



10

Sustainability Report

## 2010 Sustainability Report

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**Jeep**

**DODGE**



**SRT**



## ABOUT THIS REPORT

Chrysler Group LLC's first sustainability report covers the reporting period January 1 – December 31, 2010. Environmental data contained in the report includes information related to facilities owned or operated by the Company, including manufacturing facilities, warehouses and distribution centers for parts and accessories, transportation centers and other major corporate facilities in North and South America, but does not include facilities of 100,000 square feet or smaller, unimproved land and stand-alone parking lots. Also included in the environmental data only is information from the Company's CpK Interior Products Inc. subsidiary. All other information, including Company policies and employee data, refers to Chrysler Group's worldwide business. Monetary amounts are stated in U.S. dollars, unless otherwise indicated.

We have elected to report against the full GRI G3 Reporting Framework, at Application Level A and have obtained a GRI Application Level check as confirmation. This report establishes our performance baseline. As such, it does not evaluate performance against established targets for 2010. In committing to an annual report cycle, we will work towards full transparency in reporting, and in 2011, we will set goals and commitments and begin formal measurement against targets.

The financial information in this report is provided in accordance with GRI G3 reporting standards, which differ from U.S. GAAP. This report contains certain forward-looking information all of which is subject to the cautionary language regarding forward-looking statements and the risk factors set forth in our filings with the U.S. Securities and Exchange Commission, as well as in our quarterly presentations available on our corporate website [www.chryslergroupllc.com/en-us/investor](http://www.chryslergroupllc.com/en-us/investor).

We summarize the results of our materiality assessment in the discussion of stakeholder engagement of the report. We did not seek external assurance specifically for this report, although information was internally verified. Any questions concerning the report may be directed to:

### Sustainability Department

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CIMS 482-00-51

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Auburn Hills, MI USA 48326

Telephone: 1 (248) 576-7339

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Auburn Hills, MI USA 48326

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## LETTER TO STAKEHOLDERS

An artist knows that all paintings, even the masterpieces hanging in great museums, began as simple pigments on a palette. As Chrysler Group LLC entered 2010, most of the paint was still on the tray. Our Company began operations in June 2009 as a new entity, with Fiat as our global alliance partner.

Our plan to revive and sustain our enterprise was unveiled in our 2010-2014 Business Plan. Introduced in November 2009, it was entitled “From Chapter 11 to Chapter 1,” as it represented a new beginning for Chrysler Group. It was the result of five months of intense dialogue, discovery and gut-wrenching evaluations of where we fit in the automotive landscape.

Throughout 2010, we moved forward with clarity of purpose and began to sketch the outline of the world-class company that we are striving to create. We made important strides in fulfilling our vision for a sustainable enterprise, establishing a corporate sustainability team, putting in place metrics to measure progress on material issues and committing to communicate transparently about our progress as we go. We began this drive for transformational change in full recognition that we owed a deep debt of gratitude to taxpayers in the United States and Canada, who enabled the formation of our new company. These taxpayer loans also heightened our sensitivity to the need to be a good corporate citizen – open, honest and accountable wherever we operated around the world.

In 2010, we met or exceeded all of the targets that we had set for ourselves in the plan. We substantially rejuvenated our product portfolio by launching 16 all-new or significantly refreshed vehicles—built with a fanatical attention to quality. During 2010, we increased share in our two largest markets, the United States and Canada. And we posted a modified operating profit of \$763 million for the year, exceeding our original target by more than \$500 million.

On the product side, we are working closely with alliance partner Fiat, a company recognized for its technological expertise and fuel-efficient powertrains. In 2010, we launched two new engines that will help us realize our goal of improving the fuel economy of our portfolio by at least 25 percