.50. Fiat S.p.A.'s share capital was, therefore, reduced through a pro rata reduction in par value per share and no shares were cancelled.

As a result of the Demerger and the consequent reduction in the par value of shares in Fiat S.p.A., the Company's maximum authorized increase in share capital is €35,000,000 through the issue of up to 10,000,000 new ordinary shares, at a price of €13.37 each, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the incentive plan approved by Shareholders on 5 April 2007. Execution of the capital increase is subject to conditions of the plan being satisfied. No additional authorizations to increase share capital pursuant to Article 2443 of the Italian Civil Code exist.

Rights of individual classes of shares

The rights of the different classes of shares are described in the By-laws, specifically Articles 6, 20, 21 and 23. The key provisions are provided below.
Ordinary and preference shares are registered shares. Savings shares may be either registered or bearer shares, at the option of the holder or as required by law. All shares are issued in dematerialized form.
Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference and savings shares, as set out in Articles 20 and 23 of the By-laws.
Each ordinary share confers the right to vote without any restrictions whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.
In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class (or classes) if shares of the class already held are not offered or the number offered is insufficient.
The Company’s share capital may also be increased by issuing ordinary and/or preference and/or savings shares in exchange for contributions in kind or receivables.
Resolutions authorizing the issuance of new preference or savings shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.
In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.175, rather than €0.155, with respect to the dividend received by the ordinary and preference shares.
In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.200 per share.
From the date subsequent to the date of approval of the allocation of the result

for 2010, the above amounts of €0.175, €0.155 and €0.200 will be adjusted to €0.1225, €0.1085 and €0.140, respectively.
Any expenditures required for the safeguarding of the common interests of the holders of preference and savings shares, in relation to which dedicated funds are approved in the respective Special Meetings of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000 for each class.
In order to ensure that the Common Representatives of the holders of preference and savings shares have adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representatives with any such information in a timely manner.
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 such reserve is equivalent to one-fifth of share capital;
- to savings shares, a dividend of up to €0.31 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.31 per share;
- to ordinary shares, a dividend of up to €0.155 per share;
- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.155 per share;
- to each ordinary, preference and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.
When the dividend paid to savings shares in any year amounts to less than €0.31, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

From the date following the date of approval of the allocation of the result for 2010, annual profit 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;
- to savings shares, a dividend of up to €0.217 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.217 per share;
- to ordinary shares, a dividend of up to €0.1085 per share;
- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.1085 per share;
- to each ordinary, preference and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.
In the event of a change to the par value of shares, the amounts stated above shall be adjusted on a pro rata basis.
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.
In the event of a winding up, the Company's assets shall be distributed in the

following order of priority: repayment of savings shares up to their par value, repayment of preference shares up to their par value, repayment of ordinary shares up to their par value; any balance remaining, in an equal pro rata amount to shares of all three classes.

No shares granting special rights of control have been issued, there are no restrictions on voting or share transfer rights, and there are no employee stock ownership plans.
Ordinary, preference and savings shares are listed on the Mercato Telematico Azionario managed by Borsa Italiana, and on the Paris and Frankfurt Stock Exchanges. Furthermore, certificates representing the ordinary, preference, and savings shares (ADS or American Depositary Shares) are outstanding. Issued by the depository bank Deutsche Bank Trust Company Americas, they are traded over-the-counter.

Own shares

In the General Meeting held on 26 March 2010, Shareholders voted to renew the share buyback program, initiated in April 2007 and subsequently renewed, authorizing the purchase and disposal, including through other Group companies, of a maximum number of own shares of the three classes of stock which may not exceed 10% of the share capital or a maximum aggregate amount of €1.8 billion, including existing reserves for own shares of €656.6 million. The Shareholder authorization is, in conformity with current regulation, valid for a period of 18 months. The resolution places the Company under no obligation to make share buybacks up to €1.8 billion and, therefore, may be executed only in part.
At the General Meeting held on 16 September 2010, in which Shareholders approved the Demerger of Fiat S.p.A. to Fiat Industrial S.p.A., a resolution was also passed, directly related to the Demerger, limiting the authorization for the purchase of own shares to a maximum aggregate value of €1.2 billion. All other provisions approved by Shareholders at the General Meeting held on 26 March 2010 continue to apply.

Although the share buy-back program has been placed on hold, in view of the fact that the current authorization expires on 26 September 2011, the Board has decided to seek renewal of the authorization from Shareholders at the General Meeting called to approve the 2010 financial statements to ensure the necessary operating flexibility for an adequate period. The purpose of the resolution presented to Shareholders is to invest liquidity and hedge the incentive plans. Purchases are to be made in accordance with the terms and procedures set forth by law, and prices directly correlated to the reference price reported by the Stock Exchange on the day before the purchase date, plus or minus 10%.

Under the program, established in April 2007 and subsequently renewed, the Company has repurchased approximately 37.3 million ordinary shares for an aggregate value of €664.6 million. No repurchases have been made since the General Meeting of 27 March 2009.

Shareholder Base

Pursuant to Article 93 of Legislative Decree 58 of 24 February 1998, the Company is controlled by Giovanni Agnelli & C. S.a.p.A. indirectly through Exor S.p.A., which possesses 30.45% of Fiat ordinary shares and 30.09% of Fiat preference shares (representing 30.42% of the voting rights). In addition, Fiat S.p.A. holds 3.53% of its own ordinary shares.
Fiat has approximately two hundred and fifty thousand shareholders. As of February 2011, other shareholders owning more than 2% of voting shares

were: Capital Research and Management Company (4.77%, or 5.22% of ordinary shares), BlackRock Inc. (2.83%, or 3.10% of ordinary shares), John Griffin (who owns 2.22%, or 2.43% of ordinary shares via Blue Ridge Capital) and FMR LLC (2%, or 2.19% of ordinary shares),. In addition, approximately 20.6% of ordinary shares are held by institutional investors within the euro zone and approximately 8% by institutional investors outside the euro zone. The remaining 24.5% is held by retail investors. No shareholder agreements as defined under Article 122 of Legislative Decree 58/98 exist.

Change of Control Clauses

In the course of their normal activities, operating companies of the Group are party to joint venture or supply and cooperation agreements with other industrial and financial partners. As is customary for international contracts, these agreements contain clauses giving each of the parties the right to terminate or modify said agreements in the event of direct and/or indirect changes 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., together totaling approximately €8.6 billion, contain clauses that, as is customary for financial transactions of this kind, 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 regard to his position as Chairman of Ferrari S.p.A., is provided in the Notes to the Financial Statements of Fiat S.p.A.

SECTION III – IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE, PRINCIPAL CHARACTERISTICS OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING AND GOVERNANCE PRACTICES

BOARD OF DIRECTORS

Pursuant to the By-laws, the Board of Directors may be composed of between nine and fifteen members. At the Annual General Meeting held on 27 March 2009, Shareholders elected fifteen Board members whose term of office expires on the date of the General Meeting called to approve the 2011 Financial Statements.

Model for 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 Chairman if the latter is absent or unable to carry out his role. 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 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.

Transactions with Related Parties

In accordance with Consob Regulation 17221 of 12 March 2010, the Company has 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" that require the prior approval of the Board, subject to the binding opinion of the Internal Control Committee (which serves as the committee responsible for related-party transactions, except for matters relating to remuneration, for which the Compensation Committee is responsible), and that 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 abovementioned committee.

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

The task of implementing the Procedures and disseminating them to Group companies is assigned to the managers 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.

Significant Transactions

With regard to significant transactions, the "Guidelines for Significant Transactions and Transactions with Related Parties" shall also continue to apply (subsequently renamed “Guidelines for Significant Transactions”), under which transactions having a significant impact on the Company’s earnings and financial position are subject to the prior examination and approval of the Board.

As such, the powers conferred on executive directors specifically exclude decisions relating to significant transactions that, in and of themselves, the company is required to disclose to the market in accordance with specific rules established by regulatory authorities.
When the Company has the need to undertake a significant transaction, the executive directors are to provide the Board of Directors with a summary analysis of the strategic compatibility, economic feasibility and expected return for the Company a reasonable time in advance.

Meetings and Duties of the Board of Directors

The Company’s By-laws (Article 13) prescribe that the Board of Directors must 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 the general operating performance and expected future developments of the company as well as the most significant transactions carried out by the company or its subsidiaries. Furthermore, Article 13 also envisages 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 by the executive directors, its general operating performance. 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.

During 2010, the Board met five times to examine and vote on resolutions regarding operating performance of the various Sectors, quarterly reports, the first-half report, and motions submitted by the executive directors relating to significant transactions and transactions with related parties. The Board also formulated the proposals presented to Shareholders on 26 March 2010, including those related to authorization for the purchase and disposal of own shares and authorization of incentive plans, and on 16 September 2010 in relation to the Demerger of Fiat S.p.A. to Fiat Industrial S.p.A. The Board was assisted by the Internal Control Committee, the Nominating, Corporate Governance and Sustainability Committee and the Compensation Committee. Documents containing supporting information relevant to the discussion were sent to directors and statutory auditors in the days preceding the meetings, with the exception of urgent or particularly confidential matters.
The reader is referred to the Notes to the Consolidated and Parent Company Financial Statements in the Annual Report for information on the most significant transactions with related parties carried out in 2010.

At 31 December 2010, the Board of Directors was composed of three executive directors and twelve non-executive directors, who have not been delegated specific authorities or executive responsibilities at the Company or the Group, eight of whom qualified as independent on the basis of the criteria approved by Shareholders on 27 March 2009, which were equivalent to those adopted previously. As required by law and the By-laws, two of the directors (Gian Maria Gros-Pietro and Mario Zibetti) also meet the requirements of independence as stipulated in Legislative Decree 58/98.

Executive Directors

The Chairman and Chief Executive Officer are executive directors. They also hold executive responsibilities at subsidiary companies: John Elkann is Chairman of Itedi 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. 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 essential to protect 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 functioning of internal advisory committees dedicated to the preliminary examination and formulation of proposals to address risk. These committees represent one of the most effective means of dealing with any potential conflicts of interest.
Criteria used to determine whether directors can be considered independent, adopted in 2005 and ratified by Shareholders on 3 May 2006 and 27 March 2009, are based on the absence or non-relevance, during the previous three years, of economic or shareholding relationships with the Company, its executive directors and managers 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 shareholders or directors of major competitors, rating

companies or independent auditors engaged by the Company or Group companies in the last 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 21 October 2010, the Board of Directors confirmed that Messrs. Roland Berger, René Carron, Luca Garavoglia, Gian Maria Gros-Pietro, Vittorio Mincato, Pasquale Pistorio, Ratan Tata and Mario Zibetti satisfied the requirements of independence.

On the same occasion, the Board reconfirmed its previous assessment of the relationships in existence with the Tata Group, of which Ratan Tata is Chairman. Those relationships consist of a commercial agreement for the distribution of Fiat automobiles in India through certain Tata Group dealerships and a joint venture agreement for the manufacture of vehicles, engines and transmissions in India. The Board of Directors considers these relationships to be not relevant for the purposes of determining the independence of Mr. Tata given their materiality in relation to the revenues of the two groups, as well as the radically different geographic markets in which they each operate.
In addition, until May 2010 René Carron was Chairman of Crédit Agricole with which the Group is a 50% partner in FGA Capital S.p.A. That position was deemed by the Board of Directors as not relevant for the purposes of determining Mr. Carron's independence given the size of the banking group, which is a leader in Europe, and the limited contribution of the partnership to Crédit Agricole's activities.

Positions held at other companies

Some directors also hold positions at other listed companies or companies of significant interest.
Excluding the positions held by executive directors within the Fiat Group mentioned above, the most significant are as follows:

- Andrea Agnelli: Chairman of Juventus FC S.p.A., General Partner Giovanni Agnelli & C. S.a.p.A., Director of EXOR S.p.A. and Vita Società Editoriale S.p.A.;
- Carlo Barel di Sant'Albano: Chairman of Cushman & Wakefield, Director of EXOR S.p.A., Juventus FC S.p.A., EXOR S.A., SGS S.A. and Vision Investment Management Ltd.;
- Roland Berger: Co-Chairman of Italy 1 Investment S.A., Vice Chairman of Wilhelm von Finck AG, Director of Telecom Italia S.p.A. and RCS MediaGroup S.p.A., Chairman of the Supervisory Board of Prime Office AG, 3W Power Holdings S.A. and WMP EuroCom AG, Member of the Supervisory Board of Schuler AG, Fresenius SE and Loyalty Partner Holdings S.A.;
- Tiberto Brandolini D'Adda: Chairman of Sequana S.A. and EXOR S.A., General Partner of Giovanni Agnelli & C. S.a.p.A., Vice Chairman of EXOR S.p.A., Director of SGS S.A., Vittoria Assicurazioni S.p.A. and Vision Investment Management Ltd.;
- René Carron: Director of GDF-Suez S.A. and Vice Chairman of IPEMED (Institut de Prospective Economique du Monde Méditerranéen);
- Luca Cordero di Montezemolo: Chairman of NTV – Nuovo Trasporto Viaggiatori S.p.A., Director of Poltrona Frau S.p.A., Tod's S.p.A., Pinault Printemps Redoute S.A., Member of the International Advisory Board of Citigroup Inc.;
- John Elkann: Chairman and General Partner of Giovanni Agnelli & C.

S.a.p.A., Chairman and Chief Executive Officer of EXOR S.p.A., Director of Fiat Industrial S.p.A., RCS MediaGroup S.p.A., Banca Leonardo Group S.p.A. and The Economist Group;
- Luca Garavoglia: Chairman of Davide Campari Milano S.p.A.;
- Gian Maria Gros-Pietro: Chairman of Credito Piemontese S.p.A., Director of Edison S.p.A., Credito Valtellinese S.p.A., Caltagirone S.p.A. and Italy 1 Investment S.A.;
- Sergio Marchionne: Chief Executive Officer of Chrysler Group LLC, Chairman of CNH Global N.V., Fiat Industrial S.p.A., Iveco S.p.A. and SGS S.A., Director of EXOR S.p.A. and Philip Morris International Inc.;
- Virgilio Marrone: Director of Old Town S.A.;
- Vittorio Mincato: Director of Parmalat S.p.A. and Techno Holding S.p.A., Vice Chairman of Nordest Merchant S.p.A., Chairman of Casa Editrice Neri Pozza S.p.A.;
- Pasquale Pistorio: Honorary Chairman of S.T. Microelectronics N.V., Director of Atos Origin S.A. and Brembo S.p.A.;
- Ratan Tata: Chairman of The Indian Hotels Company Ltd., Director of Alcoa Inc., Antrix Corporation Ltd and JaguarLandRover Ltd. (UK). Mr. Tata also serves as Chairman of the principal companies of the Tata Group;
- Mario Zibetti: Director of Ersel SIM S.p.A.

Composition of the Board of Directors

Following is a list of the members of the Board of Directors at 31 December 2010 and their respective classification:

John Elkann	Chairman Executive
Sergio Marchionne	Chief Executive Officer, Executive
Andrea Agnelli	Non-executive
Carlo Barel di Sant'Albano	Non-executive
Roland Berger	Non-executive, Independent
Tiberto Brandolini D'Adda	Non-executive
René Carron	Non-executive, Independent
Luca Cordero di Montezemolo	Executive*
Luca Garavoglia	Non-executive, Independent
Gian Maria Gros-Pietro	Non-executive, Independent
Virgilio Marrone	Non-executive
Vittorio Mincato	Non-executive, Independent
Pasquale Pistorio	Non-executive, Independent
Ratan Tata	Non-executive, Independent
Mario Zibetti	Non-executive, Independent

* by virtue of his position as Chairman of Ferrari S.p.A.

Election of Directors

A voting list system for the election of directors was added to the By-laws in 2007, in accordance with newly introduced legal and regulatory requirements. The amendment grants minority shareholders the right to appoint one director. These minority shareholders must, individually or together with others, own voting shares representing a percentage no lower than the percentage which is mandatory under the applicable laws. The By-laws also require that two directors satisfy the requirements of independence set forth in Legislative Decree 58/98.
The voting list system was used for the election of the Board of Directors for the first time at the General Meeting of 27 March 2009. On that occasion, 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 2008) to submit lists of

candidates – indicated in numerical order, who satisfied the legal requirements of integrity law – to the Company at its registered office at least 15 days prior to the General Meeting. The candidate who was indicated at number one on the list also had to satisfy the requirements of independence pursuant to Legislative Decree 58/98. EXOR S.p.A., holder of 30.45% of ordinary shares, was the only shareholder to submit a list prior to the deadline.
Together with the list were: certification from an authorized intermediary verifying ownership of the shares represented, declarations from each candidate accepting the nomination and stating that they satisfy the legal requirements to serve as a director, in addition to curricula vitae containing information on the personal and professional characteristics of each candidate. The above documents are available in the Investor Relations section of the Fiat Group website (www.fiatspa.com).

The candidates Gian Maria Gros-Pietro and Mario Zibetti also provided a declaration stating that they satisfied the requirements of independence pursuant to Legislative Decree 58/98, in addition to those adopted by Fiat, and satisfaction of those requirements was also attested to by six other directors.

Committees established by the Board of Directors

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.
As part of its continuous revision of the corporate governance system and alignment with best practice and the Corporate Governance Code, the Board of Directors passed a resolution on 24 July 2007 to split the Nominating and Compensation Committee into the Compensation Committee and the Nominating and Corporate Governance Committee, which in 2009 was also allocated responsibility for sustainability issues.

Nominating, Corporate Governance and Sustainability Committee

In 2009, the Fiat Group, aware of the importance of integrating economic choices with those of a social and environmental nature, assigned the Nominating and Corporate Governance Committee the further responsibility of evaluating proposals related to strategic guidelines on sustainability issues, as well as reviewing the annual Sustainability Report. At the same time, the name of the Committee was changed to the Nominating, Corporate Governance and Sustainability Committee.
The Nominating, Corporate Governance and Sustainability Committee is composed of the following three directors, two of whom are independent: John Elkann (Chairman), Luca Garavoglia and Gian Maria Gros-Pietro.

The basic rules governing the composition, duties, and functioning of the Committee are provided in the Charter of the Nominating, Corporate Governance and Sustainability Committee. On the basis of this Charter, the Committee has an advisory role which consists of:

- selecting and proposing to the Board of Directors, upon the co-opting or renewal of mandates, nominees to the Board of Directors, indicating their names and/or the necessary qualifications;
- formulating opinions regarding the size and composition of the Board, and the professional and managerial profile considered appropriate;
- evaluating, on an annual basis, the activities carried out by the Board of Directors and its Committees;
- examining proposals from the Chief Executive Officer regarding

appointment and succession plans for members of the Group Executive Council and executives with strategic responsibilities;
- periodically updating the Board of Directors on new corporate governance regulations and present proposals to update the Company's system accordingly;
- evaluating proposals relating to strategic guidelines on sustainability-related issues, present opinions to the Board of Directors, as appropriate, and review the annual Sustainability Report.

The Committee may rely on the support of external advisors at the Company's expense.

In 2010, the Nominating and Corporate Governance Committee repeated and updated the content of the self-appraisal process previously carried out by the Committee between the end of 2008 and early 2009. That process, in which all members of the Board participated, re-examined the size and composition of the Board and committees, as well as their functioning, with a comprehensive review of the different operational characteristics and requirements of each.
The Committee prepared a self-assessment questionnaire, which was distributed to all Directors, and reported the results to the Board in February 2011. In essence, the positive results achieved in the previous self-assessment were confirmed, which were used in 2009 as the basis for formulating recommendations to Shareholders for the election of a new Board.
Following are the results of the self-assessment completed in 2010:
The analysis focused on the most significant aspects of the Board of Directors, such as: (i) the structure, composition, role and responsibilities of the Board; (ii) procedures for board meetings, related information flows and decision-making processes; (iii) the composition and functioning of the Board's sub-committees; (iv) the relationship between the Board, the Committees and the Statutory Auditors; (v) an assessment of the performance of the boards and committees; and, (vi) the validity of the self-assessment.
The overall result of the evaluation process was significantly 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 which emerged from the self-assessment process was that the structure and composition of the Board of Directors was determined adequate in terms of its overall size and the relative representation of executive, non-executive and independent directors, as well as the mix of professional knowledge and experience. The same conclusion was reached in relation to the committees. Results were also positive with regard to the maximum number of offices held by Directors and the consequent availability of time necessary to carry out their duties with Fiat. The meetings are generally considered to be adequate in terms of number and duration as are the work agendas and the information provided to support the decision-making process. The material provided to directors was assessed as being more than adequate and on the basis of the specific complexity of each issue addressed, where a significant volume of documentation is required to reach an informed conclusion, it was asked that the material be made available significantly in advance of the normal timetable, which is considered satisfactory however. Particularly evident was the fact that there is a cohesive environment at the meetings allowing for open and constructive debate, with due respect for the contribution of each individual director and decisions generally being reached with broad consensus. The few instances of potential conflicts of interest were managed effectively and transparently. The inter-relationship with the Statutory Auditors is well-defined and characterized by a constructive

climate.
Areas for improvement substantially relate to the need for greater examination of issues specific to individual industry sectors in which the Group operates, particularly in terms of competitive positioning, strategic orientation and the regulatory environment.
The self-assessment process had a positive outcome with a general consensus as to the adequacy of the methodology adopted.
The self-assessment process of the Board and sub-committees was also reviewed by the independent directors who, on that occasion, met in the absence of the other directors.

Compensation Committee

The Compensation Committee is composed of the following three directors, all of whom are independent: Roland Berger (Chairman), Luca Garavoglia and Mario Zibetti.

The basic rules governing the composition, duties, and functioning of the Committee are provided in the Charter of the Compensation Committee. On the basis of this Charter, the Committee is entrusted with the following advisory duties:

- to make proposals to the Board of Directors in relation to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors vested with specific responsibilities;
- to examine proposals from the Chief Executive Officer regarding compensation and performance evaluation for members of the Group Executive Council and executives with strategic responsibilities;
- to examine proposals from the Chief Executive Officer concerning performance evaluation criteria and general policies for fixed and variable compensation applicable at Group level, as well as incentive plans, including share-based plans.

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 remuneration only, was assigned responsibility for reviewing transactions with related parties.

Accordingly, in addition to the duties listed above, 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 that end, the Committee receives 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 with a quarterly report on transactions with related parties.

The Committee may rely on the support of external advisors at the Company's expense. In 2010, the Compensation Committee met one time during which, among other things, it reviewed and submitted proposals relating to the conditions and implementation of the incentive plans.

In accordance with the Shareholder resolution passed on 27 March 2009, compensation for directors consists of a fixed fee of €50,000 per year and an attendance fee of €3,000 for each board or committee meeting attended by directors, with the exclusion of executive directors. The Chairman and the Chief Executive Officer receive fixed compensation for their office pursuant to Article

2389 of the Italian 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 whose exercise is partially subject to achievement of profit targets whose value and reference period are set in advance.
Detailed information on the directors' compensation and incentive plans is provided in the Notes to the Financial Statements of Fiat S.p.A.

Internal Control 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 2002, a more detailed Charter was drafted for the Internal Control Committee, which was subsequently approved by the Board of Directors and revised in 2005.
The Internal Control Committee is composed entirely of independent directors. The mission of the Committee is to assist the Board of Directors in discharging its own duties by providing it with advice and proposals concerning the reliability of the accounting system and financial information, the Internal Control System, the examination of proposals for the engagement of independent auditors and the supervision of Internal Audit activities.
In particular, the Committee's role is to:

- assist the Board of Directors in the definition of guidelines for the internal control system and periodic reviews of its adequate and effective functioning to ensure identification and proper handling of the principal corporate risks;
- assess the work plan prepared by the Compliance Officer and receive his periodic reports;
- report to the Board of Directors on the adequacy of the internal control system at least twice yearly at the time of approval of the annual report and first-half report;
- assess the position of the Compliance Officer within the organization and ensure his effective independence including with regard to Legislative Decree 231/2001 on corporate liability;
- assess the whistleblowing procedures and, with the support of the Compliance Officer, review the reports received for the purpose of monitoring the adequacy of the internal control system;
- assess, in collaboration with the Chief Accounting Officer and the independent auditors: (a) the adequacy of accounting principles adopted and (b) their coherence for the purposes of preparation of the consolidated financial statements;
- with the support of the Compliance Officer, the Chief Accounting Officer and the Head of Internal Audit, assess proposals presented by candidates for the position of independent auditors and submit an opinion to the Board of Directors on engagement of the independent auditors, which the Board shall then submit to Shareholders;
- assess the audit work plan and the results included in the audit report and letter of suggestions;
- review, with the support of the Compliance Officer, proposals for the assignment of non-audit services to the independent auditors or other related parties that have ongoing relationships with them. These services must nevertheless be permissible by law and shall be

submitted for the approval of the Board of Directors, together with the opinion of the Board of Statutory Auditors;
- assess the organizational placement, structure and work plan of Internal Audit.

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

The Head of Internal Audit is authorized to make available to the Committee, at its request, the professional resources of Fiat Revi and to retain, at the Company's expense and at the instruction of the Committee, independent consultants identified by the Committee to provide services on matters relating to its duties.

The Committee shall meet on convocation by its Chairman whenever he deems it appropriate, but at least once every six months, or whenever the Chairman of the Board of Statutory Auditors or the Compliance Officer so request. The Statutory Auditors, the Compliance Officer, the managers responsible for the preparation of the Company's financial reports and, upon invitation by the Chairman of the Committee, the Chief Executive Officer, the independent auditors and Heads of Company functions of the Parent Company and of subsidiaries shall participate in Committee meetings.

The Committee consists of three independent directors: Mario Zibetti (Chairman), Vittorio Mincato and Gian Maria Gros-Pietro, all of who have significant experience in financial matters. During 2010, the Committee met nine times and focused in particular on: analysis of the quarterly and annual financial results and related notes from the independent auditors; the work plans for both the independent and internal auditors; and verification of the adequacy of the Internal Control System and risk management, including a specific assessment of administrative and accounting procedures for preparation of the consolidated and parent company financial statements and other communications of a financial nature. With regard to procedures for transactions with related parties, the Committee provided the favorable opinion required under the regulations and was directly responsible for drafting the procedures in accordance with the Guidelines issued by the Board. During the first two months of 2011, the Committee met two times.

Internal Control System

The Board established the "Guidelines for the Internal Control System", which came into effect on 1 January 2003, and constituted a revision of the procedures established in 1999, including adoption of changes to the Corporate Governance Code.

Compliance Officer

The Compliance Officer is appointed by the Board of Directors and does not report to any operating managers but solely to the Chief Executive Officer, the Internal Control Committee, and the Board of Statutory Auditors.
Currently the Compliance Officer is the head of the Internal Audit function of Fiat S.p.A. which for the Group is performed by Fiat Revi, a highly skilled and efficient consortium company.

Code of Conduct

The Code of Conduct, adopted in 2002 to replace the Code of Ethics established in 1993, is a complement to the Internal Control System. It contains the business ethics principles to which the Company adheres and with which directors, statutory auditors, employees, consultants and partners are required to comply. The Code of Conduct has been adopted by all Group companies in Italy and abroad. 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 include specific Guidelines on issues relating to the Environment, Health and Safety, Business Ethics and Anti-Corruption, Suppliers, Management of Human Resources and the Respect of Human Rights.
Furthermore, in compliance with local laws and regulations, the Code of Conduct has been distributed to all employees. Consultants and partners of the Group were also informed of the Code's adoption through direct notification or when entering into contracts, through inclusion of specific clauses making reference to the principles contained in the Code.

Compliance Program

The Compliance Program of Fiat S.p.A. pursuant to Legislative Decree 231/2001 and the Guidelines for Adoption and Update of Compliance Programs by the Group's Italian companies (the "Guidelines") have been revised to reflect the latest legislative changes – Law 99 of 23 July 2009, Law 94 of 15 July 2009 and Law 116 of 3 August 2009 – which updated Legislative Decree 231/01 to include offences relating to: violation of intellectual property laws; organized crime; counterfeiting of currency, public credit instruments, duty stamps and distinguishing instruments or marks; offenses against industry and commerce; and inducement to withhold information or make false statements to judicial authorities.

In particular, the sections of the Compliance Program of Fiat S.p.A. and the Guidelines dealing with involuntary manslaughter and negligence causing serious personal injury or permanent disability resulting from violation of safety and health laws have been revised and updated to comply with the provisions of Legislative Decree 81/08 (the Italian legislation on workplace safety), as amended by Legislative Decree 106/2009.

The Compliance Program Supervisory Body is composed of the Compliance Officer, the Senior Counsel, and an external advisor. It has its own Internal Policies and Procedures, its activities are based on a specific Supervisory Program. This body meets at least once per quarter and reports to the Board of Directors (including through the Internal Control Committee) and the Board of Statutory Auditors.

Procedure for the engagement of audit firms

The procedure governs the engagement of independent auditors and other related parties by Fiat S.p.A. and its subsidiaries, in order to safeguard the independence of firms engaged to audit the financial statements. The term "related parties" refers to those companies or professional firms that maintain an ongoing relationship with the independent auditors (i.e. the network).

The procedure defines audit services, audit-related services, and non-audit services. For each category of services, it establishes the scope of engagements, procedures for approval, and cost-reporting obligations.

Whistleblowing Procedure

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 management of reports and claims filed by individuals 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 procedure defines the duties and responsibilities of the different corporate bodies and requirements relating to the receipt of whistleblowing reports, their assessment and review, and determination and communication of any disciplinary measures adopted.

The procedure reaffirms the Group's commitment to safeguarding protection of the whistleblower in good faith against any form of reprisal.

System of risk management and internal control over financial reporting

Fiat has put in place a system of risk management and internal control over financial reporting based on the model provided in the COSO Report, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives. In relation to the financial reporting process, those objectives are the reliability, accuracy, completeness and timeliness of the information itself. Risk management constitutes an integral part of the internal control system. 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 implemented and maintains up-to-date a system of administrative and accounting procedures to guarantee a highly reliable system of internal control over financial reporting. This 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 coordination. Those rules and procedures are substantially of two principal types: rules for application of the accounting standards (essentially through 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 chart of accounts, accounting procedures for intra-group transactions, etc.). The Parent Company is responsible for the communication of such documentation to subsidiaries for immediate application.
The second level consists of detailed operating policies and procedures 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, is based on a 'top-down, risk-based' process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, that is, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents. The key components of the process are:

- identification and evaluation of the source and probability 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 the assessment of the risk of misstatement in financial reporting, with testing focused on areas of higher risk.

Identification and evaluation of the risk of misstatements which could have material effects on financial reporting is carried out through a risk assessment process that uses a top-down approach to identify the organizational entities, processes and the related accounts, 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.

Significant risks identified through the assessment process require definition and evaluation of key controls that address those risks, thereby mitigating the possibility that financial reporting will contain any material misstatements.

According to international best practice, the controls which the Group has in place are of two principal typologies:

1. controls that operate at Group or subsidiary level, such as: the delegation of authorities and responsibilities, separation of duties and assignment of access rights for IT systems;
2. controls that operate at process level, such as authorizations, reconciliations, verification of consistencies, 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 dedicated departments at subsidiary level and by Internal Audit, using sampling techniques based on international best practice. Internal Audit also carries out quality review on the tests performed by subsidiary companies.

The assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of monitoring activities are periodically subject to review by the managers responsible for the Company's financial reporting and communicated to senior management, the Internal Control Committee (which in turn reports to the Board of Directors) and the Board of Statutory Auditors of the Parent Company.

Regulation of subsidiaries incorporated in a non-EU member state

In application of the requirements of Articles 36 and 39 of Consob's "Regolamento Mercati", having established the scope of application of the regulation within the Group, Fiat has assessed that the accounting and reporting systems which it has in place enable production of accounting

statements upon which the consolidated financial statements are based (as provided by the above regulation) and are adequate for the purpose of providing management and the independent auditors of the Parent Company with the information necessary to prepare 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 position 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 maintaining them properly updated.

Corporate Disclosures and Relationships with Investors

Fiat pursues a policy of active disclosure to individual and institutional shareholders and the financial markets, as it is convinced that transparency and completeness in financial and corporate disclosures are essential values.

Documents and information regarding the Company continue to be disclosed in accordance with the provisions of the Disclosure Controls & Procedures adopted in the past in conformity with the existing US regulation. These Disclosure Controls & Procedures govern the disclosure of periodic and extraordinary operating and financial information and other price sensitive information, including on the Group website.

Management of Corporate Information

An internal procedure for the managing of confidential information was adopted in 2000. This procedure was implemented through the issue of a specific organizational order 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 Procedure for internal processing and external disclosure of confidential information. This Procedure contains the rules for establishing and managing the List of persons that have access to inside or potential inside information. It defines the types of "inside", "potential inside", and "confidential" information, indicates the different sections into which the list is divided, in addition to procedures for its application, and the roles and duties of the persons delegated to manage the information, and cites the laws and regulations governing disclosure of price sensitive information, and the procedures that the individuals responsible must follow in relation to the management and disclosure of such information. This procedure, whose purpose is to establish how information should be monitored and disclosed inside and outside the Group, as well as fulfillment of obligations relating to the List, also states applicable sanctions for employees pursuant to the Code of Conduct and the obligation of directors and statutory auditors to comply with these rules and precautions.

Internal Dealing

In accordance with the Market Rules of Borsa Italiana, a code had been adopted for disclosure by relevant persons of "internal dealing" transactions. The code imposed time and quantity limits lower than those imposed by Stock Exchange Regulation for reporting of transactions by relevant persons – as 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). The threshold beyond which relevant persons are required to report transactions is €5,000 per year. In 2010, there were no transactions requiring reporting to the market and/or supervisory authorities.

Investor Relations

The Company has created dedicated entities to establish and maintain an ongoing dialog with the market aimed at maintaining and enhancing confidence and the level of understanding of the Company and its business activities.

Throughout the year, the Investor Relations team also communicates with financial analysts, individual shareholders and institutional investors through conference calls and public presentations held to present financial results, in addition to participating in conferences in its industry sector. At the same time, the Company also uses the website (www.fiatspa.com) to publish information presented or discussed on those occasions. The website is also used to publish, in both Italian and English, institutional information, periodic and extraordinary operating and financial information, the corporate calendar, and corporate governance documentation.

The most important event of 2010 was the Fiat Investor Day held at Lingotto on April 21st. On that occasion, the CEO and heads of the Group's principal businesses presented the 2010-2014 Business Plan to analysts, investors and other members of the financial community in attendance or linked in via webcast. During the second half of the year, Fiat management conducted two major non-deal roadshows at major financial centers in Europe and North America to present the market with more detailed information on operating performance and on the business strategies and projections for the five year plan period, in addition to details of the Demerger which, on 1 January 2011, resulted in the creation of two autonomous groups: Fiat S.p.A. and Fiat Industrial S.p.A.

A toll-free number in Italy (800-804027) and two e-mail addresses (serviziotitoli@fiatspa.com and investor.relations@fiatspa.com) are available to request general information or information on specific transactions relevant to shareholders.

General Meetings

General Meetings provide regular opportunities to meet and communicate with shareholders while complying with regulations on 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 timely and effective information, protecting the right of each to participate actively while respecting the rights of other shareholders, the timing of the Annual General Meeting has been brought forward significantly and is called within 90 days of the close of the financial year. General Meetings are held in accordance with the requirements of the Procedures for General Meetings.

Procedures for General Meetings

Procedures were adopted in 2000 to ensure that General Meetings are conducted in an orderly and efficient fashion. These procedures set forth the rights and obligations of all parties attending a General Meeting and provide clear and unambiguous rules, without limiting or infringing in any way on the right of individual shareholders to express their opinion or request explanation

of items on the agenda.

Common Representatives of the different classes of shares

Since 1999, holders of savings shares have appointed a common representative. Following subsequent changes in legislation, holders of preference shares have also appointed a common representative since 2004. Common representatives currently in office are: Aldo Milanese, appointed on 30 March 2009 to represent holders of savings shares and Oreste Cagnasso, re-appointed on 29 March 2010 to represent holders of preference shares. Their mandates expire in 2012 and 2013, respectively.

BOARD OF STATUTORY AUDITORS

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

The Board of Statutory Auditors is currently composed of: Riccardo Perotta, Chairman; Giuseppe Camosci and Piero Locatelli, regular auditors; and Lucio Pasquini, Fabrizio Mosca and Stefano Orlando, alternate auditors.

List of Minority Shareholders

Pursuant to Legislative Decree 58/98 and in accordance with Article 17 of the Company's By-laws, appropriately constituted minority groups have the right to appoint one regular auditor, who shall serve as Chairman, and one alternate auditor. In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates is set at a percentage no lower than that required by law for the submission of lists of candidates for the appointment of the Company's Board of Directors. Where two or more lists receive the same number of votes, candidates from the list presented by shareholders holding the greatest number of shares or, if equal, the list presented by the greatest number of shareholders shall be elected. The lists, together with documentation required by law and the Company's 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, 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

The Board of Statutory Auditors was elected by Shareholders on 27 March 2009 using a voting list system. The regular auditors Giuseppe Camosci and Piero Locatelli were elected from the list presented by the majority shareholder, EXOR S.p.A., while Riccardo Perotta, Chairman of the Board of Statutory Auditors, was elected from the minority list receiving the highest number of votes. The minimum shareholding 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 2008. As required by law, that percentage was subsequently reduced to 0.5%, thereby enabling Fideuram Gestions S.A., Fideuram Investimenti SGR S.p.A., Interfund Sicav, BancoPosta Fondi SGR S.p.A., Monte Paschi Asset Management SGR S.p.A., Pioneer Investment Management SGRpA, Pioneer Asset Management S.A., Ubi Pramerica SGR S.p.A., ARCA SGR S.p.A., Eurizon Capital SGR S.p.A., Eurizon Capital S.A., Anima SGRpA. and Stichting Pensioenfonds ABP, which together held 0.97% of ordinary shares, to submit a minority list. 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, declarations from each candidate accepting the nomination were provided, stating that no basis for ineligibility or incompatibility exists and confirming that they satisfy 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 characteristics 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. These documents are available in the Investor Relations section of the Fiat website (www.fiatspa.com).
The Board of Statutory Auditors' current term of office expires on the date of the General Meeting of Shareholders called to approve the 2011 financial statements. Following is a list of the most significant positions held by the members of the Board of Statutory Auditors. As required by law, more complete information is provided in the Report of the Board of Statutory Auditors on the 2010 Financial Statements. Riccardo Perotta is Chairman of the Board of Statutory Auditors of Coface Assicurazioni S.p.A., Coface Factoring Italia S.p.A., Hyundai Motor Company Italy S.r.l., Jeckerson S.p.A., Meccano S.p.A., Metroweb S.p.A. and Value Partners S.p.A., a regular auditor of Mediolanum S.p.A. and Prada S.p.A. and a director of Intesa Sanpaolo Private Banking S.p.A.; Giuseppe Camosci is Chairman of the Board of Statutory Auditors of Samsung Electronics Italia S.p.A. and Magneti Marelli S.p.A. and a regular auditor of Trussardi S.p.A., Finos S.p.A., Fortis Lease S.p.A. and BNP Paribas Lease Group S.p.A.; Piero Locatelli is a regular auditor of Giovanni Agnelli & C. S.a.p.A. and Simon Fiduciaria S.p.A.

SECTION IV – SUMMARY INFO AND SIDE-BY-SIDE COMPARISON WITH THE PRINCIPLES AND CRITERIA OF THE CODE AND ANNEXES

TABLE 1: OWNERSHIP STRUCTURE

CAPITAL STRUCTURE

	No. of shares	*% total share cap.*	*Listed*
Ordinary shares	1,092,247,485	85.64%	YES
Shares with limited voting rights	103,292,310	8.10%	YES
Shares without voting rights	79,912,800	6.26%	YES

Rights attached to each share class are explained in Section II – Ownership Structure

SIGNIFICANT HOLDINGS

Ultimate shareholder	*Direct shareholder*	*% ordinary shares*	*% voting rights*
Giovanni Agnelli & C. S.a.p.A.	Exor S.p.A.	30.45%	30.42%
Capital Research and Management Co.	Capital Research and Management Co.	5.22%	4.77%
BlackRock Inc.	(1)	3.10%	2.83%
John Griffin (via Blue Ridge Capital)	(2)	2.43%	2.22%
FMR LLC	FMR LLC	2.19%	2.00%

Fiat S.p.A. also holds 3.5% of its own ordinary shares (3.2% of voting rights)

(1) BlackRock Pensions Limited; BlackRock (Netherlands) BV; BlackRock (Luxembourg) SA; BlackRock Institutional Trust Company NA; BlackRock Fund Managers Limited; BlackRock Advisors (UK) Limited; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management LLC; BlackRock Financial Management Inc; BlackRock Asset Management Japan Limited; BlackRock Asset Management Australia Ltd; BlackRock Asset Management Canada Limited; BlackRock Fund Advisors; BlackRock Advisors LLC; BlackRock Investment Management (UK) Limited; BlackRock International Limited.
(2) Blue Ridge Capital Holdings LLC.; Blue Ridge Capital Offshore Holdings LLC.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES AT 31 DECEMBER 2010

						Other positions held	*Internal Control*		*Nominating, Corporate Governance and Sustainability*		*Compensation*	
Position	*Name*[1]	*Executive*	*Non-executive*	*Independent*[2]	***	*	**	***	**	***	**	***
Chairman	John Elkann	x			100%	6			x	100%		
Chief Executive Officer	Sergio Marchionne	x			100%	7						
Director	Andrea Agnelli		x		100%	4						
Director	Carlo Barel di Sant'Albano		x		100%	5						
Director	Roland Berger		x	x	100%	10					x	100%
Director	Tiberto Brandolini d'Adda		x		100%	7						
Director	René Carron		x	x	80%	1						
Director	Luca Cordero di Montezemolo	x[3]			100%	4						
Director	Luca Garavoglia		x	x	100%	1			x	100%	x	100%
Director	Gian Maria Gros-Pietro		x	x	100%	5	x	100%	x	100%		
Director	Virgilio Marrone		x		100%	1						
Director	Vittorio Mincato		x	x	100%	4	x	100%				
Director	Pasquale Pistorio		x	x	100%	3						
Director	Ratan Tata [4]		x	x	60%	4						
Director	Mario Zibetti		x	x	100%	1	x	100%			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. Positions held by executive directors at subsidiaries of Fiat S.p.A are excluded. A detailed list of these positions is provided in the Annual Report on Corporate Governance.*
*** An "X" indicates that the director is a member of relevant Committee.*
**** Shows the percentage attendance of each director at Board of Directors and Committee meetings.*
(1) The Board was elected by Shareholders at the General Meeting of 27 March 2009 and the term of office expires on the date of the General Meeting called to approve the 2011 Financial Statements. For the General Meeting of 27 March 2009, EXOR S.p.A. was the only shareholder to submit a list of candidates and all directors on the list were elected. The minimum shareholding required to submit a list of candidates was 1% of ordinary shares. The list presented by EXOR S.p.A. was voted for by 97% of share capital represented at the meeting.
(2) Considered independent directors pursuant to the Corporate Governance Code. As reported in the Annual Report on Corporate Governance, Gian Maria Gros-Pietro and Mario Zibetti 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.
(4) Excludes positions held at Tata Group companies.

Number of meetings held during the financial year

Board of Directors:	5
Internal Control Committee:	9
Nominating, Corporate Governance and Sustainability Committee:	1
Compensation Committee:	1

TABLE 3: BOARD OF STATUTORY AUDITORS

Position	*Name*	*% attendance*	*Other positions held (*)*
Chairman	Riccardo Perotta **	100%	1
Regular Auditor	Giuseppe Camosci	100%	-
Regular Auditor	Piero Locatelli	100%	-

Alternate Auditors	Lucio Pasquini
	Fabrizio Mosca
	Stefano Orlando **

** Indicates number of director or statutory auditor positions held at other companies listed on a regulated market in Italy. A detailed list of these positions is provided in the Annual Report on Corporate Governance. Complete information on all positions held is provided in the Report of the Board of Statutory Auditors on the Financial Statements of Fiat S.p.A.*

*** Drawn from the minority list presented jointly by Fideuram Gestions S.A., Fideuram Investimenti SGR S.p.A., Interfund SICAV, BancoPosta Fondi S.p.A. SGR, Monte Paschi Asset Management SGR S.p.A., Pioneer Investment Management SGRpA, Pioneer Asset Management S.A., Ubi Pramerica SGR S.p.A., ARCA SGR S.p.A., Eurizon Capital SGR S.p.A., Eurizon Capital S.A., Anima S.G.R.pA. and Stichting Pensioenfonds ABP.*

For the General Meeting of 27 March 2009, the minimum shareholding required to submit a list of candidates was 1% of ordinary shares, subsequently reduced by law to 0.5%. The list presented by Exor S.p.A. was voted for by approximately 80% of share capital represented. The list presented by minority shareholders was voted for by approximately 18% of share capital represented.

Number of meetings held during the financial year: 12

COMPARISON WITH THE PRINCIPLES AND CRITERIA OF THE 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 2006 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, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner.	The Company's By-laws (Article 13) prescribe that the Board of Directors must 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. In 2010, the Board met five times. The Board 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 pass resolutions with full knowledge of the facts and autonomously, pursue the priority of creating value for the shareholders. Consistent with this goal, they shall also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from being a member of a group.	The objective of the Board of Directors is to create value for all of the Company's shareholders. Accordingly, the presence of twelve non-executive directors and a significant number of independent directors guarantees that there is no dominating influence over the decision-making process and ensures the independent judgment of directors, particularly in cases of potential conflict of interest. Documents containing the information useful for discussion and resolutions are sent to directors and statutory auditors in the days preceding the meetings, with the exception of urgent or particularly confidential matters. With specific reference to the governance of the Group, Fiat S.p.A. is the entity which exercises direction and coordination, pursuant to Article 2497-bis of the Civil Code, over its Italian subsidiaries. This activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the internal control system, the corporate governance model and of the corporate structure, the issuance of a Code of Conduct applied throughout the Group, and setting forth the general policies for the management of human and financial resources,

purchasing of production materials, and marketing and communication. Furthermore, coordination of the Group includes specialized companies which provide centralized cash management, corporate and accounting, and internal audit services. 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 the management of their core business.

1.C.1 The Board of Directors shall:

a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, if any;

b) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;

c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them;

d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determine the total amount to which the members of the board and of the executive committee are entitled;

e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the

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.
The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company through definition of a model for delegation of powers, the delegation and revocation of powers, and examination and approval of the strategic, industrial, and financial plans prepared by the bodies with delegated powers, the corporate structure of the Group, transactions having a material impact on the operating performance, balance sheet, and financial position of the Group, transactions in which the delegated bodies have a conflict of interest and transactions with related parties subject to its approval pursuant to the relevant Procedures.

The Company's By-laws (Article 13) prescribe that the Board of Directors must 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. The Board of Directors is also responsible for evaluating the adequacy of the organizational, administrative, and accounting structure and the general performance of the Group on the basis of reports by the bodies with delegated powers.

As prescribed in Article 12 of the By-laws, the

managing directors, and periodically comparing the results achieved with those planned;

f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying the transactions which might have a significant impact;

g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate;

h) provide information, in the report on corporate governance, on the application of the present article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the related percentage of attendance of each director.

Board of Directors shall appoint a Chairman, a Vice Chairman, where deemed appropriate, and one or more chief executive officers. As prescribed in 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 prescribes that directors to whom powers have been delegated report, at least once each quarter, on general operating performance and expected future developments, as well as on the most significant transactions carried out by the Company or its subsidiaries. As prescribed in Article 12 of the By-laws, 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. Additionally, the Board entrusted the Compensation Committee with the duty of submitting proposals with respect to individual compensation plans for the Chairman, the Chief Executive Officer and the other directors vested with particular offices.

In accordance with Consob Regulation 17221 of 12 March 2010, the Company has 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" that require the prior approval of the Board, subject to the binding opinion of the Internal Control Committee (which serves as the committee responsible for related-party transactions, except for matters relating to remuneration, for which the Compensation Committee is responsible), and that 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 abovementioned committee.

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

The task of implementing the Procedures and disseminating them to Group companies is assigned to the managers 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.

With regard to significant transactions, the "Guidelines for Significant Transactions and Transactions with Related Parties" shall also continue to apply (subsequently renamed “Guidelines for Significant Transactions”), under which transactions having a significant impact on the Company’s earnings and financial position are subject to the prior examination and approval of the Board.

As such, the powers conferred on executive directors specifically exclude decisions relating to significant transactions that, in and of themselves, the company is required to disclose to the market in accordance with specific rules established by regulatory authorities.

The Board entrusted the Nominating, Corporate Governance and Sustainability Committee with the duty of selecting and proposing, upon the co-opting or renewal of mandates, nominees to the Board of Directors, in consideration of the number of positions they already hold, indicating their names and/or the necessary qualifications as well as evaluating on a annual basis the activities carried out by the Board and the Committees.

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 of Legislative Decree 58/95, this Report also includes information on

application of recommendations made in the Code.

Article 12 also prescribes that the Board of Directors shall, after an opinion has been expressed by the Board of Statutory Auditors, appoint the managers responsible for the Company's financial reporting. Pursuant to applicable laws and regulations, said managers are responsible, with regard to the consolidated and parent company financial statements and the interim first-half financial statements, for certifying that the administrative and accounting procedures that they implemented for the preparation of said reports are adequate with respect to the company structure and have been effectively applied. This certification also relates to conformity of the latter with international financial reporting standards, their consistency with 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 managers responsible for the Company's financial reporting are 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, they certify that the interim management report contains information on important events affecting the Company during the first six month of the current 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 remaining six months of the year along with a description of material related party transactions.

Finally, the abovementioned managers are also responsible for implementation and dissemination of the Procedures for Transactions with Related Parties to Group companies, ensuring coordination with the administrative procedures required under Article 154-*bis* of Legislative Decree 58/98.

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 number of offices held as director or 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 auditor held by the directors in the above-mentioned companies and include them in the report on corporate governance.

The current members of the Board of Directors were appointed 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.

The 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 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. 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; it may also take into account the participation of the directors in committees established within the ranks of the board.

The Board of Directors delegated the Nominating, Corporate Governance and Sustainability Committee to evaluate on an annual basis the activities performed by the Board and Committees. In 2010, the Committee repeated and updated the content of the self-appraisal process previously carried out between the end of 2008 and early 2009, described in detail in the Report, which produced positive results on the activities performed by the Board and sub-committees in relation to the number of meetings, effectiveness and efficiency of the work undertaken and contribution to the decision-making process, in addition to the importance of the contribution from the independent directors and cohesive atmosphere within the Board. With regard to the maximum number of positions held, the Board 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'

In a resolution approved on 13 February 2009, the Board of Directors proposed a number of criteria for determining the independence of directors to the Shareholders, which they approved. These criteria envisage that directors who have been directors of the Group's primary competitors during the last three years cannot

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.	be considered independent, except in special cases.

COMPOSITION OF THE BOARD OF DIRECTORS

2.P.1 The Board of Directors shall be made up of executive and non-executive directors.	The Board of Directors is made up of three executive directors and twelve non-executive directors.
2.P.2 Non-executive directors shall bring their specific expertise to board discussions and contribute to the taking of balanced 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.
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.3 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 made at point 3.C.3.
2.P.4 It is appropriate to avoid the concentration of corporate offices in one single individual.	The model for delegation of powers, which is described in detail in the 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 comment, which states that in principle, the Chairman should not be responsible for operating management of the company. Accordingly, Fiat has not deemed it necessary to appoint a lead independent director.
2.P.5 Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the report on corporate governance on the reasons for such organisational choice.	
2.C.1 The following are executive directors: – the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers and 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,	Consistently with the definition given in the comment on the Code, the following persons are qualified as executive directors: the Chairman, who is also Chairman of Itedi S.p.A., and the Chief Executive Officer who, in addition to being Chairman of the principal subsidiaries, is also Chief Executive Officer of Fiat Group Automobiles S.p.A. Luca Cordero di Montezemolo also qualifies as an executive director by virtue of his position as Chairman of Ferrari S.p.A.

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 powers only 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, unless such powers are actually exercised with considerable frequency.

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 to participate in initiatives aimed at increasing their knowledge of reality and business dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.

The number of Board of Directors meetings (5 in 2010) and, in various cases, participation at Committee meetings, guarantees that the Board is continuously updated on company operations and market conditions. The Board also receives constant updates on the principal changes in laws and regulations.

2.C.3 In the event that the chairman of the Board of Directors is the chief executive officer of the company, as well as in the event that the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director, who 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.

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).

INDEPENDENT DIRECTORS

3.P.1 An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.

In a resolution passed on 13 February 2009, the Board of Directors proposed that Shareholders elect a particularly high number of independent directors to the Board. Shareholders approved the motion.

3.P.2 The directors' independence shall be periodically assessed by the Board of Directors. The results of the assessments of the board shall be communicated to the market.

Existence of the requirements for independence is determined annually. 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 through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the issuer;

b) if he/she is, or has been in the preceding three fiscal years, a relevant 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/she 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 significant representatives;
– with a subject who, 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 abovementioned 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, including the participation in incentive plans linked to the company's performance, including stock option plans;

In a resolution dated 13 February 2009, the Board of Directors proposed that Shareholders reconfirm the requirements for independence adopted in 2005 and 2006. Shareholders approved the motion at the General Meeting held on 27 March 2009. Those requirements (described below), whose satisfaction by independent directors was 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 managers with strategic responsibilities for those entities;

b) are not, or have not been within the past three years, executive directors or managers 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, within the past three years, been 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

e) if he/she was a director of the issuer for more than nine years in the last twelve years;	to the Company, a subsidiary of the Company or a company which, including jointly with others, controls the Company;
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) 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;
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 accounting audit 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.	h) are not close relatives of 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 extends to the associated companies of the issuer; - criterion c), regarding what the Code addresses at criterion e), is rendered “absolute” and is not conditioned on reference time periods; - criterion g) also refers to the members of the audit team; - criterion h) also refers to the persons who live with 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. 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. 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 legal representative, the president of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, must be considered as	This interpretative criterion is consistent with the one adopted by Fiat (see the previous comment at 3.C.1.)

“significant representatives”.

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. If the issuer is subject to management and coordination activity by third parties or is controlled by a subject operating, directly or through other subsidiaries, in the same sector of activity or in contiguous sectors, the composition of the Board of Directors of the issuer shall be suitable to ensure adequate conditions of autonomous management and, therefore, to pursue in a priority way the objective of the creation of value for the shareholders of the issuer.	Since 2005, the company has expanded its Board of Directors to fifteen members. The purpose of this change was, among others, to enable more effective participation by individual directors on the committees established within the Board of Directors and to embrace a wider diversity of knowledge, experience, and opinions at the general and specialized levels and with an international scope, and generally regarding macroeconomic contexts and the globalization of markets, particularly the industrial and financial sectors. Fiat S.p.A. is not subject to direction and coordination by another company.
3.C.4 The Board of Directors shall evaluate, after the appointment of a director who qualifies himself / herself as independent, and subsequently at least once a year, on the basis of the information provided by the same director or, however, 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, on the occasion of the appointment, through a press release. The Board of Directors shall evaluate, after the appointment of a director who qualifies himself / herself as independent, and subsequently at least once a year, on the basis of the information provided by the same director or, however, 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, on the occasion of the appointment, through a press release.	On the basis of the information provided by the individual concerned or, in any event, information available to the issuer, the Board of Directors reviews annually whether the requirements for independence exist. The results of these assessments are communicated to the market upon election of the directors by Shareholders or their co-optation, and are disclosed annually in this Report.
3.C.5 The Board of 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 for evaluating the independence of its members. The result of such controls is notified to the market in the report on corporate governance or in the report of the Board of 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, which make up a majority of the Board, met once in early 2011 in the absence of the other directors to review the Board's self-evaluation process. In any event, they always have direct access to management.

PROCESSING OF COMPANY INFORMATION

4.P.1 Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information.	An internal procedure for the managing of confidential information was adopted in 2000. This procedure was implemented through the issue of a specific organizational order 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 Procedure for internal processing and external disclosure of confidential information. This Procedure contains the rules for establishing and managing the List of persons that have access to inside or potential inside information. It defines the types of "inside", "potential inside", and "confidential" information, indicates the different sections into which the List is divided, in addition to procedures for its application, and the roles and duties of the persons delegated to manage the information, and cites the laws and regulations governing disclosure of price sensitive information, and the procedures that the individuals responsible must follow in relation to the management and disclosure of such information. This procedure, whose purpose is to establish how information should be monitored and disclosed inside and outside the Group, as well as fulfillment of obligations relating to the List, also states applicable sanctions for employees pursuant to the Code of Conduct and the obligation of directors and statutory auditors to comply with these rules and precautions.
4.C.1 The managing directors shall ensure the correct handling of corporate information; to this end they shall propose to the Board of Directors the adoption of a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information.	See comment to principle 4.P.1.

ESTABLISHMENT AND FUNCTIONING OF INTERNAL COMMITTEES OF THE BOARD OF

DIRECTORS

5.P.1 The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.

The Fiat Board of Directors has since long established the 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 the Nominating, Corporate Governance and Sustainability Committee.

5.C.1 The establishment and functioning of committees within the Board of Directors shall meet the following criteria:

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 five members, committees may be made up of two directors only, provided, however, that they are both independent;

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;

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;

d) minutes shall be drafted of the meetings of each committee;

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 to the committees adequate financial resources for

In regard to the criteria set forth at point 5.C.1:

a) all the committees set up by Fiat have three or more members;

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 advisory duties entrusted to the Internal Control 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) the charter of each committee envisages that minutes of each meeting be taken by the secretary;

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;

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) detailed information on the activities of the committees is provided in the Annual Report on Corporate Governance.

the performance of their duties, within the limits of the budget approved by the board;

f) persons who are not members of the committee may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;

g) the issuer shall provide adequate information, in the report on corporate governance, on the establishment and composition of committees, the contents of the mandate entrusted to them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage of participation of each member.

APPOINTMENT OF DIRECTORS

6.P.1 The appointment of Directors shall occur according to a transparent procedure. The procedure shall ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates.

A voting list system for the election of directors was added to the By-laws in 2007, in accordance with newly introduced legal and regulatory requirements. The amendment grants minority shareholders the right to appoint one director. These minority shareholders must, individually or together with others, own voting shares representing a percentage no lower than the percentage which is mandatory under the applicable laws. With reference to 2010, the minimum percentage as established by Consob was 1% of ordinary shares. The By-laws also require that two directors satisfy the requirements of independence set forth in Legislative Decree 58/98, in addition to the requirements of the corporate governance code adhered to by the Company.

For the re-election of the Board of Directors at the General Meeting on 27 March 2009, only one list was submitted by EXOR S.p.A., holder of 30.45% of ordinary shares.
The Directors were elected by Shareholders in compliance with the applicable laws and regulations and the recommendations of the Code. This includes advanced submission of the candidatures, together with detailed information on each of the individuals nominated by Shareholders. In particular, the list of candidates for the position of director was deposited at the registered office of Fiat S.p.A. and communicated to the market by the shareholder EXOR S.p.A. 15 days prior to the

	date set for the General Meeting. The press release issued by EXOR S.p.A. was also published on the Fiat Group website (www.fiatspa.com). Attached to the list of candidates were declarations from Roland Berger, René Carron, Luca Garavoglia, Gian Maria Gros-Pietro, Vittorio Mincato, Pasquale Pistorio, Ratan Tata and Mario Zibetti that they satisfied the requirements of independence adopted by Shareholders in 2005 and 2006 and reconfirmed in 2009. In addition, the candidates Gian Maria Gros-Pietro and Mario Zibetti provided a declaration stating that they also satisfied the requirements of independence pursuant to Legislative Decree 58/98.
6.P.2 The Board of Directors shall evaluate whether to establish among its members a nomination committee 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.
6.C.1 The lists of candidates to the office of director, accompanied by exhaustive information on the personal traits and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete with the information on the characteristics of the candidates, shall be published in a timely manner through the internet site of the issuer.	See comment to principle 6.P.1.

6.C.2 Where established, the committee to propose candidates for appointment to the position of director, may be vested with one or more of the following functions: a) to propose to the Board of Directors candidates to the position of director in the events provided by Article 2386, first paragraph, of the Italian Civil Code, as it is necessary to replace an independent director; b) to designate candidates to the position of independent director to be submitted to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders; c) to express opinions to the Board of Directors regarding the size and composition of the same as well as, possibly, with regard to the professional skills whose presence within the board is considered appropriate.	The Nominating, Corporate Governance and Sustainability Committee performs all of the functions indicated in the principle and, in addition, conducts an annual assessment of the activity of the Board of Directors and its committees and periodically updates the Board on changes in corporate governance rules, while also making proposals for modifications to them. It also has responsibility for evaluating proposals related to strategic guidelines on sustainability-related issues and for reviewing the annual Sustainability Report.

COMPENSATION OF DIRECTORS

7.P.1 The remuneration of directors shall be established in a sufficient amount to attract, maintain and motivate directors endowed with the professional skills necessary for managing the issuer successfully.	The compensation of directors is in line with that of other Italian and international companies comparable to Fiat.
7.P.2 The remuneration of executive directors shall be articulated in such a way as to align their interests with pursuing the priority objective of creating value for the shareholders in a medium-long term timeframe.	Consistently 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 assigned the Chairman a fixed compensation.
7.P.3 The Board of Directors shall establish among its members a remuneration committee, made up of non- executive directors, the majority of which are independent.	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.
7.C.1 A significant part of the remuneration of executive directors and executives with strategic responsibilities is linked to the economic results achieved by the issuer and/or the achievement of specific goals indicated in advance by the Board of Directors or, in the event of the above-mentioned executives, by	See the comments to principles 7.P.1 and 7.P.2 in regard to the executive directors. Managers with strategic responsibilities receive 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

the managing directors.	targets.
7.C.2 The remuneration of non-executive directors shall be proportional to the engagement requested from each of them, taking into account their possible participation in one or more committees. Their remuneration 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 stock option or equity based remuneration plans, unless it is so decided by the 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 and an attendance fee for each board or committee meeting attended by directors.
7.C.3 The remuneration committee shall: – formulate proposals to the board for the remuneration of the managing directors and other directors who cover particular offices, monitoring the application of the decisions adopted by the board; – periodically evaluate the criteria adopted for the remuneration of executives with strategic responsibilities, control their application on the basis of the information provided by the managing directors and submit to the Board of Directors general recommendations on the subject matter thereof.	The Board entrusted the Compensation Committee with the duty of making proposals to the Board in relation to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors vested with specific responsibilities. The Committee is also entrusted with the duty of examining proposals presented from the Chief Executive Officer regarding compensation and performance evaluation for members of the Group Executive Council and managers with strategic responsibility, performance evaluation criteria and general policies for fixed and variable compensation applicable at Group level as well as incentive plans, including share-based plans. Finally, it has the duty of assessing particular and specific matters relating to executive compensation when requested by the Board of Directors. 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 remuneration only, was assigned responsibility for reviewing transactions with related parties. Accordingly, in addition to the duties listed above, the Committee is required give an opinion on the substantial and procedural fairness of transactions with related parties of a particular significance, as defined in those procedures.
7.C.4 No director shall participate in meetings of the remuneration committee in which proposals are submitted to the Board of Directors relating to his/her remuneration.	The rule was constantly observed.

INTERNAL CONTROL SYSTEM

8.P.1 The internal control system is the set of rules, procedures and organizational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.

In May 1999, Fiat adopted an Internal Control System based on a model derived from the COSO Report, following which the “Internal Control Policies and Procedures” were disseminated throughout the Group and an Internal Control Committee established.
During 2002, the Board of Directors formulated a more detailed Charter for the Internal Control Committee, which underwent a further revision in September 2005.
Fiat also adopted “Guidelines for the Internal Control System” which came into effect on 1 January 2003.

8.P.2 An effective internal control system contributes to safeguard the company’s assets, the efficiency and effectiveness of business transactions, the reliability of financial information, the compliance with laws and regulations.

Fiat has established a system of risk management and internal control over financial reporting based on the model provided in the COSO Report, according to which the internal control system is defined as a set of systems, procedures and instruments designed to provide reasonable assurance of the achievement of corporate objectives. In relation to the financial reporting process, those objectives are the reliability, accuracy, completeness and timeliness of the information. Risk management constitutes an integral part of the internal control system. 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.
Detailed information on the system of internal control over financial reporting is provided in Section III of this Report, under "System of Risk Management and Internal Control over Financial Reporting".

8.P.3 The Board of Directors shall evaluate the adequacy of the internal control system with respect to the characteristics of the company.

With the constant advice and support of the Internal Control Committee, the Board of Directors assesses the adequacy of the Internal Control System and of the administrative and accounting procedures for the preparation of the consolidated and parent company financial statements and other financial reporting drawn up by the managers responsible for the Company’s financial reporting. The Board also supervises their effective implementation.

8.P.4 The Board of Directors shall ensure that its evaluations and decisions relating to the internal control system, the approval of the balance sheets and the half yearly reports and the relationships between the issuer and the external auditor are supported by an adequate preliminary activity. To such purpose the Board of Directors shall establish an internal control committee, made up of non-executive directors, the majority of which are independent. If the issuer is controlled by another listed company, the internal control committee shall be made up exclusively of independent directors.
At least one member of the committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/her appointment.

The Internal Control Committee consists of three independent directors, all of whom have extensive experience in financial matters. The mission of the Committee is to assist the Board of Directors in discharging its own duties by providing it with advice and proposals concerning the reliability of the accounting system and financial information, the Internal Control System, relations with the independent auditors and supervision of internal audit activities. A detailed description of the duties assigned to the Committee is contained in the relevant Charter enclosed to the Report. The Board of Statutory Auditors, representatives of the independent auditors, the Compliance Officer, the managers responsible for the Company's financial reporting and other executives of the Company, usually from the administrative, control, finance and legal functions, shall participate in Committee meetings.

8.C.1 The Board of Directors, with the assistance of the internal control committee, shall:

a) define the guide-lines of the internal control system, so that the main risks concerning the issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a sound correct management of the company;
b) identify an executive director (usually, one of the managing directors) for supervising the functionality of the internal control system;
c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system;
d) describe, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.
Moreover, the Board of Directors shall, upon proposal of the executive director in charge of supervising the functionality of the internal control system and after consulting with the internal control committee, appoint and revoke one or more persons in charge of internal control and define their remuneration in line with the company's Policies.

In 2002, the Fiat Board of Directors defined the Guidelines for the Internal Control System, which were subsequently updated in 2003, and, in accordance with the recommendations of the Code, it closely monitors all issues regarding the Internal Control System through careful assessment of the work and reports of the Internal Control Committee.

The Chairman of the Internal Control Committee gives a report on the committee's activity at every Board of Directors meeting. The Chief Executive Officer is responsible for the Internal Control System. Upon proposal by the Chief Executive Officer, the Board of Directors appoints and dismisses the Compliance Officer, whose compensation is determined in accordance with company policies. The Compliance Officer reports to the Chief Executive Officer, the Internal Control Committee and the Board of Statutory Auditors.

8.C.2 The Board of Directors shall exercise its

As far as adherence to best practices is

functions relating to the internal control system taking into due consideration the reference models and the best practices existing on the national and international fields. Particular attention shall be devoted to the organization and management models adopted pursuant to legislative decree no. 231 of 8th June 2001.

concerned, see the comment to principle 8.P.1. The Board of Directors devotes special attention to the Company's Compliance Program which, as indicated in the Report, is constantly updated.

8.C.3 In addition to assisting the Board of Directors in the performance of their duties set out in criterion 8.C.1, the internal control committee shall:

a) evaluate together with the executive responsible for the preparation of the company's accounting documents and the auditors, the correct utilization of the accounting principles and, in the event of groups, their consistency for the purpose of the preparation of the consolidated balance sheet;
b) upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control system;
c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;
d) evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and the letter of suggestions, if any;
e) supervise the validity of the accounting audit process;
f) perform any additional duties that are assigned to it by the Board of Directors;
g) report to the board, at least on a half yearly basis, on the occasion of the approval of the balance sheet and the half yearly report, on the activity carried out, as well as on the adequacy of the internal control system.

On the basis of its Charter, the duties of the Internal Control Committee are, among other things, to:

- assist the Board of Directors in the definition of guidelines for the Internal Control System;
- assist the Board of Directors with periodic reviews of the adequate and effective functioning of the Internal Control System to ensure identification and proper handling of the principal corporate risks;
- assess the work plan prepared by the Compliance Officer and receive his periodic reports;
- report to the Board of Directors on the adequacy of the Internal Control System at least twice yearly, at the time of approval of the annual report and first-half report ;

- assess the position of the Compliance Officer within the organization and ensure his effective independence including with regard to Legislative Decree 231/2001 on corporate liability;
- assess (a) the adequacy of accounting principles adopted; (b) their coherence for the purposes of the consolidated financial statements and their correct use;
- assess proposals presented by candidates for the position of independent auditors and submit an opinion to the Board of Directors on engagement of the independent auditors, which the Board of Directors shall then submit to Shareholders;
- upon recommendation by the Chief Administrative Officer, grant prior approval to the independent auditors or other entities belonging to the auditor's network to perform non-auditing services;
- examine any problems raised by the independent auditors;
- assess the organizational placement and structure of Internal Audit.

The managers responsible for the Company's financial reporting participate in Committee meetings.

	The Internal Control Committee has been assigned responsibility for transactions with related parties, except for those relating to compensation, which as noted above are the responsibility of the Compensation Committee.
8.C.4 The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in the works for the internal control.	The Board of Statutory Auditors and representatives of the independent auditors participate in Committee meetings.
8.C.5 The executive director responsible for supervising the functionality of the internal control 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 o the review of the Board of Directors; b) implement the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency; moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework; c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control.	See the previous comments to points 1.C.1 and 2.P.4 and the subsequent comment to 8.C.6.
8.C.6 Each person in charge of internal control shall: a) ensure that the internal control system is always adequate, fully operating and effective; b) not be responsible for any operational divisions and shall not report hierarchically to any manager of operational divisions, including the administration and finance divisions; c) have direct access to all useful information for the performance of his/her duties; d) have the availability of adequate means for the performance of the functions assigned to him/her; e) report about his/her activity to the internal control committee and the board of auditors; moreover, they could be required to report also to the executive director responsible for the supervision of the functionality of the internal	The Compliance Officer is appointed by the Board of Directors and does not report to any operating managers but solely to the Chief Executive Officer, the Internal Control Committee, and the Board of Statutory Auditors. The Compliance Officer is responsible for: a) assisting the executive directors in the design, management and monitoring of the Internal Control System; b) reviewing the results of the audit activities performed by the Internal Audit function to verify any weaknesses of the Internal Control System and requesting, whenever necessary, that specific checks be carried out to identify any shortcomings and the need for improvement of internal control processes;

control system. In particular, he/she shall report about the procedures according to which the risk management is conducted, as well as about the compliance with the plans defined for their reduction and express his/her evaluation of the internal control system to achieve an acceptable overall risk profile.	c) verifying, with the aid of the internal audit function, that the rules and procedures constituting the terms of reference of the control processes be applied and that the various entities operate in compliance with set objectives; d) annually preparing a work plan and submitting it to the Internal Control Committee; e) drawing up, once every six months, a report on the activities that he carried out and submit it to the executive directors, the Internal Control Committee and the Statutory Auditors. Currently, the Compliance Officer is the Head of the Internal Audit function and relies on the professional assistance of Fiat Revi, a consortium company with adequate organizational and operating resources that performs the internal audit function within the Group. The Head of the Internal Audit function is the Chief Executive Officer of Fiat Revi.
8.C.7 The issuer shall establish an internal audit function. The person responsible for internal control shall usually coincide with the person responsible for the internal audit function.	See the last paragraph of the previous comment.
8.C.8 The internal audit functions may be entrusted, as a whole or by business segments, to persons external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for the internal control. 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 report on corporate governance.	See comment to the last paragraph of point 8.C.6.

DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

9.P.1 The Board of Directors shall adopt measures aimed at ensuring that the transactions in which a director is bearer of an interest, on his/her behalf or on behalf of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.	As previously mentioned, the "Procedures for Transactions with Related Parties" that are included in the Report define specific criteria in terms of substance and procedure applicable to all transactions with related parties. Then, the Board of Directors is principally responsible for monitoring the transactions in which a director has an interest. The presence of a high number of independent directors represents an additional protection.
9.C.1 The Board of Directors shall, after	See previous comment.

consulting with the internal control committee, establish approval and implementation procedures for the transactions carried out by the issuer, or its subsidiaries, with related parties. It shall define, in particular, the specific transactions (or shall determine the criteria for identifying those transactions), which must be approved after consulting with the internal control committee and/or with the assistance of independent experts..

9.C.2 The Board of Directors shall adopt operating solutions suitable to facilitate the identification and an adequate handling of those situations in which a director is bearer of an interest on his/her behalf or on behalf of third parties.

See comment to principle 9.P.1.

MEMBERS OF THE BOARD OF STATUTORY AUDITORS

10.P.1 The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates.

Pursuant to Legislative Decree 58/98 and in accordance with Article 17 of the Company's By-laws, appropriately constituted minority groups have the right to appoint one regular auditor, who shall serve as Chairman, and one alternate auditor. In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates is set at a percentage no lower than that required by law for the submission of lists of candidates for the appointment of the Company's Board of Directors. With reference to 2009, in accordance with the communication issued by Consob and in relation to the Company's market capitalization in the last quarter of 2008, the required minimum percentage was 1% of ordinary shares.
For the re-election of the Board of Statutory Auditors at the General Meeting on 27 March 2009, that percentage was reduced to 0.5%, as required by law, thereby enabling shareholders which together held 0.97 % of ordinary shares to submit a minority list.

The regular auditors Giuseppe Camosci and Piero Locatelli were elected from the list presented by the majority shareholder, EXOR S.p.A., while Riccardo Perotta, Chairman of the Board of Statutory Auditors, was elected from the minority list receiving the highest number of votes. A complete list of the shareholders that submitted the list is provided in Section III of the Report. 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, declarations from each candidate accepting the nomination were provided, stating that no basis for ineligibility or incompatibility exists and confirming that they satisfy 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 characteristics 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. These documents are available in the Investor Relations section of the Fiat website (www.fiatspa.com).
10.P.2 The auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	The rule was constantly observed. 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.
10.P.3 The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the board of 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 Committee, and direct contact with the Compliance Officer 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.
10.C.1 The lists of candidates to the position of auditor, accompanied by detailed information on the personal traits and professional qualifications of the candidates, shall be deposited at the company's registered office at	The Statutory Auditors were elected by Shareholders on 27 March 2009 in compliance with the law and recommendations set forth in the Code, including the prior submission of the lists of candidates by Shareholders with

least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete of the information on the characteristics of the candidates shall be timely published through the internet site of the issuer.	detailed information on each of the candidates proposed. The lists and details of the candidates were published appropriately in advance on the Company's website. See comment to principle 10.P.1.
10.C.2 The 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 Auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in the report on corporate governance.	The members of the Board of Statutory Auditors satisfy the requirements of integrity, professionalism, and independence prescribed by law and envisaged in 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.
10.C.3 The 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 envisages simultaneous acceptance by 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.
10.C.4 An 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 auditors and the chairman of the board about the nature, the terms, origin and extent of his/her interest.	The rule was constantly observed.
10.C.5 The board of auditors shall monitor the independence of the auditing firm, verifying both the compliance with the provisions of law and regulation governing the subject matter thereof, and the nature and extent of services other than the accounting control provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to the network of the same.	In compliance with the provisions of the Group Procedure for the Engagement of Audit Firms, the Board of Statutory Auditors performs this task, coordinating its work with the Internal Control Committee.
10.C.6 In the framework of their activities, the auditors may demand from the internal audit	See comment to principle 10.P.3.

function to make assessments on specific operating areas or transactions of the company.

10.C.7 The board of auditors and the internal control committee shall timely exchange material information for the performance of their respective duties.

See comment to principle 8.P.4.

RELATIONS WITH SHAREHOLDERS

11.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 an ongoing dialog with the market aimed at maintaining and enhancing confidence and the level of understanding of the Company and its business activities.

Throughout the year, the Investor Relations team also communicates with financial analysts, individual shareholders and institutional investors through conference calls and public presentations held to present financial results, in addition to participating in conferences in its industry sector. At the same time, the Company also uses the website (www.fiatspa.com) to publish information presented or discussed on those occasions. The website is also used to publish, in both Italian and English, institutional information, periodic and extraordinary operating and financial information, the corporate calendar, and corporate governance documentation.

The most important event of 2010 was the Fiat Investor Day held at Lingotto on April 21st. On that occasion, the CEO and heads of the Group's principal businesses presented the 2010-2014 Business Plan to analysts, investors and other members of the financial community in attendance or linked in via webcast. During the second half of the year, Fiat management conducted two major non-deal roadshows at major financial centers in Europe and North America to present the market with more detailed information on operating performance and on the business strategies and projections for the five year plan period, in addition to details of the demerger which, on 1 January 2011, resulted in the creation of two autonomous groups: Fiat S.p.A. and Fiat Industrial S.p.A.

A toll-free number in Italy (800-804027) and two

	e-mail addresses (serviziotitoli@fiatspa.com and investor.relations@fiatspa.com) are available to request general information or information on specific transactions relevant to shareholders.
11.P.2 The Board of Directors shall endeavor to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	See previous comment.
11.C.1 The Board of Directors shall use its best efforts for ensuring that access to the information concerning the issuer that is material for its shareholders is timely and easy to access, so as to allow the shareholders an informed exercise of their rights. To such purpose, the issuer shall establish a specific section on its internet site that may be easily identified and accessed, in which the above-mentioned information is available, with particular reference to the procedures provided for the participation and the exercise of the voting right in the shareholders' meetings, as well as the documentation relating to items on the agenda of the shareholders' meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.	See comment to principle 11.P.1.
11.C.2 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).
11.C.3 The Board of Directors shall use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for the shareholders to participate in the shareholders' meeting and exercise their voting right.	The right to attend or be represented at meetings is subject to the provisions of law as well as the procedures adopted by the Company in 2000 to ensure the orderly and efficient conduct of General Meetings. These procedures set forth the rights and obligations of all parties attending a General Meeting and provide clear and unambiguous rules, without limiting or infringing in any way on the right of individual shareholders to express their opinion or request explanation of items on the agenda.
11.C.4 All the directors usually participate in the shareholders' meetings. The shareholders'	Fiat General Meetings represent an important and traditional occasion for communicating with

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 with regard to the performed and planned activity and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to take in an informed manner the decisions that are the competence of the shareholders' meeting.	shareholders. It typically attracts the intense participation of a large number of shareholders.
11.C.5 The Board of Directors shall 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 ordinary and extraordinary shareholders' meetings of the issuer, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion.	See the comment to criterion 11.C.3.
11.C.6 In the event of a significant change in the market capitalization of the company, the composition and/or the number of the shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by laws as regards the minimum percentage required for exercising actions and rights provided for as a 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 mandate. With reference to the General Meeting held in 2009, the minimum interest required for the election of the Board of Directors and Board of Statutory Auditors was 1% and 0.5% of ordinary shares, respectively. 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 rules and submit amendments to the By-laws for the consideration and approval of Shareholders, as appropriate.

1 – FIAT GROUP CODE OF CONDUCT

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

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.fiatgroup.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.fiatgroup.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.fiatgroup.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

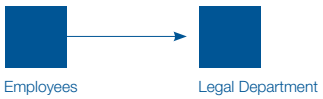
For queries relating to specific provisions or requiring clarification of the Code, employees are encouraged to contact the Legal Department responsible for the relevant Fiat Group company.

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.

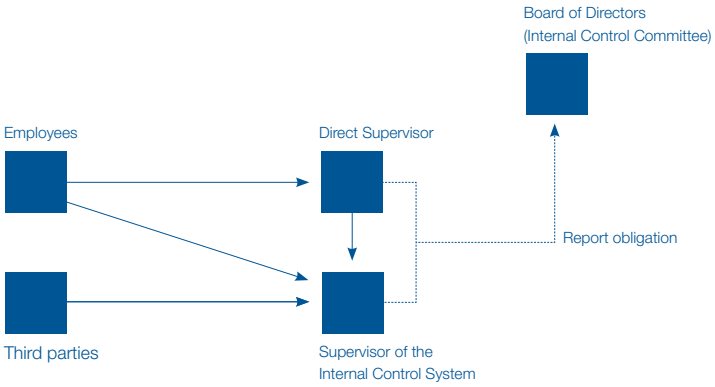
If a third party wishes to report a violation (or suspected violation) of the Code, he/she should contact the competent Compliance Officer or the specific channels that will be identified by the Fiat Group Companies for that purpose.

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 – EXCERPT FROM THE COMPLIANCE PROGRAM OF FIAT S.P.A.
PURSUANT TO LEGISLATIVE DECREE 231/2001

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

CONTENTS

DEFINITIONS

- "**Activity at Risk**": the phase of the Sensitive Process within which the conditions/potential risk may arise in regard to the commission of an Offence;
- "**Business Partner**": 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 sale of goods and services, temporary joint ventures – ATI *Associazione Temporanea d'Impresa*", consortiums, etc.), in order to cooperate with the company within the context of the Sensitive Processes;
- "**Code of Conduct**": code of ethical conduct adopted by Fiat;
- "**Company**": Fiat;
- "**Compliance Program Supervisory Body**": the corporate body assigned to the supervision of the functioning of the Program, the compliance with the regulations set out therein and the relative updating of the Program;
- "**Confindustria Guidelines**": the Guidelines for the development of the Compliance Program Pursuant to the Legislative Decree 231/2001 approved by Confindustria on 7 March 2002 including the subsequent amendments and addendums;
- "**Consultants**": persons acting in the name of and/or on behalf of Fiat on the basis of a mandate or other form of collaborative relationship (also coordinated);
- "**Corporate Bodies**": the Board of Directors, the Internal Control Committee and the Board of Statutory Auditors of Fiat;
- "**Employees**": all the employees of Fiat (including the managers);
- "**Fiat**": Fiat S.p.A.;
- "**Fiat Revi**": Fiat Revi S.c.r.l.;
- "**Government Agency**": the Government Agencies, including the relative officers and persons responsible for public services;
- "**Group**": Fiat S.p.A. and its subsidiary companies, directly or indirectly controlled, in accordance with Section 2359, first and second paragraph, of the Civil Code;
- "**Group Guidelines**": the Guidelines approved by Fiat setting out the principles and general rules for the development and revision of the Compliance Program Pursuant to the Legislative Decree 231/2001 to be introduced by the companies belonging to the Group;
- "**Instrumental Activity**": activity by means of which it is possible to commit the Offence of bribery/extortion;
- "**Internal Control Committee**": Committee for internal control established by Fiat;
- "**Legislative Decree 231/2001**": the Legislative Decree n. 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 the Legislative Decree 231/2001 (including also the possible future integration of Offences not presently contemplated by this legislation);
- "**Programs**" or "**Program**": the compliance programs or program pursuant to the Legislative Decree 231/2001;
- "**Sector**": refers to a number of companies controlled or associated with a Sector Parent Company or Sector Holding Company;
- "**Sector Parent Company**" or "**Sector Holding Company**": the company performing the functions of the holding company in regard to the companies belonging to the Sector in question;
- "**Sensitive Processes**": the Fiat activities subject to the risk of commission of Offences;
- "**Service Company**": a company belonging to the Group which provides services to the other companies belonging to the said Group;
- "**Sensitive Transaction**": transaction or act which is located within the ambit of the Sensitive Processes and which may be of a commercial, financial or corporate nature (examples of corporate transactions being: reduction of share capital, mergers, de-mergers, transactions in regard to the shares of the parent company, attribution of shares, reimbursement of capital to shareholders, etc.).

SECTION I

INTRODUCTION

1. LEGISLATIVE DECREE 231/2001 AND OTHER RELEVANT LEGISLATION

The Legislative Decree 231/2001 was issued on 8 June 2001, pursuant to the enabling provisions of Section 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 231/2001, entitled "*Standards governing the Administrative Liability of Legal Entities, Companies, and Associations, including those without Legal Personality,*" introduced for the first time in Italy the concept of vicarious criminal liability of legal entities as a result of certain offences committed on behalf or for the benefit of such entities. The provisions contained therein identify as active subjects of the offences persons who hold representative, administrative, or executive positions in those entities or in one of their organisational units having financial and operating autonomy; as well as persons who actually operate and control such entities; and, finally, persons subordinate to or under the supervision of one of the persons indicated above. Such liability is additional to the personal liability of the individual who actually committed the offence.

Legislative Decree 231/2001 penalises also the assets of entities that benefited from the commission of the criminal act. The application of monetary sanctions is always envisaged for all offences contemplated by the Decree. In the more serious cases, interdictory measures may also be applied, such as the suspension or revocation of licenses and permits, the prohibition to maintain relations with Government Agencies, the debarment from performance of activity, the exclusion or revocation of loans and grants, and the prohibition to advertise goods and services.

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

2. THE CONFINDUSTRIA GUIDELINES

For the development of this Program, Fiat has made reference to the Confindustria Guidelines as well as the Group Guidelines relating to this subject matter.

It should be noted that the decision not to align the Program to certain indications contained in the Confindustria Guidelines does not compromise its validity. As the individual Program needs to be developed in relation to the effective characteristics of the company involved, it may well differ from the Confindustria and Group Guidelines which are of a more general nature.

Attachment B sets out, in greater detail, the principles contained in the Confindustria Guidelines and referred to in the text of this Program.

3. THE PROGRAM AND THE CODE OF CONDUCT

Even though the specific purpose of this Program is to ensure compliance with Legislative Decree 231/2001, the rules of conduct set out therein are consistent with the Code of Conduct adopted by Fiat.

Accordingly:

- the Code of Conduct represents an independently adopted instrument which can be generally applied by the Fiat Group companies in order to establish the principles of "business ethics" with which the Fiat Group identifies itself and with which all Employees, Corporate Bodies, Consultants and Business Partners are required to comply;
- the Program lays down the rules and procedures that must be followed so that the company may benefit from the extenuating circumstances set out in Legislative Decree 231/2001.

SECTION II

THE DEVELOPMENT AND PURPOSE OF THE PROGRAM

1. DEVELOPMENT OF THE PROGRAM

1.1 Development of the FIAT Program

(omissis)

1.2 Purpose and Characteristics of the Program

The purpose of the Program is to set up a structured and organised system of control procedures and activities (preventive and reactive), aimed at reducing the risk of commission of Offences through the identification of the Sensitive Processes and consequent introduction of appropriate regulations.

The principles contained in this Program are intended, on the one hand, to ensure a full awareness by the potential perpetrator of the Offence that a criminal act will be committed (which is firmly condemned and is contrary to the interests of Fiat even when the company could apparently derive a benefit there from), and on the other hand, through ongoing monitoring of the activity, enable Fiat to react promptly to prevent or impede the commission of the said Offence.

One of the objectives of the Program is, therefore, to develop the awareness of the Employees, Corporate Bodies, Service Companies, Consultants and Business Partners, who operate on behalf of or in the interest of the company within the ambit of the Sensitive Processes, that - in the event of conduct in contrast with the Code of Conduct or other company policies and procedures - they may be committing an Offence subject to significant penal consequences not only for themselves but also for the company.

It is, furthermore, the intention to actively censure any illegal conduct through ongoing monitoring by Compliance Program Supervisory Body of the activity of personnel in regard to the Sensitive Processes and the application of disciplinary or contractual measures.

This Program is characterized by three key aspects: it is *effective*, *specific*, and *relevant*.

Effectiveness

The effectiveness of a Compliance Program depends on its actual ability to elaborate decision-making and control mechanisms capable of eliminating – or at least significantly reducing – the exposure to the risk of legal consequences. This ability is based upon the underlying preventive and detective control mechanisms capable not only of identifying transactions of an anomalous nature, denoting conduct falling within the risk areas, but also of providing 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 for identifying the “symptoms of illegal activity.”

Specificity

The specificity of a Compliance Program is a further aspect which contributes to its effectiveness.

1. The Compliance program must address the specific areas of risk, as indicated in Section 6, paragraph 2 letter a) of the Legislative Decree 231/2001, which requires the Company to identify those activities within the ambit of which Offences may be committed.
2. In accordance with Section 6, paragraph 2 letter b) of the Legislative Decree 231/2001, it is equally indispensable that the Compliance Program addresses both the specific decision-making processes of the Entity as well as the implementation processes within the “sensitive” sectors.

Similarly the identification of the procedures for the management of the financial resources, the definition of a system for the disclosure of information and the introduction of an adequate disciplinary policy are duties which must be specifically covered by the individual sections of the Program.

Furthermore, the Program must take into consideration specific characteristics such as the size of the Company/Entity, the nature of the activity carried out and the past history of the Company/Entity.

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.

In this regard, Section 6 of the Legislative Decree 231/2001 envisages that the Compliance Program Supervisory Body, which is empowered to act and verify independently, be responsible for the updating of the Program.

Section 7 of the Legislative Decree 231/2001 states that the effective implementation of the Program entails periodic verification, as well as the necessary modification to the Program when possible violations are discovered or as a consequence of changes to the business activity or organisational structure of the Company/Entity.

1.3 Underlying Principles and Assumptions of the Program

This Program has incorporated those existing procedures and control systems, already widely in operation throughout the company, when such procedures and control systems were also considered to be valid measures for the prevention of Offences and as controls over the Sensitive Processes.

In particular, Fiat has identified the following existing specific instruments, intended to assist Management in the formulation and implementation of Corporate decisions, also in regard to the prevention of Offences:

- the principles of *Corporate Governance* approved by Fiat which reflect the applicable legislation and the 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;
- the Code of Conduct (available on the website - www.fiatgroup.com);
- the Group Guidelines;
- the regulations governing the administrative, accounting, financial and reporting system;
- the communication with and training of personnel;
- the disciplinary system set out in the various National Collective Labour Agreements (NCLA);
- in general, the Italian and foreign applicable legislation (including, for example, the laws concerning work safety).

The principles, regulations and procedures, reflected in the above instruments, are not indicated in detail in this Program but are part of the overall organisation and control system to be embraced by this Program.

In addition to the above, the key principles upon which this Program is based, are:

- the Confindustria Guidelines, based upon which the **Sensitive Processes** in Fiat have been mapped;
- the requirements of the Legislative Decree 231/2001 and, in particular the:
  - definition of preventive and reactive decision-making and control mechanisms to eliminate – or at least significantly reduce – the areas of risk, and capable of identifying transactions of an anomalous nature, indicating conduct falling within such areas of risk, as well as the tools required in order to take prompt action if such anomalies are identified;

- customisation of the structure to reflect the characteristics of the company;
- assignment to a **Compliance Program Supervisory Body** of the duty to promote the effective and correct implementation of the Program also through the monitoring of corporate conduct and the right to be informed on an ongoing basis in regard to the activities falling within the scope of the Legislative Decree 231/2001;
- availability of adequate **resources**, to support the Compliance Program Supervisory Body in the performance of its duties and to permit it to meet reasonably achievable objectives;
- **functional verification** of the Program and periodic updating (*ex* post control);
- **promotion and disclosure**, at all company levels, of the Code of Conduct and the policies introduced;

- the general principles of an adequate internal control system and, in particular the:
  - **traceability and documentation** of every transaction relevant to the scope of the Legislative Decree 231/2001;
  - compliance with the principle of **segregation of duties**;
  - definition of levels of authority consistent with the responsibilities assigned;
  - communication of relevant information to the Compliance Program Supervisory Body;
- finally, when performing the necessary general review of the corporate activity, priority should be given to those areas where there is a significant probability that the Offences may be committed and where high value/significant Sensitive Transactions are involved.

1.4 Adoption of the Fiat Program and Subsequent Amendments

(omissis)

2. THE COMPLIANCE PROGRAM SUPERVISORY BODY

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

(omissis)

2.2 Duties and Powers of the Compliance Program Supervisory Body

It is the duty of the Compliance Program Supervisory Body 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 the company structure and its effective capability to prevent the commission of the Offences;
- need for updating of the Program, in the light of changed conditions of the company and/or legislative developments.

Accordingly, the Compliance Program Supervisory Body:

- verifies the compliance with the methodology and procedures envisaged by the Program and takes note of any divergence of conduct emerging from the analysis of the flow of information and the reports which all function heads must provide;
- performs periodic reviews of all company activity in order to update the mapping of the Sensitive Processes;
- submits proposals to the Corporate Bodies with regard to the possible need for updating of the existing Program, by the appropriate amendment and/or integration, 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;

- periodically conducts focused reviews of specific transactions or activities performed by Fiat, especially with regard to the Sensitive Processes, the findings of which 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 of the Program which could result in a responsibility for the Entity;
- liaises with company management to decide in regard to the adoption of possible disciplinary sanctions, without prejudice to the latter's prerogative to impose sanctions and relative disciplinary measures (with regard to this point, reference should be made to Section V below);
- liaises with the head of the Human Resources function in order to define the employee training programs and the content of periodic communications to be sent to the Employees and to the Corporate Bodies, aimed at providing them with the necessary sensibility and knowledge of the requirements of the Legislative Decree 231/2001;
- if present, prepares and continuously updates with the assistance of the Human Resources function, the Company Intranet site area containing all information relative to the Legislative Decree 231/2001 and the Program;
- monitors the initiatives for the disclosure and understanding of the Program and prepares the internal documents necessary for the implementation of the Program, containing the instructions for use, clarifications, and updates;
- gathers, processes, and retains the significant information concerning the 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 Body (reference should be made to Chapter 2.5 below);
- 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. For this purpose, the Compliance Program Supervisory Body has free access to any corporate documents that it may consider relevant and it must be kept constantly informed by management with regard to the: a) aspects of corporate activity that could expose Fiat to the risk of commission of one of the Criminal Offences; b) relations with Service Companies, Consultants, and Business Partners who operate on behalf of the company within the ambit of the Sensitive Transactions; c) any extraordinary company transactions;
- interprets relevant legislation (with the assistance of the Legal Affairs function) and verifies the adequacy of the Program in regard to such provisions of law;
- liaises with corporate functions (also by means of appropriate meetings) to assess the adequacy of the Program and need for updating;
- 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 function, of any agreements where the form and content are inconsistent with the standard clauses intended to protect Fiat from the risk of involvement in the commission of Criminal Offences; or, with the support of the Human Resources function in regard to the application of disciplinary sanctions, etc.);
- 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.

With regard to the prevention of the Crimes of manslaughter and serious personal injury, committed in violation of the Occupational Health and Safety regulations, there is a clear distinction between the activity of the entities responsible for the controls and that of the Compliance Program Supervisory Body. The independent nature of the activity of such bodies entails that the various parties responsible for the control carry out their activity at different levels, within a joint integrated control system. The duties for Prevention and Protection and those of the Compliance Program

Supervisory Body are assigned to two different entities which respectively perform, in the former case, a technical-operational verification (1st level control), and in the latter instance, an evaluation (2nd level control) as to the efficiency and effectiveness of the relevant procedures envisaged by the Legislative Decree 231/2001.

The autonomy, independence, as well as all the other mandatory requisites that characterise the activities of the Compliance Program Supervisory Body have necessitated the introduction certain forms of protection in its regard, in order to ensure both the effectiveness of the Program and to safeguard the Compliance Program Supervisory Body from possible retaliation consequent to the performance of its control activity (e.g. the possibility that the investigation by the Compliance Program Supervisory Body reveals the involvement of top management with the commission of, or attempt to commit a Criminal Offence, or a violation of this Program).

The activity of the Compliance Program Supervisory Body 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, seeing that the ultimate responsibility for the functioning of the Program lies with the Board of Directors.

The Compliance Program Supervisory Body has free access to all the Corporate functions – without the need for prior approval – in order to obtain any information or data considered necessary for the performance of the envisaged duties.

The Compliance Program Supervisory Body may – under its direct supervision and responsibility – avail itself of the support of any company structure or of external consultants.

Finally, when defining the company budget, the Board of Directors must approve an adequate availability of funds, based upon the upon the proposal of the Compliance Program Supervisory Body, to cover any requirement for the correct performance of its duties (e.g. expert advice, travelling expenses, etc.)

The definition of matters related to the ongoing activity of the Compliance Program Supervisory Body, such as the scheduling of its activities, the minuting of meetings and the definition of the information to be received from the various company structures, is delegated to the Compliance Program Supervisory Body, which may regulate its internal operations by an ad-hoc set of regulations disciplining its activities (definition of the timing of the periodic controls, identification of the criteria and analysis procedures, etc.).

2.3 Reporting by the Compliance Program Supervisory Body to Top Management

(omissis)

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

The Compliance Program Supervisory Body must be kept informed, by appropriate notification received from the Employees, the Corporate Bodies, the Service Companies, Consultants and Business Partners in regard to events that could generate responsibility for Fiat in accordance with Legislative Decree 231/2001.

The duty to keep the Compliance Program Supervisory Body informed represents a further means of facilitating not only the supervisory activity as to the effectiveness of the Program, but also the subsequent investigation of the causes which have rendered possible the commission of the Offence.

In this regard, the following general rules apply.

The Compliance Program Supervisory Body must collect all possible reports concerning:

- the effective commission of Offences; or
- the reasonable conviction that an Offence has been committed or in the light of behaviour generally inconsistent with the code of conduct prescribed by this Program.

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

The Service Companies, Consultants, and Business Partners should report matters concerning the work they perform for Fiat directly to the Compliance Program Supervisory Body which will review the reports received. Possible ensuing measures by the Compliance Program Supervisory Body will be applied in conformity with the provisions of Section V below (Disciplinary System).

The parties contacting the Compliance Program Supervisory Body in good faith must be protected against any form of reprisal, discrimination, or penalisation and, in all cases, their anonymity must be guaranteed, without prejudice however to the obligations envisaged by the law or the duty to safeguard the interests of the company or the parties accused in bad faith. The Compliance Program Supervisory Body assumes the role of the Ethics Officer, without – however – the assignation of disciplinary powers, which should more opportunely de delegated to an appropriate committee or to the Board of Directors.

In addition to reports of violations in general, described above, it is mandatory that any information concerning the following matters be immediately communicated to the Compliance Program Supervisory Body:

- proceedings and/or notifications by judicial police departments, or any other authority, indicating investigations in course for Offences, also in regard to unknown persons;
- rulings in regard to the application for, disbursement and utilization of government grants;
- requests for legal assistance submitted by Managers and/or Employees in regard to proceedings by the Judicial Authorities in regard to Offences contemplated by the Legislative Decree 231/2001;
- requests for legal assistance submitted by Employees in the event of the initiation of legal proceedings in regard to the envisaged Offences;
- reports, prepared by the Heads of other company functions during the course of their own control activity, which might possibly reveal significant facts, acts, events, or omissions with regard to the compliance with the requirements of the Legislative Decree 231/2001;
- information concerning disciplinary measures taken and the possible sanctions applied in accordance with the Program (including measures taken in regard to Employees) or the archival of such proceedings and relative explanations for such decision;
- the summaries, listing contracts awarded following tenders at national or European level or as a consequence of private negotiations;
- information concerning contracts awarded by state agencies or entities performing the functions of public utilities;
- copies of the periodic reports on work health and safety.

2.5 Receipt and Retention of Information

The information, communications and the reports contemplated by this Program must be retained by the Compliance Program Supervisory Body in a specific data base (electronic or hardcopy) for a period of 10 years.

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

THE FIAT COMPLIANCE PROGRAM

1. THE SENSITIVE PROCESSES IN FIAT

The risk analysis performed by Fiat for the purposes of the Legislative Decree 231/2001 revealed that presently the Sensitive Processes mainly concern:

1.1 – Relations with Government Agencies and Crimes Against the Administration of Justice;

1.2 – Computer Crimes;

1.3 – Organised Crime Offences;

1.4 – Falsification of Identification Instruments or Marks and Offences against Industry and Commerce;

1.5 – Corporate Offences;

1.6 – Market Abuse Offences;

1.7 – the Crimes of Manslaughter and Serious Personal Injury and Grievous Bodily Harm, committed in violation of the occupational safety and accident-prevention regulations;

1.8 – the Crimes of Receiving Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits deriving from illegal activity;

1.9 – Offences Regarding the Violation of Copyright Laws.

The risks relative to other types of crimes envisaged by the Legislative Decree 231/2001 are considered to be of an abstract nature and not realistically feasible.

(omissis)

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

(omissis)

1.1.1 General Guidelines

All Sensitive Transactions must be carried out in conformity with the prevailing legislation, the Code of Conduct and the regulations contained in this Program.

In general, the company's organisational system must respect the basic requirements of authorisation and transparency, communication and segregation of duties, in particular with 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 also 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.

Furthermore, the incentive systems of the persons with significant external spending power or decisional faculties must not be based upon substantially unachievable performance targets.

1.1.2 The Delegation of Authority and the Assignation of Power of Attorney

As a general principle, the system for the delegation of authority and the assignation of power of attorney must incorporate "safety" features in order to prevent the commission of the Offences.

The "delegation of authority" is represented by the internal act of conferral of functions and duties, reflected in the system of organisational communications.

The "power of attorney" is the unilateral legal document with which the company assigns the power of representation towards third parties. The heads of company functions who require representative powers in order to fulfil their duties should be provided with a sufficiently wide "general power of attorney" which is congruous with the functions and powers assigned to them by means of the "delegation of authority".

In order to effectively prevent the Offences, the essential requisites of a delegation of authority system, are as follows:

- it is the responsibility of the Head of the Function/Entity to ensure that all subordinate personnel who represent the company even in an informal manner, towards the Government Agencies, 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 directly 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.

In order to effectively prevent the Offences, the requisites of the system for the assignation of the powers of attorney, are as follows:

- general powers of attorney should be assigned exclusively to persons equipped with an internal delegation of authority or a specific engagement agreement, in the case of employer-coordinated freelance workers, which describes their relative operational faculty to act and, where necessary, is accompanied by an appropriate communication defining the extension of representative powers and possible numerical spending limits, and which nevertheless imposes the duty to comply with the limitations established by the budget and possible extra-budget approval processes and by the monitoring procedures for the Sensitive Transactions at the various functions;
- the 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;
- 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 (e.g. assumption of new responsibilities, assignment of various duties that are incompatible with those originally envisaged by the power of attorney, resignation, dismissal, etc.).

Availing itself of the assistance of the other competent company functions, the Compliance Program Supervisory Body 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 delegating authority), and recommend changes if the delegated powers and/or qualification do not correspond with the powers of representation granted to the agent, or if there are any other anomalies.

1.1.3 General Rules of Conduct

The following general prohibitions apply not only to the Employees and the Corporate Bodies of Fiat – directly – but also to the Service Companies, Consultants, and Business Partners on hand of the specific contractual clauses.

It is prohibited to:

- commit, cooperate or cause the commission of acts that either individually or collectively contribute, directly or indirectly, to the perpetration of the types of Offences referred to above (sections 24 and 25 of the Legislative Decree 231/2001);
- violate the company principles and procedures set out in this section.

Within the context of the above mentioned conduct (consistently with the principles of the Code of Conduct), in particular, it is specifically prohibited to:

- make gifts of money to Italian or foreign government officials, either directly by Italian entities or their employees, or through persons acting on behalf of such entities both in Italy and abroad;
- distribute presents or gifts beyond the limits of the normal company practice (i.e. any type of gifts exceeding normal business practices or courtesy or, nevertheless, intended to obtain favourable treatment in the conduct of any company activity). In particular, it is prohibited to make any kind of gift to Italian and foreign government officials or to their relatives which may prejudice their independent judgment or induce them to procure any kind of advantage for the company. In those countries where the distribution of gifts is a common practice, it is possible to act accordingly if the gifts are of an appropriate nature and of a modest value, but always in observance of the local legislation. The permitted gifts must always be of an exiguous value or be intended to promote initiatives of a benevolent or cultural nature or the *brand image* of the Group. Any gifts made – other than those of a modest value – must be adequately documented in order to permit verification by the Compliance Program Supervisory Body;
- grant benefits of any kind (promises of employment, etc.) in favour of representatives of Italian or foreign Government Agencies which may lead to the same consequences, envisaged in the preceding point;
- influence, during the course of any business negotiations, application or contact with Government Agencies, the decisions of the officials acting or making decisions on behalf of the Government Agencies;
- delegate relations with Government Agencies to consultants or third parties which may create conflicts of interest;
- solicit or obtain confidential information which may compromise the integrity or reputation of both parties;
- provide services in favour of the Service Companies, Consultants and Business Partners which are not adequately justifiable within the context of the contractual relations established with such parties;
- determine fees in favour of the Service Companies, Consultants and Business Partners which are not adequately justifiable in relation to the type of engagement to be performed and with prevailing local practices;
- submit false statements to Italian Government or European Union Agencies in order to obtain government grants, contributions or preferential interest rate loans;
- utilise funds received from Italian Government or European Union Agencies by way of government grants, contributions or preferential interest rate loans for purposes other than those for which they were intended;
- assume conduct with the intent or effect of leading a person to make false declarations before Judicial Authorities;
- recognise compensation, offer, or promise benefits of any nature to employees/clients/suppliers/business partners that do not find adequate justification in the context of work relations or contractual relations constituted with the same.

1.1.4 Specific Procedural Principles

In order to apply the rules and prohibitions indicated in the preceding paragraphs, in addition to the regulations and general principles contained in the Program, the procedures described below must be followed during the performance of Fiat activity, not only within the Italian territory, but also abroad:

- where Employees, Corporate Bodies, Service Companies, Consultants and Business Partners effectively maintain relations with Government Agencies on behalf of Fiat, such activity must be the subject of a formal delegation of authority by Fiat (by ad-hoc power of attorney for Employees and Corporate Bodies or the inclusion of appropriate clauses in the in the relevant service, consultancy or partnership agreements with regard to the other mentioned parties). When required, a specific written power of attorney will be issued to the above mentioned parties, which complies with all the criteria listed in Chapter 1.1.2 above.
- the Compliance Program Supervisory Body must be informed by written memorandum of any issue or conflict of interest that may arise in regard to a the relationship with the Government Agencies;
- all the terms and conditions of agreements between Fiat and the Service Companies, Consultants and Business Partners must be set out in writing and must comply with the following points;
- the agreements with the Service Companies, Consultants and Business Partners must contain the standard clauses, defined by the Legal Function, so as to comply with the Legislative Decree 231/2001;
- the Consultants and Business Partners must be selected in accordance with the established specific procedure;
- with regard to new agreements and/or contractual renewals with Consultants and Business Partners, such contracts must contain an appropriate clause whereby such parties declare that they are aware of the Code of Conduct and the Program adopted by Fiat and of their relevant implications for the company, that they accept and undertake to comply with such policies, that they have possibly also adopted an analogous code of conduct and compliance program and that they have never been implicated in judicial proceedings regarding the Offences contemplated by the Fiat Program and by the Legislative Decree 231/2001 (or if they have been, this must nevertheless be stated so that the company may exercise greater attention, in the event of a consulting or partnership agreement being established);
- the agreements with Consultants and the Business Partners must include an appropriate clause regulating the consequences of the violation by the said parties of the rules contained in the Program and/or the Code of Conduct (e.g. termination and penalty clauses);
- 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, that document the purpose and traceability of the expense;
- the statements made to Italian Government or European Union Agencies, in order to obtain government grants, contributions or preferential interest rate loans, must contain only true information and, in the event of such financing being obtained, an appropriate report must be prepared indicating the effective utilisation of such funds;
- the persons responsible for the control and supervision of the performance of the above mentioned activities (payment of invoices, allocation of the funds obtained from the State or European Union Agencies, etc.) must pay particular attention to the effective execution of such activities and immediately report possible irregular or anomalous situations;
- in relations with Public Authorities, in particular a clear, transparent, diligent, and collaborative demeanour with judicial and enquiring Authorities must be maintained, through the communication of all information, data, and eventual information updates requested;
- in the event of the judicial, fiscal and administrative inspections (e.g. relative to the Legislative Decree 81/2008, tax audits, INPS (Social Security) these must be attended by the persons specifically delegated to such matters. Minutes must be prepared and retained in regard to the entire inspection process. In the event of the concluding minutes highlighting critical issues, the Compliance Program Supervisory Body must be advised by written memorandum issued by the person responsible for the function involved;
- with reference to financial management, the company carries out specific procedural controls and focuses particular attention to transactions occurring outside the normal company processes which are consequently managed in an extemporary and discretional manner. Such controls (e.g. the frequent reconciliation of accounting

data, supervision, the segregation of duties, the conflict of responsibilities such as those of the purchasing and financial functions, an effective system to document the decision-making process, etc.) are intended to prevent the creation of hidden reserves.

The above considerations are without prejudice to any possibly existing company procedures, providing greater protection or being more specifically related to the performance of activities connected with the Sensitive Processes.

1.2 Sensitive Processes in Regard to Computer Crimes

(omissis)

1.2.1 The System in General

The objective of this Section is to ensure that all Employees and Corporate Bodies, Consultants and Business Partners, to the extent that such parties may be involved in the performance of activities in which it can be assumed that one of the computer crimes could be committed, comply with code of conduct prescribed herein, so as to prevent and impede the occurrence of the said crimes.

In particular, with regard to the performance of such activities, it is prohibited for the above mentioned parties to commit, cooperate or cause the commission of acts that either individually or collectively contribute, directly or indirectly, to the perpetration of computer crimes.

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.

1.2.2 General Code of Conduct

In order to prevent the commission, by the said parties, of acts which may constitute the type of crime envisaged by section 24-*bis* of the Legislative Decree 231, Fiat must adopt a series of precautionary measures and must establish an appropriate code of conduct. In particular it is necessary to:

- provide the said parties with adequate information regarding the correct utilisation of the company's IT resources and the risk of commission of Computer 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, for example, the download of large files, or exceptional activity of the *servers* outside the working hours of the company;
- introduce and maintain adequate physical protection of the *servers* of the Company 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, also controls to prevent unauthorised introduction and removal of material.

1.2.3 Specific Procedural Principles

In order to apply and implement the above mentioned code of conduct, it is necessary to introduce the following procedural principles:

- adequately inform the users of the information systems as to the importance of maintaining the confidentiality of their personal access codes (*username* and *password*) and not disclosing these to third parties;
- distribute to the users of the information systems a specific document, with which they undertake to correctly utilise the company's IT resources;
- inform the users of the information systems that they should not leave their information systems unattended as well as the need to block their systems, whenever they abandon their place of work, utilising their 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;
- the inward and outward access towards the external environment (connection to the Internet network) must be authorised and must be effected only by authorised methods and only for work purposes;
- equip the *server* rooms with security doors with a physical access control so as to permit access only to authorised personnel;
- protect every company information system, 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 every information system 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) which have not been approved by the Company and are not related to the professional activity performed by the said parties or the users;
- limit the access to the 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 post websites or websites for the disclosure of information and *files*);
- prohibit, in particular, the installation and utilisation, on the Company's information systems, of *software* (so-called "*P2P*", *file sharing* or *instant messaging*) by means of which it is possible to exchange with other persons within the Internet network every type of *file* (such as film, 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 employees of the Company;
- envisage, wherever possible, an authentication procedure by means of a *username* and a *password* which corresponds with a limited profile of the resource management system, which is specific for each said party or category of said party;

The computer crimes extend the responsibility of the legal entities to the so-called Crime of Forgery.

In particular, all Employees and Corporate Bodies, as well as Consultants and Business Partners, must respect such principles so as to avoid the possible commission of the Crime of Forgery in general and more specifically by means of a computer system.

It is therefore severely prohibited to send any untrue document, counterfeited or not authentic, by means of a computer transmission.

1.3 Sensitive Processes in Regard to Organised Crime Offences

(omissis)

1.3.1 The System in General

The objective of this Section is that for all the recipients (Employees and Social Bodies as well as Consultants and Business Partners), in the measures in which the same might be involved in the execution of activities through which a charge is presumable, on a national or international level, and in any of the organised crime offences, compliance shall be applied with respect to the roles and responsibilities defined in the organisational structure, as well as the laws/procedures aimed at preventing and impeding the occurrence of the Offences themselves.

In particular, in performing company activities, the recipients are expressly prohibited from collaborating or giving cause to the realisation of such actions that, individually or collectively, directly or indirectly, integrate the matters in question regarding the abovementioned offences.

1.3.2 General Code of Conduct

This Section provides for, within the area of the defined roles/responsibilities, obliging the abovementioned recipients to:

- determine the selection criteria for suppliers/clients/business partners for the stipulation of contracts and for the realisation of investments, as well as the evaluation of offers;
- verify the commercial and professional credibility of suppliers/clients/business partners for the stipulation of contracts or joint-venture agreements (e.g. ordinary perusals at the Chamber of Commerce, self certification in accordance with Presidential Decree 445/00 relative to eventual pending charges or sentences charged on their behalf);
- choose suppliers/clients/business partners based on their 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;
- not accept contractual relations with clients or counterparts that 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;
- not perform jobs, supply products, or perform any sort of commercial and/or financial operations, directly in person or with other subjects – individuals or legal entities – whose names have been noted by the appointed European and international authorities for the prevention of terrorism Offences;
- give particular expression to relations with clients and suppliers for maximum correctness and transparency, taking into account the provisions of the law that regulate the execution of activities, as well as the specific ethical principles on which the Company activities are founded;
- uphold correct, transparent, and collaborative business conduct, with respect to the provisions of the law and the internal company procedures in all activities aimed at the management of personal information for suppliers/clients/business partners;
- managing the suppliers/business partners in order that they provide adequate segregation of duties and responsibilities, with particular reference to the evaluation of offers, to the execution of services, and to the well-being as well as the liquidation of the payments;
- verify the regularity of payments, with reference to the full coincidence between the recipients/requesters of the payments and counterparts actually involved in the transactions;
- perform formal and substantial controls on the company financial flows, with reference to the payments to third parties and to payments/intergroup payments. Such controls must take the legal headquarters of the counterpart

company into account (e.g. 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 company and fiduciary structures used for extraordinary transactions or operations;

- evaluate with particular attention to the reliability of the suppliers, also in relation to the management of personnel, costs, and origin of the manpower used, and to the allocation of the production sites, etc.;
- provide appropriate declaration from suppliers/clients/business partners for contract renewals and/or new contracts confirming to be aware of the legislation pursuant to Legislative Decree 231/2001 and of the implications for the Company, to have never been implicated in legal proceedings relative to the Offences stipulated in the same (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) and to be committed to comply with Legislative Decree 231/2001;
- provide an appropriate clause for contract renewals and/or new contracts with suppliers/clients/partners that regulate the consequences of the violation by the same pursuant to Legislative Decree 231/2001 (e.g. expressed termination clauses, penalties).

1.4 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)

1.4.1 General Code of Conduct

Fiat 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 safeguard. 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.

For this reason, it is essential to provide for a structured internal control system that allows for safeguarding the industrial assets and identifying those actions taken that are in violation to the rights of others.

In such circumstances, 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).

The following general principles and restrictions apply to Employees, Social Bodies – directly – Service Companies, Consultants and Business Partners by virtue of appropriate contractual clauses. In particular, and also in coherence with the principles expressed in the Code of Conduct, which prohibit:

- Collaborating or giving cause to the realisation of such actions that, taken individually or collectively, directly or indirectly integrate the related offences that fall under those mentioned above (Articles 25-*bis* and 25 *bis-1* of Legislative Decree 231/2001);
- Violating the principles provided in this Section and the company procedures in force;
- Revealing information to third parties that concerns Company technical, technological, and commercial knowledge, apart from the cases in which it is requested by the judicial Authorities, laws, or other regulatory provisions or should it be expressly expected by specific contractual agreements with which the counterparts have agreed to use them exclusively in such a way that the said information is transmitted by maintaining the strictest confidentiality.

1.4.2 Specific Procedural Principles

In order to comply with the regulations and restrictions listed in the previous paragraphs, the procedures listed below must be respected, in addition to the regulations and the general principles contained in this Model. The regulations, described here below, must be respected both in the fulfilment of the activities of Fiat on Italian territory, as well as abroad:

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 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 single 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 anew 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, continuing to the maintenance or abandonment based on the company needs;
- In the area of marketing and brand 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.

Exemptions are any eventual procedures for greater or more specific safeguarding already in force in the company for the execution of activities connected to the Sensitive Processes.

1.5 Sensitive Processes in Regard to Corporate Offences

(omissis)

1.5.1 The System in General

With regard to the performance of all activities relating to the management of the Company, in addition to the regulations contained in this Program and, in particular, those indicated in the following paragraphs 1.5.2 and 1.5.3, the Corporate Bodies of Fiat (as well as the Employees and Consultants, to the extent that is necessary for the performance of their duties) must be generally aware of and comply with the:

- principles of Corporate Governance approved by Fiat which reflect the applicable regulations and the international best practices;
- Internal Control System (ICS), and consequently also with the company procedures, the documentation and the internal communications relating to the hierarchal-functional and organisational structure of the Company and the management control system;
- Code of Conduct (available on the website - www.fiatgroup.com);
- rules relating to the administrative, accounting, financial and reporting system;
- applicable Italian and foreign legislation (including, for example, legislation concerning safety matters).

1.5.2 General Code of Conduct

This section expressly prohibits the Corporate Bodies of Fiat (as well as the Employees and Consultants, to the extent that is necessary for the performance of their duties) to:

- commit, cooperate or cause the commission of acts that either individually or collectively contribute, directly or indirectly, to the perpetration of the types of Offences referred to above (section 25-*ter* of the Legislative Decree 231/2001);
- violate the Company principles and procedures contemplated in this section.

Consequently an explicit onus is placed upon the above mentioned parties to:

1. maintain a correct, transparent and collaborative conduct, in compliance with the law and the internal company procedures, in all activities concerning preparation of the 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;
2. strictly observe all the obligations imposed by the law to safeguard the integrity and consistency of the shareholders equity, in order not to impair the interests of the creditors and third parties in general;
3. ensure the normal operation 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 process by the shareholders;
4. effect 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.

Within the context of the above mentioned duties, in particular, it is prohibited to:

with reference to the preceding point 1:

- present or transmit for elaboration and presentation in the Financial Statements, reports and prospectuses or other company communications, false or incomplete data or, nevertheless, information not corresponding with the actual income, net asset and financial situation of the company and its subsidiaries;
- omit data and information required by the law in regard to the income, net asset and financial situation of the company and its subsidiaries.

with reference to the preceding point 2:

- reimburse paid-in capital to the shareholders or release them from the obligation to contribute such capital, with the exception of the case of legitimate reduction of shareholders' equity;
- distribute profits or make advance payments of profits not yet earned or required by law to be set aside as reserves;
- purchase or underwrite shares of the company or its subsidiaries, other than in those cases envisaged by the law, to the detriment of the integrity of the shareholders' equity;
- effect reductions of the shareholders' equity, mergers or demergers, in violation with the terms of law to safeguard the creditors, thus damaging their interests;
- proceed with the fictitious constitution or increase of share capital, through the issuance, during the process of the share capital increase, of shares at a value inferior to their nominal value.

with reference to the preceding point 3:

- act in such a manner as to materially impede, through the concealment of documents or the adoption of other fraudulent means, or to nevertheless to obstruct the performance of the control and auditing activity of the Board of Statutory Auditors or of the external auditing firm;
- determine or influence the deliberations of the shareholders' meeting, by the commission of simulated or fraudulent acts intended to alter the normal decision-making process at the shareholders' meeting.

with reference to the preceding point 4:

- omit the issuance, with due completeness, accuracy and timeliness, of all the periodic communications envisaged by the law and the applicable regulations, necessary for the control activity by the supervisory bodies of the company's activities, or to omit the transmission of the data and documents foreseen by the law and/or specifically required by the above mentioned authorities;
- present, in the above mentioned communications or transmissions, untrue information or to conceal significant matters concerning the income, net asset or financial situation of the company;
- adopt any form of conduct to obstruct the performance of the supervisory activity, also in occasion of inspections by the Government Supervisory Bodies (such as express opposition, refusal as a pretext, or also obstructive behaviour or lack of cooperation, such as the delaying communication or availability of documents).

1.5.3 Specific Procedural Principles

In order to implement the rules listed in the preceding paragraphs, it is necessary to comply not only with the general principles set out in the Program, but also with the specific procedures relative to the individual Sensitive Processes, indicated below:

- ***Preparation of the 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.)***

The above mentioned documents must be drawn up 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) which 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.

In addition to the existing procedures, the following supporting measures should be adopted:

- introduction of a basic training program for all persons responsible for the functions involved in the drawing up of 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;
- setting up of appropriate procedures to ensure that the periodic press releases to the market are drawn up with the involvement of all the interested functions, so as to ensure both the accuracy and agreement as to the contents. Such procedures should comprise appropriate due dates, the definition of the parties involved, the matters to be addressed, the flow of information and the issue of relevant certification.
- ***Management of relations with the external auditing firm***

The following rules should be observed, with regard to the relations between Fiat and the external auditors:

- the need to comply with the Group procedure which regulates the process of evaluation and selection of the external auditing firm;
- consultancy engagements, regarding activity other than the auditing of the accounts, 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 Committee which, before formulating a justified opinion, will seek a decision by the Board of Directors (subject to the prior consultation with the Board of Statutory Auditors);
- ***Preparation of the communications to the Government Supervisory Bodies and the management of relations with such entities***

  In regard to the activities of Fiat which are subject to the supervision of Government Agencies under applicable specific legislation, in order to avoid the commission of the Offences of *false communication of information* to such agencies and of *impediment to the supervisory function*, those activities which are subject to supervision must be performed in accordance with existing company procedures which define the methodological approach to be followed and assign specific responsibility in relation to the:
- periodic communications to the Government Agencies envisaged by the laws and regulations;
- transmission to such agencies of the documents required by the laws and regulations (e.g. financial statements and minutes of meetings of the Corporate Bodies);
- transmission of data and documents specifically requested by the Government Supervisory Bodies;
- conduct to be adopted during the course of inspections by such authorities.

The underlying principles of such procedures are:

- 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;
- adequate formalisation of the subject procedures and subsequent documentation of the performance of the duties therein described, with particular attention to the elaboration of the data;
- during the course of the inspection, the maximum cooperation must be provided by the company functions and organisational structures involved, in order to facilitate such activity. In particular, subject to the prior approval of the person authorised to interact with the authorities, it is necessary to ensure that the documentation requested by the inspectors is made available in a prompt and complete manner;
- the inspections should be attended by the expressly delegated persons. Specific minutes of the entire inspection process should be prepared and retained. In the event of the concluding minutes highlighting critical issues, the

Compliance Program Supervisory Body should be informed by the person in charge of the function involved, by means of a written memorandum.

- ***Other rules aimed at preventing Corporate Offences in general***

In addition to the rules of *Corporate Governance* and the other existing procedures, the following additional measures should be adopted:

- implementation of a periodic training-information system for the relevant personnel with regard to the rules of the *Corporate Governance* and the Corporate Offences;
- planning of periodic meetings between the Board of Statutory Auditors and the Compliance Program Supervisory Board to verify the compliance with the regulations concerning corporate legislation and *Corporate Governance*;
- transmission well in advance to the members of the Board of Directors and the Board of Statutory Auditors, of all the documents relative to the items on the Agenda for the meetings of the Shareholders or the Board of Directors;
- formalisation and/or updating of internal rules and procedures concerning the compliance with corporate legislation.

1.6 Sensitive Processes in Regard to Market Abuse Offences

(omissis)

1.6.1 The System in General

Fiat has adopted corporate policies that are consistent with the rules and principles established by all the legislation intended to counter the Offences of Market Abuse.

1.6.2 General Code of Conduct

This Section expressly prohibits the under mentioned persons 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 by this chapter (Section 25-*sexies* of the Legislative Decree 231/2001 and Section 187-*quinquies* of the Consolidated Law on Financial Instruments and Markets (TUF). The persons in question are the:

- 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: Internal Audit, 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 particular, the above mentioned parties are prohibited from:

- utilising Privileged Information, in virtue of the position they hold within the Group or given the fact that they have business relations with the Group, to directly or indirectly negotiate shares of a Group company, of customer 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 its 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, at 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;
- acting jointly with the purpose of controlling the offer or demand of a financial instrument, so as to directly or indirectly determine the purchase or selling price or establish other incorrect commercial conditions;
- buying or selling financial instruments at the market closing time, so as to mislead the investors who operate on the basis of closing prices, with the exception of normal prudent investment activity of 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;
- effecting purchases or sales of a financial instrument without this 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;
- intentionally buying or selling financial instruments or derivative contracts towards the end of the trading session in order to alter the final price of the financial instrument or derivative contract, with the exception of normal prudent investment activity of purchase and sale of financial instruments or derivative contracts;
- colluding on the secondary market after a placement carried out as part of a public offering;
- 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 (e.g. 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 manipulation)
- disclosing 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, effecting 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, effecting 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.

1.6.3 Specific Procedural Principles

Consistently with the system of *Corporate Governance*, the principles contained in the Code of Conduct, as well as the controls and procedures regarding the external disclosure of information, it is necessary to comply with the following rules.

1. *The external release of information[1] must be made in compliance with the Disclosure Controls and Procedures adopted in conformity with the U.S. Securities Exchange Act del 1934 and the U.S. Sarbanes Oxley Act del 2002.*
2. *The Privileged Information must be treated in accordance with the internal Fiat or Group procedures, which envisage the:*

- duties and roles of the Persons Responsible for managing such information;
- rules which 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 which classify the information as privileged or destined to be considered as such, to be determined jointly with the competent corporate functions an ratified by the Compliance Program Supervisory Body;
- 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 on hand of 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 on hand of 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 which concerns Privileged Information, the names of all the persons involved must be recorded in the register and be countersigned for acceptance.

In any occasion, when there is a doubt as to whether the information is of a privileged nature, before disclosing or transmitting such information, authorization should be obtained from the Compliance Program Supervisory Body or the Head of the Company Affairs function of the Group Parent Company.

3. *Ex-post reviews are performed of the trend of the Fiat S.p.A. shares in order to reveal possible risks (e.g. number of shares sold /limited number of purchasers/time of purchase).*
4. *The internal procedures governing 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, Section 132 of the TUF, and Sections 15 and 73 of the Share Capital Issuing Regulation.*

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

5. Whenever there is any doubt, 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 Body or the Head of the Company Affairs function.

The Company provides a periodic training-information program for the above mentioned persons in regard to the *Market Abuse* Offences and administrative crimes as well as the existing company procedures.

The company procedures relating to the prevention of market abuse offences may be updated also on hand upon the proposals or request of the Compliance Program Supervisory Body.

At the responsibility of the person implementing them, possible exceptions to these procedures are permissible, only in the event of particular urgency in the formulation or implementation of a decision or in the case of temporary impossibility to comply with the procedures. The Person Responsible who waives the above mentioned procedures must obtain the prior authorisation and subsequent ratification of his immediate superior. Finally, it is necessary to immediately inform the Compliance Program Supervisory Body.

1.7 Sensitive Processes in Regard to the Crimes of Manslaughter and Serious Personal Injury or Grievous Bodily Harm

(Committed in Violation of the Accident Prevention and Occupational Hygiene and Health Protection)

(omissis)

1.7.1 The System in General

This Section is intended to regulate the conduct of the following parties:

- the Employer, the Manager and the Compliance Officer;
- the Employees;
- the Contractors.

The objective of this Section is to ensure that the persons addressed, to the extent that they may be involved with Activities as Risk, follow a code of conduct consistent with the rules set out in this Section in order to prevent and impede the occurrence of the Offences envisaged by Section 25-*septies* of the Legislative Decree 231/2001, while bearing in mind the individual position of each of these parties vis-à-vis the Company and, consequently, their individual responsibilities as specified in the Program.

In particular, the purpose of this Section is to provide:

- a list of the general principles and specific procedural rules with which the persons in address, according to the nature of their existing relationship with the Company, must comply so as to ensure a correct application of the Program
- the Compliance Program Supervisory Body 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 Body will necessarily avail itself of the assistance of specialized personnel in order to maintain and support the professional level of competence required by the law.

Therefore, during the performance of such activity, the recipients are expressly prohibited from committing, collaborating with or causing the commission of acts that individually or collectively contribute, directly or indirectly, to the perpetration of Offences considered in this Section.

1.7.2 General Company Principles and Preventive Measures

This Section indicates the general principles for the prevention of the Crimes of Manslaughter and Serious Personal Injury or Grievous Bodily Harm, committed in violation of the accident prevention and occupational hygiene and health protection laws.

In order to permit the implementation of these principles, intended to protect the health and safety of the workers, as

envisaged by Section 15 of the Legislative Decree 81/2008 and in compliance with Legislative Decree 81/2008 and subsequent modifications as per the following.

Procedures/Instructions

- The Company must issue procedures/instructions which define in a formal manner the duties and the responsibilities in regard to safety matters;
- the Company must monitor accidents on the workplace and regulate the communication of such to INAIL (National Insurance Institute for Occupational Accidents) conformity to the law;
- the Company must monitor professional illnesses and regulate the communication of those relative to National Register information for professional illnesses present in the INAIL database;
- The Company must issue a procedure/internal organisational announcement concerning the periodic preventive sanitary inspections;
- The Company must introduce procedures/internal instructions for the management of the first aid, emergencies, evacuation and fire prevention;
- The Company must 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 Section 38 of the 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 the employees and newly hired staff (including temporary staff, interns and consultants or freelance operators providing an ongoing service) 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;
- The employees and newly hired staff (including the temporary staff, interns and the consultants or freelance operators providing an ongoing service) 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;
- 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 which 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 safety and hygiene;
- Risk 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 Body; such meetings should be formally summoned and relative minutes should taken and be undersigned by the participants.

1.7.3 Duties of the Employer and the Employees

The following paragraphs serve to further clarify the principles set out in the preceding point 1.7.2.

The Employer must:

- 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 drawing up 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 of the health and safety duties to the workers, bearing in mind the effective capacity and physical condition of the same;
  - equipping 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 risks 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.

The Workers must:

- 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 representative;
- not 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.

1.7.4 Contractor's Agreements

1.7.4.1 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 Section 26 of the 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 out;
- 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;
- 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.

It is the responsibility of the employer to verify, also by inspection of the registration at the Chamber of Commerce, Industry and Crafts and Trades, the technical-professional competence of the contracting firms or the self-employed persons in relation to the works to be awarded under contractor's agreement or contract for work and labour.

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 comma 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.

The agreements for staff leasing, contract or subcontract work, must specifically indicate the costs relating to occupational safety. 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).

1.7.4.2 Relations with Contract Customers

The Company must keep and maintain updated a list of the firms for which it works as a contractor.

The Company must obtain from the company for which it works as a contractor the information concerning the specific risks and the preventive measures adopted by the latter.

In the event of there being subcontractors, it is necessary to define the management and coordination procedures for the subcontracted works.

The agreements for contract work/staff leasing must specifically indicate the costs relating to occupational safety.

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

(omissis)

1.8.1 The System in General

The objective of this Section is to ensure that all the recipients (Employees, Corporate Bodies, Consultants and Business Partners), to the extent that they may be involved in the performance of activities, in which it may be assumed that Crimes in question could be committed, comply with the code of conduct set out in this Section in order to prevent and impede the commission of such Offences.

In particular, during the performance of such activity, the recipients are expressly prohibited from committing, collaborating with or causing the commission of acts that individually or collectively contribute, directly or indirectly, to the perpetration of the Offences of Receiving of Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin.

It is also prohibited to act in contrast to the company anti-money laundering principles and procedures adopted by Fiat.

1.8.2 General Code of Conduct

This Section imposes, upon the above mentioned persons in address, the obligation to:

- verify the commercial and professional reliability of the suppliers and commercial/financial business partners;
- verify the validity of the payments, in regard to the full correspondence between beneficiary/payer and the counterparties effectively involved in the transactions;
- effect formal and substantive controls of the company cash flows, with reference to payments to third parties and to intra-group payments/transactions. Such controls must bear in mind such matters as the location of the legal headquarters of the counterparty (e.g. tax havens, Countries exposed to the risk of terrorism, etc.), the credit institutions utilised (headquarters of the banks involved in the transactions and credit institutes which are not physically present in any Country) and possible corporate shields and trustee structures utilised for extraordinary transactions or operations[2];
- determine the minimum requisites to be possessed by tendering parties and to establish the criteria for the evaluation of the offers for standard contracts;

2. The intra-group transactions, the utilisation of corporate shields and/or trustee structures are indicators of suspicious transactions for the purposes of money laundering; practices which have already been utilised and highlighted by the judicial authorities during the course of investigations of Offences of a financial nature.

- 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);
- apply the specific preventive controls (protocols) envisaged also for the Offences concerning relations with Government Agencies, Corporate Offences and Market Abuse Offences.

1.8.3 Specific Procedural Principles

- Do not accept payment in cash;
- Do not utilise blank (anonymous) payment instruments to effect transfers of significant amounts;
- Do not transfer money and bearer credit instruments (cheques, postal money orders, deposit certificates, etc.) for overall amounts exceeding the limits imposed by the law (12.500 euro, as Law n.133 of 6 August 2008), 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 12.500 euro;
- Do not enter into contractual relations with customers or contractual counterparties who have their head office or residence in, or are in any manner connected with countries considered to be non-cooperative by the Gruppo di Azione Finanziaria contro il riciclaggio di denaro (Financial Action Group against money laundering);
- Verify the commercial and professional reliability of new suppliers by means of:
  - an ordinary search at the Chamber of Commerce;
  - an analysis of the supplier in order to verify the consistency with the services requested by the Company;
  - the issuance of an anti-mafia certification by the supplier;
  - the declaration by the supplier that there are no legal proceedings in his regard, with specific reference to the criminal legislation.
- Include a specific clause, in the contracts with suppliers, whereby they declare their awareness of the ethical principles and conduct of Fiat and the principles set out in the Compliance Program.

1.9 Sensitive Processes Concerning Offences Related to Violations to Copyright Laws

(omissis)

1.9.1 The System in General

The Company adopts company policies coherent with the regulations and principles dictated by all regulations aimed at combating Offences involving the violation of copyright laws.

In order to prevent the recipients from performing actions that might materialize into offences pursuant to Article 25-*novies* of Legislative Decree 231, the Company must adopt a series of precautionary measures and prepare suitable

general principles of conduct. In addition, pursuant to of the abovementioned process, the principles dictated regarding the computer crime offences are cited. 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.

The following general restrictions apply directly to both Company Employees and Social Bodies as well as to the Service Companies, Consultants, and Business Partners by virtue of specific contractual clauses.

It is thus forbidden to:

- Collaborate or give cause to the realisation of such actions that, taken individually or collectively, directly or indirectly integrate the related offences that fall under those mentioned above (Articles 25-*novies* of Legislative Decree 231/2001);
- Violate company principles and procedures outlined in this Section.

1.9.2 Specific Procedural Principles

In order to implement the regulations and restrictions listed in the previous paragraphs, the procedures described here below must be respected, in addition to the regulations and general principles contained in this Model. Such regulations must be respected both in the execution of the Company activities as well as on Italian and foreign territory:

- 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 copyrighted software;
- Regarding promotional/advertising activities for brands/products, and, in particular, the management of events, the use, making available to the public, also through telematics network systems, of protected original works must be carried out with respect to the copyright laws in force;
- 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;
- Allow the use of parts of works, as well as the citing or reproduction of work belonging to others under the condition that it is not made commercial or that it does not constitute competition with the economic use of the same work, as pursuant to Article 70 of Law No. 633 of 1941. 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.

SECTION IV

THE DISCLOSURE OF THE PROGRAM

1. TRAINING OF THE RESOURCES AND DISCLOSURE OF THE PROGRAM

1.1 Training and Informing the Employees

(omissis)

1.2 Informing the Consultants and Business Partners

The Consultants and Business Partners must be informed of the contents of the Program and of the requirement by Fiat that their conduct be compliant with terms of the Legislative Decree 231/2001.

1.3 Informing the Directors and the Statutory Auditors

(omissis)

SECTION V

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 Body and serves to ensure the effectiveness of the said Program. In fact, in accordance with the provisions of Section 6, first paragraph, letter *e)* of the Legislative Decree 231/2001, 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 the such censurable conduct constitutes one of the Offences envisaged by the Legislative Decree 231/2001.

In the event of the company incurring tangible damages consequent to the violation of rules of this Program, it may nevertheless proceed with a claim for damages, such as a ruling by the Judge of the sanctions against the company as prescribed by the Legislative Decree 231/2001

2. DISCIPLINARY MEASURES IN REGARD TO MIDDLE MANAGERS, WHITE COLLAR AND BLUE COLLAR WORKERS

2.1 Disciplinary System

(omissis)

2.2 Violation of the Program and Relative Sanctions

(omissis)

3. DISCIPLINARY MEASURES IN REGARD TO MANAGERS

(omissis)

4. DISCIPLINARY MEASURES IN REGARD TO DIRECTORS

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

5. DISCIPLINARY MEASURES IN REGARD TO THE STATUTORY AUDITORS

In the even of conduct in violation of this Program, by one or more Statutory Auditors, the Compliance Program Supervisory Body must inform the entire Board of Statutory Auditors and the Board of Directors, who will take suitable action such as, for example, summoning a shareholders' meeting in order adopt the appropriate measures permitted by the law. The Compliance Program Supervisory Body will also inform the Internal Control 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 an ongoing service 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 BODY AND OTHER PARTIES RESPONSIBLE FOR THE IDENTIFICATION AND CONSEQUENT ELIMINATION OF CONDUCT IN VIOLATION OF THE COMPLIANCE PROGRAM

(omissis)

ATTACHMENT A: PRESUMED OFFENCES

1. OFFENCES REGARDING RELATIONS WITH GOVERNMENT AGENCIES (SECTIONS 24 AND 25 OF THE LEGISLATIVE DECREE 231/2001)

A brief description is provided below of the various Offences envisaged in Sections 24 and 25 of the Legislative Decree 231/2001.

- ***Misappropriation of Funds to the Detriment of the State of Italy or the European Union (Section 316-bis of the Criminal 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 (Section 316-ter of the Criminal 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 (Section 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 (Section 317 of the Criminal Code)***

This Offence is committed when a government official or person responsible for a public service, 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 the Legislative Decree 231/2001; in particular, it may be possible to recognise the relative grounds for prosecution within the application of the Legislative Decree 231/2001 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.

- ***Bribery to Obtain an Official Act or an Act Contrary to the Duties of Office (Sections 318-319-319 bis-320 of the Criminal 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 party.

Penalties are envisaged also for the corrupting party (Section 321 of the Criminal 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.

- ***Incitement to Bribery (Section 322 of the Criminal 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;

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.
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, Corruption and Instigation to Corrupt Members of the Bodies of the European Community and Officers of the European Community and Foreign States (Section 322-bis of the Criminal Code)***

The provisions of Sections 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 Sections 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 section;
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.

- ***Bribery During Judicial Proceedings (Section 319-ter of the Criminal 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).

- ***Fraud to the Damage of the State, Other Government Agency or the European Union (Section 640, paragraph 2 n. 1, of the Criminal 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 (Section 640-bis of the Criminal 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 (Section 640-ter of the Criminal 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 CRIME" (SECTION 24-*BIS* OF THE LEGISLATIVE DECREE 231/2001)

The Law 48/2008, ratifying the Convention on Computer Crime, amended the Legislative Decree 231/2001 with the addendum of Section 24-*bis*, which extended the corporate administrative responsibility to include the Offences of "Computer Crime".

A brief description is provided below of the various Offences envisaged by the Legislative Decree 231/2001 at Section 24-*bis*.

- ***False Information in a Computer Document of a Public Nature or Probative Effect (Section 491-bis of the Criminal 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 (Section 615-ter of the Criminal 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 (Section 615-quater of the Criminal 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 5.164,00 Euro.

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

- ***Propagation of Equipment, Devices or Computer Programs Intended to Damage or Interrupt an Information or Computer System (Section 615-quinquies of the Criminal 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 10.329,00 Euro.

- ***Interception, Obstruction or Illegal Interruption of Information or Computer Systems Communications (art. 617-quater of the Criminal 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 (Section 617-quinquies of the Criminal 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 Section 617-*quater*, the term of imprisonment ranges from one to five years.

- ***Damaging of Information, Data and Information Systems Programs (Section 635-bis of the Criminal 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 Section 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 (Section 635-ter of the Criminal 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 Section 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 (Section 635-quater of the Criminal Code)***

Unless the act constitutes a more serious Offence, any person acting in the manner described in Section 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 Section 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 (Section 635-quinquies of the Criminal Code)***

If the act, described in Section 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 one to four 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 three to eight years.

Should the circumstances envisaged at point 1) of the second paragraph of Section 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 (Section 640-quinquies of the Criminal 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 three years and a monetary sanction ranging from 51 to 1.032 Euro.

3. REGARDING ORGANISED CRIME OFFENCES (ARTICLE 24-*TER* OF LEGISLATIVE DECREE 231/2001)

Law No. 94, Article 2, comma 29 of 15 July 2009 introduced the matters regarding organised crime offences with reference to Article 24-*ter* of Legislative Decree 231/2001.

The single matters pursuant to 24-*ter* of Legislative Decree 231/2001 are briefly described here below.

- ***Criminal Organisation (Article 416 c.p.)***

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, comma 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 No. 286 of 25 July 1998, a sentence of five to fifteen

years' imprisonment in applied in the cases pursuant to the first comma and a sentence of four to nine years' imprisonment in the cases pursuant to the second comma[3].

- ***Mafia-Related Organisation, National and Foreign (Article 416-bis c.p.)***

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.

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

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 commas 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 c.p.)***

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

- ***Kidnapping for Ransom (Article 630 c.p.)***

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

3. 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, commas 3 and 3-*bis* of Legislative Decree No. 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 Euro 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 comma 3 are committed involve two or more of the same hypotheses as letters a), b), c), d) and e) of the same comma, the established sentence is raised. (omissis)

provided in the previous comma, 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 comma is replaced with twenty to twenty-four years' imprisonment; the sentence provided by the third comma 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 comma, and for fifteen years, in the case provided by the third comma.

The limits of the sentence provided in the previous comma may be surpassed at which point the extending circumstances relate to the fifth comma 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 organization 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 commas 1 and 3, the sentence shall not be less than twenty-four years imprisonment, and twelve years imprisonment pursuant to comma 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 comma 1 of Article 80. If the organisation is formed with the intent of committing the actions described by comma 5 of Article 73, the first and second commas of Article 416 of the Penal Code are applied.

The sentences pursuant to commas 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 organization for the committing of the crimes.

- ***Article 407, comma 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, comma 3 of Law 110/75.***

4. TRANS-NATIONAL OFFENCES (LAW 146 OF 16 MARCH 2006)

The Law n. 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* (section 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 the Legislative Decree 231/2001: Section 10 of the Law 146/2006 prescribes that the Trans-national Crimes envisaged by this law shall be disciplined by the provisions of the Legislative Decree 231/2001.

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 Organisation (Article 416 c.p.)***
- ***Mafia-Related Organisation (Article 416-bis c.p.)***
- ***Organisation aimed at illicit trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree No. 309/1990)***[4]
- ***Criminal Organisation aimed at the contraband of foreign-manufactured tobacco (Article 291-quater of Presidential Decree No. 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 (Section 12 Paragraphs 3, 3-bis, 3-ter and 5 of the 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 15.000 Euro 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. 1,5 million Euro (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 (Section 377-bis of the Criminal 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 (art. 378 Cod. Pen.)***

4. The types of offences pursuant to Articles 416, 416 *bis* and Article 74 of Presidential Decree No. 309/1990 are described in the paragraph relative to *Organised Crime Offences* pursuant to Article 24-*ter* of Legislative Decree 231/01.

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 c.p.) introduced by Law No. 99 of 23 July 2009, Article 15, comma 7:

- ***Falsification of money, spending, and introduction into the Country, subject to agreement, of counterfeit money (Article 453 c.p.);***
- ***Alteration of money (Article 454 c.p.);***
- ***Spending and introduction into the Country, subject to agreement, of counterfeit money (Article 455 c.p.);***
- ***Spending counterfeit money received in good faith (Article 457 c.p.);***
- ***Falsification of duty stamps, introduction into the Country, acquisition, detention, or placing into circulation, of falsified duty stamps (Article 459 c.p.);***
- ***Counterfeiting filigreed paper in use for the manufacturing of public credit cards or duty stamps (Article 460 c.p.);***
- ***Manufacturing or detention of filigrees or instruments aimed at falsifying money, duty stamps, or filigreed paper (Article 461 c.p.);***
- ***Use of counterfeit or altered duty stamps (Article 464 c.p.);***
- ***Counterfeiting, altering or use of distinguishing marks or signs for patents, models and designs (Article 473 c.p.)***

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 Euro 2,500 to Euro 25,000.

A sentence of one to four years' imprisonment and a fine from Euro 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 provisions pursuant to Articles 474-*bis*, 474-*ter*, second comma, and 517-*bis*, second comma, are applied.

The offences provided by the first and second commas are punishable under the condition 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.)***

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 Euro 3,500 to Euro 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 comma into circulation in order to earn profits,

shall be sentenced to up to two years' imprisonment and fined up to Euro 20,000.

The offences provided by the first and second commas are punishable under the condition 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.

Law No. 99, Article 15, comma 7 of 23 July 2009 has also introduced **Article 25-*bis* I of Legislative Decree 231/2001**, entered as "**Offences Against Industry and Commerce**", whose specific matters in question are described here below:

- ***Infringed freedom in industry and commerce (Article 513 c.p.)***

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 Euro 103 to Euro 1,032.

- ***Illicit competition with threats or violence (Article 513-bis.)***

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 c.p.)***

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 Euro 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 c.p.)***

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 Euro.

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

- ***Sale of non-genuine food items as genuine (Article 516 c.p.)***

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 Euro 1,032.

- ***Sale of industrial products with false signs (Article 517 c.p.)***

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 Euro.

- ***Manufacturing and commerce of assets gained by usurping industrial property titles (Article. 517-ter)***

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 Euro 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 comma.

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

The offences provided by the first and second commas are punishable under the condition that they 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)***

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 Euro 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 comma, and 517-*bis*, second comma, are applied.

The offences provided by the first and second commas are punishable under the condition that they 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 (SECTION 25-*TER* OF THE LEGISLATIVE DECREE 231/2001)

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

- ***Untrue Corporate Communications (Section 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 situation.

It 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 (Section 2622 of the Civil Code)***

The Offence contemplated by Section 2622 of the Civil Code further arises when, as a consequence of the conduct envisaged by Section 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 (Section 173-bis of the Legislative Decree 58/98)***

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 (Section 2624 of the Civil Code)***

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 Fiat as well as its employees may be implicated for complicity in the crime. In fact, in accordance with Section 110 of the Civil Code it may be assumed 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 (Section 2625 of the Civil Code)***

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 (Section 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 (Section 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 (Section 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 (Section 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/de-mergers 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 (Section 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 Section 116 of the Consolidated Act with reference to the Legislative Decree of 24 February 1998, n. 58 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 of 1 September 1993, n. 385, Legislative Decree n. 58 of 1998, Law of 12 August 1982, n. 576, or the Legislative Decree of 21 April 1993,

n. 124 - 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.

- ***Fictitious Constitution of Shareholders' Equity (Section 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 (Section 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.

- ***Illegal Influence Upon the Shareholders' Meeting (Section 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 (art. 2637 C.c.)***

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 (Section 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 (SECTION 25-*QUATER* OF THE LEGISLATIVE DECREE 231/2001)

A brief description is provided below of the principal Offences referred to by the Legislative Decree 231/2001 at Section 25-*quater*.

- ***Associations for the Purpose of Terrorism, also of an International Nature, or the Subversion of Established Law and Order (Section 270-bis of the Criminal 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 (Section 270-ter of the Criminal 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 Sections 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 (Section 270-quater of the Criminal Code)***

Any person, with the exception of the cases mentioned in the preceding Section 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, also of an International Nature (art. 270-quinquies Cod. Pen.)***

Any person, with the exception of the cases mentioned in the preceding Section 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 (Section 270-sexies of the Criminal 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 (Section 280 of the Criminal 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 (Section 280-bis of the Criminal 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 Section 585 of the Criminal 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 (Section 289-bis of the Criminal 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 (Section 302 of the Criminal Code)***

The law envisages that any person who instigates another person to commit one of the culpable Offences, contemplated by the relevant section 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 (Sections 304 and 305 of the Criminal Code)***

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

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

This Offence arises when an armed gang is constituted in order to commit one of the crimes indicated by the above mentioned Section 302 of the Criminal 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 Criminal Code and the Special Laws, Committed in Violation of Section 2 of the New York Convention of 8 December 1999***

In accordance with the above mentioned Section, 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 Section 270-*bis* of the Criminal 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 (SECTIONS 25-*QUATER*. 1 AND 25-*QUINQUIES* OF THE LEGISLATIVE DECREE 231/2001)

A brief description is provided below of the principal Offences referred to by the Legislative Decree 231/2001 at Section 25-*quinquies*.

- ***Reduction or Maintenance of the Individual in a State of Slavery (Section 600 of the Criminal 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.

The term of imprisonment is increased, ranging from a third to half of the above mentioned term, if the acts cited in the first paragraph above are committed to the damage of a person under the age of eighteen years or are directed towards the exploitation of prostitution or the subjection of the injured party to the explanting of organs.

- ***Juvenile Prostitution (Section 600-bis of the Criminal 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 15.493 to 154.937 Euro.

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 5.164 Euro.

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 (Section 600-ter of the Criminal 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 25.822 to 258.228 Euro.

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 2.582 to 51.645 Euro.

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 1.549 to 5.164 Euro.

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 (Section 600-quater of the Criminal Code)***

Apart from the circumstances envisaged by Section 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 1.549 Euro.

When a considerable quantity of material is involved, the punishment may be increased by not more than two thirds.

- ***Virtual Pornography (Section 600-quater.1 of the Criminal Code)***

The provisions of Sections 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 (Section 600-quinquies of the Criminal 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 15.493 to 154.937 Euro.

- ***Slave Trade (Section 601 of the Criminal Code)***

Any person, exercising the activity of slave trading, in regard to another person in the circumstances envisaged by Section 600 or with the objective of committing the Offences referred to by this section, 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.

The term of imprisonment is increased, ranging from a third to half of the above mentioned term, if the Offences referred to in this section are committed to the damage of a person under the age of eighteen years or are directed towards the exploitation of prostitution or the subjection of the injured party to the explanting of organs

- ***Purchase or Transfer of Slaves (Section 602 of the Criminal Code)***

Apart from the circumstances envisaged by Section 601, any person, who purchases, transfers or sells another person who is in the conditions described in Section 600 is subject to a term of imprisonment ranging from eight to twenty years.

The term of imprisonment is increased, ranging from a third to half of the above mentioned term, if the Offences mentioned in the preceding paragraph are committed to the damage of a person under the age of eighteen years or are directed towards the exploitation of prostitution or the subjection of the injured party to the explanting of organs.

- ***The Practice of Mutilation of the Female Genitals (Section 583-bis of the Criminal 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 section, 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 section 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 (SECTION 25-*SEXIES* OF THE LEGISLATIVE DECREE 231/2001)

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 the Legislative Decree of 24 February 1998, n. 58 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 (Section 184 of the TUF) or Manipulation of the Market (Section 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 Section 187–*bis* of the TUF with regard to Insider Trading and Section 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 Section 25–*sexies* of the 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 *Section* 187–*quinquies* of the TUF.

Offences:

- ***Insider Trading (Section 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[5] 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.

5. "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 connected with 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.

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).

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 (Section 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.

Some 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 (Section 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 section, for the greater part correspond to the Offences disciplined by Section 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, infatti, 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 section 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 section in question that, that the attempeted commission of the illegal act is equivalent to the effective perpetration of the same.

An 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 (Section 187-ter of the TUF)***

The provisions of Section 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 Section 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 Section 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.

An 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

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9.3 Disclosure Obligations

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10. CRIMES OF MANSLAUGHTER AND SERIOUS PERSONAL INJURY OR GRIEVOUS BODILY HARM, COMMITTED IN VIOLATION OF THE ACCIDENT PREVENTION AND OCCUPATIONAL HYGIENE AND HEALTH PROTECTION (LEGISLATIVE DECREE 81 OF 9 APRIL 2008)

Section 9 of Law 123 of 3 August 2007 amended the Legislative Decree 231/2001 by incorporation of the Section 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 Section 1 of Law 123/07, the 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, the Legislative Decree 81/2008 revokes some important laws concerning safety, including the Legislative Decree 626/94 (implementation of the European Community Directives concerning the improvement of occupational health and safety), the 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 Sections 2, 3, 4, 5, 6 and 7 of Law 123/2007.

Section 300 of the Legislative Decree 81/2008 has replaced the wording of Section 25-*septies* of the above mentioned Legislative Decree 213/2001, in regard to the Crimes referred to in Section 589 (Manslaughter) and Section 590 third paragraph (Serious Personal Injury or Grievous Bodily Harm) of the Criminal Code, committed in violation of the Occupational Hygiene and Health Protection regulations[6].

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 (Section 589 of the Criminal Code)***

The Crime is committed whenever someone is responsible for causing the death of another person.

Nevertheless the criminal circumstances envisaged by the Legislative Decree 231/2001, 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 new Section 25-*septies* of the Legislative Decree 231/2001 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 Section 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 (Section 590 Paragraph 3 of the Criminal 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 Section 583 of the Criminal 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 ".

6. «Section. 25-*septies*. - (Manslaughter and Serious Personal Injury or Grievous Bodily Harm, committed in violation of the Accident Prevention and Occupational Hygiene and Health Protection Legislation)
1. In relation to the Crime referred to in Section 589 of the Criminal Code, committed in violation of Section 55, paragraph 2, of the 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 Section 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 Section 589 of the Criminal 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 Section 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 Section 590, third paragraph, of the Criminal 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 Section 9, paragraph 2, are applied for a duration not greater than six months».

In accordance with paragraph 2 of Section 583 of the Criminal 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".*

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, Section 5 of the Legislative Decree 231/2001 prescribes that the Crimes must have been committed on behalf of the entity or for its benefit.

The Legislative Decree further envisages at Section 30 that, in order to avoid the entity incurring administrative responsibility, the Compliance Program referred to by the Legislative Decree 231/2001 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 (Section. 25-octies Legislative Decree 231/2001 - Legislative Decree 231/2007)

The 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 which prescribes the measures for implementation), has introduced into the framework of the Legislative Decree 231/2001 the new Section 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 (Sections 648, 648-*bis*, and 648-*ter* of the Criminal Code) even if committed at national level.

The Law 146/2006 (paragraphs 5 and 6 of Section 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 the 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 of Stolen Goods (Section 648 of the Criminal 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 516 to 10.329 Euro. The punishment, when the Crime is of a tenuous nature, is a term of imprisonment of up to six years with a fine of 516 Euro. The provisions of this section 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 (Section 648-bis of the Criminal 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 1.032 to 15.493 Euro. 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 (Section 648-ter of the Criminal 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 1.032 to 15.493 Euro. 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 new Section 25-*octies*, the entities may be subject to monetary sanctions up to a maximum amount of 1.500.000 Euro 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 section, 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 Body have been revised; in accordance with the Legislative Decree 231/2001, the duty of the Compliance Program Supervisory Body is to supervise the implementation of the Compliance Program.

12. Offences Related to the Violation of Copyright Laws (Article 25-novies of Legislative Decree 231/2001)

Article 15, comma 7 of Law No. 99 of 23 July 2009 introduced the offences related to copyright laws pursuant to Article 25-*novies* of Legislative Decree 231/2001.

Below the single matters in question relative to the law are outlined:

- ***Article 171, 1st comma, letter a-bis and 3rd comma (Law 633/1941)***

Except where otherwise provided by Article 171-*bis* and Article 171-*ter*, a fine from €51.00 to €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 €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 Euro 2,582 to Euro 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 Euro 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 to the provisions pursuant to Articles 64-*quinquies* and 64-*sexies*, or performs the extraction or the reuse of the database in violation to 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 Euro 2,582 to Euro 15,493. The sentence shall not be less than the minimum of two years' imprisonment and a fine of Euro 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 Euro 2,582 to Euro 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 Euro 2,582 to Euro 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 to 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 comma 1;

c) promotes or organises illicit activities pursuant to comma 1.

The sentence is lessened if the act is of particular tenuousness.

The sentence for one of the offences pursuant to comma 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 commas are paid to the National Entertainment Industry Employee Pension Organisation (ENPALS).

- ***Article 171-septies (Law 633/1941)***

The punishment pursuant to Article 171-*ter*, comma 1, also applies to:

a) producers and importer 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*, comma 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 Euro 2,582 to Euro 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 executing via air, via satellite, via cable, 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 Euro 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-novies of Legislative Decree 231/2001[7])

Law No. 116 of 3 August 2009 introduced the offence of "**Induction for Not Making Declarations or Making False Declarations to Judicial Authorities**" to Article 25-*novies* of Legislative Decree 231/2001.

Such offence hypothesis – already pursuant to Legislative Decree 231/2001 among the transaction offences (Article 10, comma 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 c.p.)***

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 to 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.

ATTACHMENT B: THE CONFINDUSTRIA GUIDELINES

During the development of the Fiat 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 components of the control system 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, the code of conduct and the procedures envisaged by the Compliance Program.

- Identification of the requisites of the Compliance Program Supervisory Body, namely:

- autonomy and independence;

7. Article 25-*novies* has been inserted from Article 4, comma 1, of Law No. 116 of 3 August 2009, not taking into account the previous insertion of Article 25-*novies* by Law No. 99 of 23 July 2009.

- professional competence;
- ongoing activity;
- integrity and absence of conflicts of interest.

■ Characteristics of the Compliance Program Supervisory Body (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 Body, 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 Body may be composed of one or more persons. The decision to opt for one or other solution 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 Body is composed of more than one person, its members may be drawn from inside 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 Body be evaluated as a whole.

Bearing in mind the fact that the legislation in discussion to a great extent concerns the Criminal Code and that the activity of the Compliance Program Supervisory Body is intended to prevent the commission of the Offences, it is essential from a juridical competence point of view for 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 if necessary with the support of external consultants.

In this regard, for matters concerning the occupational health and safety, the Compliance Program Supervisory Body 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, the person responsible for emergency management in case of fire).

The possibility, in the case of a group of companies, to centralise the functions envisaged by the Legislative Decree 231/2001, at the Group parent company, providing that:

- a Compliance Program Supervisory Body is constituted at each subsidiary company (except in the event of the delegation of this function to the board of directors when the subsidiary is a small company);
- the Compliance Program Supervisory Body of the subsidiary company may avail itself of the resources allocated to the Compliance Program Supervisory Body at the Group parent company;
- the staff, assigned to the Compliance Program Supervisory Body 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 Body 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 INTERNAL CONTROL SYSTEM

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

1. INTRODUCTION

The internal control system (the "Internal Control System") is an essential element of the corporate governance system of Fiat S.p.A. (the "Company") and of its subsidiaries and plays a key role in identifying, minimizing and managing risks that are significant for the Fiat Group, contributing to the safeguarding of stockholders' investments and the Company's assets.

The Internal Control System also facilitates the effectiveness and efficiency of company operations and helps ensure the reliability of financial information and compliance with laws and regulations. In particular, the accounting control system is an important element of the Internal Control System as it helps ensure that the Company is not exposed to excessive financial risks and that financial internal and external reporting is reliable.

The Internal Control System reduces, but cannot eliminate, the possibility of poor judgment in decision-making; human error; control processes being fraudulently violated by employees and others; and the occurrence of unforeseeable circumstances. A sound Internal Control System therefore provides reasonable, but not absolute, assurance that a company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen.

2. DUTIES OF THE INTERNAL CONTROL SYSTEM

2.1 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors has ultimate responsibility for the company's Internal Control System. The Board should in particular:

a) set and update these guidelines;

b) examine company risks that the Executive Directors brought to the attention of the Board of Directors and assess whether said risks have been correctly identified and whether the Internal Control System is effective in managing these risks;

c) every six months, on the occasion of the approval of the Annual Report and the First-Half Report, conduct a review of the effectiveness of the Group's Internal Control System to ensure identification and proper handling of the principal risks faced by the company.

To properly discharge the duties assigned to its responsibility, the Board of Directors will have to rely on specific entities set up to supervise the Internal Control System. The Board of Directors therefore:

d) establishes an Internal Control Committee which will assist the Board by providing it with advice and proposals on the Internal Control System. It appoints members of the Committee and selects its Chairman from the committee membership;

e) appoints, upon proposal by the Executive Directors, the Internal Control Compliance Officer, assessing his independence and professional competency.

2.2 RESPONSIBILITIES OF THE INTERNAL CONTROL COMMITTEE

With reference to the Internal Control System, the Internal Control Committee should:

a) assist the Board of Directors in setting and updating these guidelines;

b) assist the Board of Directors with periodic audits of the appropriate and actual functioning of the Internal Control System to ensure identification and proper handling of the principal risks faced by the company;

c) assess the operating plan prepared by the Internal Control Compliance Officer and receive his periodic reports;

d) report to the Board of Directors on the adequacy of the Internal Control System once every six months, at the time the Annual Report and the First-Half Report are approved;

e) assess the organizational position and ensure the actual independence of the Internal Control Compliance Officer in the performance of his duties in accordance with, among other things, Legislative Decree 231/2001 on the administrative liability of companies.

2.3 RESPONSIBILITIES OF EXECUTIVE DIRECTORS

Executive Directors are responsible for:

a) identifying the principal risks faced by the company as regards the effectiveness and efficiency of its operations, the reliability of financial reporting, compliance with laws and regulations and the safeguarding of company assets;

b) submitting the above risks and the measures adopted to reduce and manage them for examination and assessment to the Board of Directors, on an yearly basis on the occasion of the approval of the Annual Report by the Board of Directors, and at any other time that a significant risk emerges or that the entity of a risk already submitted to the Board of Directors changes or the likelihood of the risk materializing increases;

c) designing, operating and monitoring the Internal Control System pursuant to these Guidelines and are accountable for it directly to the Board of Directors;

d) proposing to the Board of Directors the appointment of an Internal Control Compliance Officer, to be chosen among those who satisfy the necessary independence and professional competency requirements;

e) placing the Internal Control Compliance Officer in an organizational position that will ensure his independence and provide him with the appropriate resources to efficiently discharge his duties.

2.4 RESPONSIBILITIES OF THE INTERNAL CONTROL COMPLIANCE OFFICER

The Internal Control Compliance Officer is responsible for:

a) assisting the Executive Directors in the design, operation and monitoring of the Internal Control System;

b) reviewing the results of the audit activities carried out by the internal audit function to verify any weaknesses of the Internal Control System and requesting, whenever necessary, that specific checks be carried out to identify any failings and the need for improvement of internal control processes;

c) verifying, with the aid of the internal audit function, that the rules and procedures constituting the terms of reference of the control processes are actually applied and that the various entities operate in compliance with set objectives;

d) annually prepare a work plan and submit it to the Internal Control Committee;

e) drawing up, once every six months, a report on the activities that he carried out and submit it to the Executive Directors, the Internal Control Committee and the Statutory Auditors.

2.5 RESPONSIBILITIES OF THE INTERNAL AUDIT FUNCTION

The Internal Audit function is responsible for:

a) assisting the Group in maintaining the validity of the Internal Control System through assessment of its effectiveness and efficiency and by promoting continuous improvement;

b) assisting the Group in identifying and assessing the greatest exposure to risk and contribute to improvements in the risk identification, reduction and management systems;

c) implementing specifically planned oversight activities to verify any weaknesses of the Internal Control System and identify any failings and the need for improvement of the internal control processes;

d) verifying that the rules and procedures constituting the terms of reference of the control processes are actually applied and that all those involved operate in compliance with set objectives.

2.6 RESPONSIBILITIES OF EMPLOYEES

All Group employees, according to the duties that they have been assigned within the company organization, have some responsibility for internal control as part of their accountability for achieving objectives.

They, collectively, should have the necessary knowledge, training and skills to operate within the Internal Control System and they must be allowed to discharge the duties in line with their role and accomplish their responsibilities. This implies that each employee has the right and the duty to understand the Company in which he works and the Group, its operating mechanisms, the objectives, the markets in which it operates and the risks to which it is exposed daily.

3. GUIDELINES

3.1 IDENTIFICATION OF RISKS

When identifying risks to be submitted to the Board of Directors, the Executive Directors will have to focus on risks with a high potential impact on the Company. The following criteria will have to be the basis for risk assessment:

a) nature of the risk, particularly as regards financial and compliance risks, and those risks that could adversely impact the reputation of the company;

b) high likelihood of the risks concerned materializing;

c) Company's limited ability to reduce the incidence and impact of risks on its business;

d) entity of the risk.

3.2 IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

The Internal Control System encompasses the policies, processes and behaviors of the Group that, taken together:

a) facilitate the effectiveness and efficiency of its operations by enabling it to respond appropriately to operational, financial, compliance and other risks that hinder the achievement of the Company's objectives;

b) help ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the organization;

c) help ensure compliance with applicable laws and regulations and internal procedures;

d) safeguard the company's assets from inappropriate use or from loss and fraud.

To this end, the Executive Directors make sure that the Internal Control System:

I. be embedded in the operations of the Group and form part of its culture, by implementing appropriate information, communications and training processes and rewarding and disciplinary systems that enhance the correct management of risks and discourage conduct that is contrary to the principles dictated by those processes;

II. be capable of responding quickly to significant risks arising from factors within the Group and changes in its business environment;

III. include procedures for reporting immediately to appropriate level of Group management, by implementing adequate organizational solutions to ensure that those functions that are directly involved in the Internal Control System have access to the necessary information and the top management;

IV. provide for the performance of periodic control activities on the efficiency and effectiveness of the Internal Control System and the possibility of implementing specific control activities should any weaknesses in the Internal Control System be reported;

V. facilitate the identification and timely execution of corrective measures.

3.3 ASSESSMENT OF THE EFFICIENCY AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM

Full and correct efficiency and effectiveness are ensured by the periodic assessment of the adequacy and effective functioning and a potential review of the Internal Control System, which are a key element of its structure.

This periodic review is a duty entrusted to the Board of Directors, which performs it with the assistance of the Internal Control Committee.

In performing this review, the Board of Directors shall take care not only to verify the existence and the operation of an Internal Control System within the Group, but it shall also regularly review the structure of the Internal Control System, its adequacy and effective and concrete functioning.

To this end, the Board of Directors will receive and examine, once every six months, the reports of the Internal Control Compliance Officer, previously examined by the Internal Control Committee and the Executive Directors, with the aim of assessing (i) whether the structure of the Internal Control System currently in place in the Company is effective in pursuing the objectives (ii) whether any reported weaknesses call for an improvement of the System.

Every year, on the occasion of the approval of the Annual Report, the Board of Directors will also have to:

a) examine the significant company risks that the Executive Directors submitted to their attention and assess how they have been identified, evaluated and managed. In particular, it should consider the changes since the last annual assessment in the nature and extent of significant risks and the Group's response to these changes;

b) assess the effectiveness of the Internal Control System in managing said risks, particularly as regards any significant failings or weaknesses in internal control that have been reported;

c) consider which actions have been taken or should be taken to promptly remedy any said failings or weaknesses;

d) prepare any additional policies, processes and behavioral rules that will enable the Group to adequately react to new risks or to risks that have not been adequately managed.

Approved: Board of Directors Meeting of 10 December 2002
Effective: 1 January 2003
Revision: Board of Directors Meeting of 13 May 2003

4 – PROCEDURE FOR THE ENGAGEMENT OF AUDIT FIRMS

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

PURPOSE AND APPLICABILITY OF PROCEDURE

The purpose of this procedure (hereafter: Procedure) is to regulate the engagement (hereafter: Engagement) of auditing firms and other related parties, by FIAT S.p.A. (hereafter: FIAT or Parent Company) and by its subsidiary companies (hereafter: Subsidiaries), in order to safeguard the principle of independence of the firms engaged to audit the financial statements.

The term "related parties" signifies those companies or professional firms who maintain an ongoing relationship (so-called "network") with the auditing firms engaged in accordance with Article 155 of the Italian Legislative Decree 58/98 (Consob Communication DAC/RM/96003558 of 18 April 1996 and the subsequent addendum DEM/3030464 of 12 May 2003).

GROUP AUDITORS

The auditing firm, engaged by FIAT in accordance with the requirements of Article 155 of Italian Legislative Decree 58/98, is the primary auditor for the whole FIAT Group (hereafter: Group) and is consequently the firm that must be utilised, also by the Subsidiaries, for the audit Engagement as per Article 165 of the above mentioned decree.

The eventual alternative utilisation of other (secondary) auditing firms by the Subsidiaries must be subject to prior approval by the Compliance Officer at FIAT, as per the "Approval Procedures" indicated below.

ENGAGEMENT CATEGORIES AND LIMITATIONS

The Procedure includes certain engagement limitations for the Group Companies, deriving from Italian and US legislation, because the FIAT shares are listed also on the New York Stock Exchange (NYSE). It incorporates also the further restrictions, imposed by local legislation, applicable to the individual non-Italian Subsidiaries.

The Group Companies may engage the primary or secondary Group auditors as well as their related parties (hereafter: Group Auditors) only for auditing services, in accordance with the procedures set out below.

In particular:

1. The Group Auditors shall be engaged for the following Audit Services:

a. audit of the annual and infra-annual financial statements in conformity with legislation and applicable regulations (including also the audit of the "annual report" in accordance with US regulations applicable to companies listed in the United States);

b. audit of the annual and infra-annual consolidation packages;

c. audit reports or opinions on specific operations which, by law, are required to be provided by the auditor engaged for the audit of the financial statements;

d. audit of reports required by domestic and supranational Administrative entities (e.g. European Union) for the granting of contributions/financing of specific initiatives/projects;

e. "comfort letters" in connection with the issue of financial instruments, for capital raising activities undertaken by the Company and its Subsidiaries;

f. auditing activity necessary to obtain the attestation in regard to the Internal Control System, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

2. The Group Auditors may, at the conditions and within the limits specified below, be engaged for the following Audit Related Services:

a. authorised audit activity in the following areas:

- financial due diligence procedures for companies subject to acquisition or disposal;
- procedures carried out in areas concerning the Internal Control System, in support of internal auditor;
- review procedures for associated companies, contemplated by joint venture agreements (under the so-called audit rights);
- financial or compliance audits of the employee benefit plans of the Company or its Subsidiaries;

b. opinions on accounting and reporting issues, including advice on the application of (i) new accounting principles and new legislation concerning financial and statutory reporting, (ii) accounting principles prevailing in other countries, (iii) rules and regulations issued by internal or external supervisory boards.

3. The Group Auditors shall not, unless otherwise specified in the "Approval Procedures" indicated below, be engaged for Non Audit Services (Tax and Other). For example, the following activities are not permitted:

Tax

a. development of transfer pricing or cost segregation policies, or other fiscal evaluations;

b. fiscal planning assistance and related matters, even if relating to company reorganisation projects;

c. fiscal consultancy support and related matters with regard to all tax returns presented by the Company or its Subsidiaries;

Other

d. consultancy support for treasury management;

e. strategic planning or risk management assistance;

f. consultancy advice in regard to incorporation of companies following merger operations;

g. consultancy services for real estate matters.

4. It is expressly prohibited to engage the Group Auditors for activities of the following nature (classified as "Prohibited Services"):

a. bookkeeping or other services related to the accounting records or financial statements of the Company or any of its Subsidiaries, including (i) maintaining or preparing the accounting records of the Company or any of its Subsidiaries; (ii) preparing financial statements that are filed with the US Securities and Exchange Commission (hereafter: SEC) or the information that forms the basis of such financial statements; (iii) originating source data for such financial statements; and (iv) statutory audits of financial statements if such statements form the basis of financial statements filed with the SEC;

b. appraisal or valuation services (e.g. with respect to in-process R&D, financial instruments, assets and liabilities acquired in a merger and real estate), fairness opinions (except to the extent required by Italian regulations or specific local legislation and qualifying for a specific exemption granted by the SEC) and contribution-in-kind reports;

c. actuarial services, including insurance actuarial-orientated advisory services unless the Company or relevant Subsidiary uses its own actuaries or third party actuaries to provide management with the primary actuarial capabilities, and management accepts responsibility for actuarial methods and assumptions;

d. management functions or human resources. In particular, partners and employees of the independent auditor may not act as director, officer or employee of the Company or any Subsidiary, or perform any decision-making, supervisory, or ongoing monitoring function for the Company or any Subsidiary, nor may the independent auditor recruit, test or otherwise evaluate employees or prospective employees or advise that the Company or any Subsidiary, employ any candidate or negotiate the terms of employment on behalf of the Company or any Subsidiary;

e. broker - dealer, investment advisory or investment banking services, including any recommendation to the Company or any Subsidiary as to the investments or investment strategies;

f. legal services and expert services unrelated to the audit, including any service in which the person providing the service must be admitted to practice law before the courts of a US jurisdiction, whether the person is a US, or non-US lawyer;

g. internal audit outsourcing, relating to accounting controls, financial systems, or financial statements;

h. financial information systems design and implementation relating to the financial statements or accounting records of the Company or any of its Subsidiaries, including any hardware or software that aggregates source data that is "significant" to financial statements of the Company or any of its Subsidiaries (i.e. the information is reasonably likely to be material to the financial statements, taking into account the general nature of the information, rather than only the output during the period of the audit engagement),

and any other services for which the Group Auditors cannot be engaged pursuant to Italian laws or which are prohibited by the SEC and the Public Company Accounting Oversight Board, principally in consideration of the fact that Fiat shares are listed also on the NYSE.

APPROVAL PROCEDURE

AUDIT ENGAGEMENTS - ARTICLE 155 OF ITALIAN LEGISLATIVE DECREE 58/98 (AUDIT SERVICES 1.A/1.B)

With regard to the audit Engagements in accordance with Articles 155 and 165 of Italian Legislative Decree 58/98, as well as the requirements of eventual local legislation, it should be noted that:

- for the purposes of the proposed three-year engagement of the auditing firm, enrolled in the special CONSOB register, the audit plan is defined by both the relevant Functions and the Compliance Officer of FIAT S.p.A., with the involvement of Fiat Revi (a consortium company providing Internal Audit services within the ambit of the FIAT Group) and with the cooperation of the sector Sub-holding Companies;
- the eventual changes to be made to the above mentioned audit plan, including any variation of terms, conditions and fees, as well as the engagement of the secondary Group auditors, must be promptly communicated to the Compliance Officer and be justified by the Sector Sub-holding Company by transmission of the appropriate and duly documented explanation form (a specimen copy of which is attached).

The Compliance Officer submits to the Internal Control Committee the audit plan together with the proposed changes for the necessary subsequent action by the Corporate Entities concerned, in regard to the engagement of the Group Auditors. The proposals to be submitted by the Board of Statutory Auditors to the Stockholders Meeting for approval must be motivated.

OTHER "AUDIT SERVICES" (POINTS 1.C TO 1.F)

The engagement of the Group Auditors for the activities falling within this category is subject to a prior review by Fiat Revi with regard to the techno-economic aspects. Fiat Revi regularly reports to the Compliance Officer on the subject matter of such activities.

"AUDIT RELATED" SERVICES

With regard to the engagement of the Group Auditors for the above activities, in order to safeguard the principle of independence:

- the FIAT Board of Directors, after consultation with the Board of Statutory Auditors, annually approves a maximum expenditure amount which is communicated to the Compliance Officer, and does not exceed 25% of the overall cost of Engagements for "audit services" envisaged for the year;
- the above mentioned Engagements by the Group Companies are authorised by the Compliance Officer, within the ambit of the said maximum expenditure amount, subject to a prior review by Fiat Revi with regard to the techno-economic aspects;
- the proposals for eventual Engagements, not included in the envisaged maximum expenditure amount, are submitted by the Compliance Officer for review to the Internal Control Committee, which formulates a motivated justification and presents the proposal to the Board of Directors which – after having consulted the Board of Statutory Auditors – resolves on the initiative.

NON AUDIT SERVICES

The Group Auditors shall not be engaged for this category of services. Any currently existing contracts may remain in force until their natural expiry and cannot be renewed, not even in the case of tacit renewal, unless in exceptional cases and following written approval by the Compliance Officer.

COST REPORTING

In order to provide the Compliance Officer and the Internal Control Committee with the necessary information on costs incurred, at least every six months Fiat Revi carries out a survey of the fees paid to the Group Auditors for the "Audit", "Audit related" and "Non Audit" activities described above, and when requested by the Compliance Officer, also for the fees paid to other auditing firms and their related parties.

With regard to the costs incurred for the above mentioned activities, Fiat Revi will carry out appropriate analyses to verify:

- the existence of the authorisation for the Engagement;
- the amount paid to the auditing firm for the Engagement;
- the due communication to Fiat Revi, during the course of the above said survey, of the information concerning costs incurred.

The Internal Control Committee annually informs the Board of Directors and Board of Statutory Auditors of the costs incurred for the above Engagements as well as the situation of the existing contracts.

Approved: Board of Directors Meeting of 23 December 2004
Effective: 1 January 2005
Revision: Board of Directors Meeting of 20 February 2007

5 – WHISTLEBLOWING PROCEDURES

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

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*;

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.

- 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).

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

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.

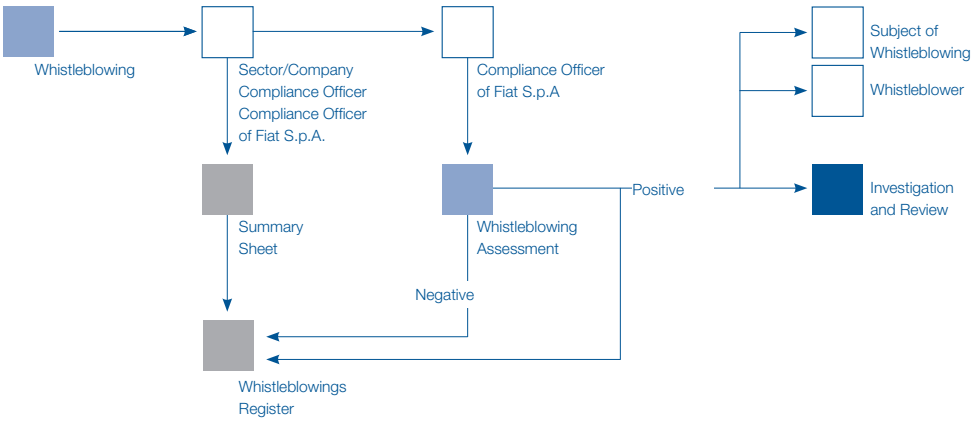
3 Measures may be taken against the subject(s) of a whistleblowing, whistleblowers who have acted in bad faith (if identified), or parties whom normal control activities or FiatRevi audits have shown to be guilty of misconduct.

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;

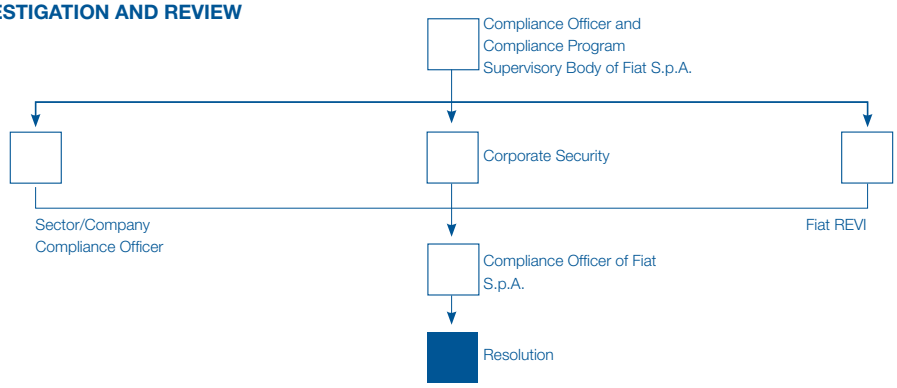
- guarantees that the Board of Statutory Auditors and the Internal Control Committee can on request access detailed documentation regarding individual whistleblowings (whether dismissed, handled, or under investigation) and minutes of Whistleblowings Committee meetings.

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.

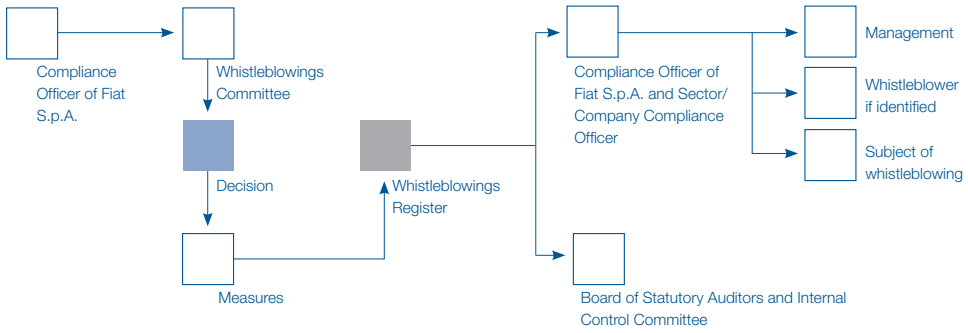
WHISTLEBLOWINGS RECEIPT



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 COMMITTEE

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

COMPOSITION

The Internal Control Committee established by the Fiat S.p.A. Board of Directors (the Committee) shall be composed of at least three directors.

The members of the Committee and its Chairman shall be appointed by the Board of Directors, which may dismiss them. If the Board has not resolved on the matter, the Committee shall name a Secretary that need not be one of its members.

Pursuant to the Corporate Governance Code and the norms regulating the stock markets on which Fiat shares are traded, the Committee shall be composed exclusively of independent directors.

All members of the Committee shall be appropriately qualified to discharge their assigned duties.

DUTIES

The Committee has the duty of providing information, advice and proposals to the Board of Directors to assist it with its responsibilities over the reliability of the accounting system and financial information, the Internal Control System, the examination of proposals for retention of external auditors, and the supervision of Internal Audit activities.

In particular, the Committee shall:

1. INTERNAL CONTROL SYSTEM

1.1 Assist the Board of Directors in defining guidelines for the Internal Control System.

1.2 Assist the Board of Directors with periodic audits of the appropriate and actual functioning of the Internal Control System to ensure identification and proper handling of the principal risks faced by the company.

1.3 Assess the operating plan prepared by the Compliance Officer and receive his/her periodic reports.

1.4 Report to the Board of Directors on the adequacy of the Internal Control System at least once every six months, at the time the annual report and first half report are approved.

1.5 Assess the organizational position and ensure the actual independence of the Compliance Officer in the performance of his/her duties in accordance with, among other things, Legislative Decree No. 231/2001 on the administrative liability of companies.

1.6 Assess the Whistleblowings Management Procedure and, with the support of the Compliance Officer, review the reports received with the aim of monitoring the adequacy of the Internal Control System.

2. ACCOUNTING PRINCIPLES

In collaboration with the Chief Administrative Officer and the external auditors, assess: (a) the adequacy of adopted accounting principles and (b) their uniformity in view of preparation of the consolidated financial statements.

3. EXTERNAL AUDITORS

3.1 With the assistance of the Compliance Officer, the Chief Administrative Officer and the head of Internal Audit, assess the proposals submitted by candidates for the position of external auditors and present to the Board

of Directors an opinion on the motion for retention of the external auditors to be submitted by the Board of Directors to the Stockholders Meeting.

3.2 Assess the audit operating plan and the results set forth in the audit report and letter of suggestions.

3.3 Review, with the support of the Compliance Officer, proposals for the assignment of non-audit services to the external auditors or other related parties that have continued relationships with them. These services must nevertheless be allowed under applicable norms and, if necessary, they shall be submitted for approval by the Board of Directors after having heard the opinion of the Board of Statutory Auditors.

3.4 Review with the external auditors issues connected with the financial statements of Fiat S.p.A. and of the main companies of the Group.

4. INTERNAL AUDIT

4.1 Assess the Internal Audit operating plan.

4.2 Assess the position and organizational structure responsible for Internal Audit.

5. OTHER DUTIES

5.1 The Committee shall discharge additional duties that may from time to time be assigned to it by the Board of Directors and shall review, upon indication by the Chairman of the Board of Directors and/or the Chief Executive Officer, those issues they deem should be brought to the attention of the Committee for any aspect under its jurisdiction.

The Head of Internal Audit is empowered to make available to the Committee, on its request, the professional resources of Fiat Revi and to retain, at the Company's expense and on instruction of the Committee, independent consultants identified by the Committee to provide services on matters relating to its duties.

MEETINGS

The Committee shall meet on convocation by its Chairman whenever he deems it appropriate, but at least once every six months, or whenever the Chairman of the Board of Statutory Auditors or the Compliance Officer so request.

Meetings are summoned at least five days before the date set for the meeting, except in cases of urgency. They shall be called by written notice containing the items on the agenda and all elements necessary for the discussion.

The Statutory Auditors, the Compliance Officer and, upon invitation by the Chairman of the Committee, the Chief Executive Officer, the external auditors and Heads of Company functions of the Parent Company and of subsidiaries shall participate in Committee meetings.

Meetings may be attended via telecommunication devices.

The Chairman and the Secretary shall prepare and sign the minutes of the meetings and the Secretary shall file them in chronological order.

The Chairman shall report to the Board of Directors on the activities of the Committee at the first Board meeting subsequent to the Committee meeting.

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 31 October 2002
Effective: 1 January 2003
Revision: Board of Directors Meeting of 15 September 2005

7 – CHARTER OF THE NOMINATING, CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

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

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

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

COMPOSITION

The Compensation Committee is composed of three non-executive 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 Compensation Committee is entrusted with the following advisory duties:

- submit to the Board of Directors proposals with respect to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors vested with particular offices;
- examine proposals presented by the Chief Executive Officer regarding compensation and performance evaluation of members of the Group Executive Council and managers with strategic responsibility;
- examine proposals presented by the Chief Executive Officer with respect to performance evaluation criteria and general fixed and variable compensation plans applicable at Group level as well as incentives and stock option plans;
- assess particular and specific matters relating to executive compensation when requested by the Board of Directors.

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

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; or
  (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.

1 Refers to the definition of control pursuant to Article 2359 of the Civil Code.

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.

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

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

1. INTRODUCTION

In conformity with the Corporate Governance Code of Borsa Italiana (Italian Stock Exchange), the Board of Directors reserves the right to examine and approve in advance any transaction of significance in the balance sheet, economic and financial figures.

2. SIGNIFICANT TRANSACTIONS

Decisions regarding Significant Transactions are excluded from the mandate granted to the executive directors.

The term "**Significant Transactions**" refers to those transactions that in and of themselves require the company to inform the market thereof, furnishing an accounting statement prepared ad-hoc in accordance with the rules established by market supervisory and regulatory authorities.

When the Company needs to execute significant transactions, the executive directors shall provide the Board of Directors reasonably in advance with a summary analysis of the strategic consistency, economic feasibility, and the expected return for the Company.

3. ENFORCEMENT OF THE GUIDELINES

The executive directors must take those measures such as to ensure that Fiat S.p.A. and its subsidiaries conform with the principles of conduct described in these Guidelines.

Every Director must 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
Revision: Board of Directors Meeting of 18 February 2011

11 – BY-LAWS OF FIAT S.P.A.

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

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 issued share capital of the Company is €4,464,084,082.50, divided into 1,092,247,485 ordinary shares, 103,292,310 preference shares and 79,912,800 savings shares having a par value of €3.50 each.

Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A., share capital may be increased by a maximum of €35,000,000 through the issue of up to 10,000,000 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.

Article 6 – Classes of Shares and Common Representative

Ordinary and preference shares are registered shares. Savings shares may be either registered or bearer shares, at the option of the holder or as required by law. All shares are issued in dematerialized form.

Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference and savings shares, as set out in Articles 20 and 23 below.

Each ordinary share confers the right to vote without any restrictions whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.

In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class (or classes) if shares of the class already held are not offered or the number offered is insufficient.

The Company's share capital may also be increased by issuing ordinary and/or preference and/or savings shares in exchange for contributions in kind or receivables.

Resolutions authorizing the issuance of new preference or savings shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.

In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.175, rather than €0.155, with respect to the dividend received by the ordinary and preference shares.

In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.200 per share.

From the date subsequent to the date of approval of the allocation of the result for 2010, the previous amounts of €0.175, €0.155 and €0.200 will be adjusted pro rata, to €0.1225, €0.1085 and €0.140, respectively.

Any expenditure required for the safeguarding of the common interests of the holders of preference and savings shares, in relation to which dedicated funds are approved in the respective Special Meetings of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000 for each class.

In order to ensure that the Common Representatives of the holders of preference and savings shares have adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representatives with any such information in a timely manner.

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 with voting rights are represented; at a single or second call, any portion of shares with voting rights 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 with voting rights are represented; at second call, more than one-third of shares with voting rights are represented; or, at a single or third call, at least one-fifth of shares with voting rights 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 or provisions governing Special Meetings for holders of shares of a particular class.

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.

Prior rules in matters of the appointment of statutory auditors 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 such reserve is equivalent to one-fifth of share capital;
- to savings shares, a dividend of up to €0.31 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.31 per share;
- to ordinary shares, a dividend of up to €0.155 per share;

- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.155 per share;
- to each ordinary, preference and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.31, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

From the date subsequent to the date of approval of the allocation of the result for 2010, reported net profit for each financial year 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;
- to savings shares, a dividend of up to €0.217 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.217 per share;
- to ordinary shares, a dividend of up to €0.1085 per share;
- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.1085 per share;
- to each ordinary, preference and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event of a change to the par value of shares, the amounts stated above shall be adjusted on a pro rata basis.

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 – Shareholders' 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 the following order of priority:

- repayment of savings shares up to their par value;
- repayment of preference shares up to their par value;
- repayment of ordinary shares up to their par value;
- distribute any balance remaining, in an equal pro rata amount to shares of all three classes.

12 – PROCEDURES FOR GENERAL MEETINGS

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

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.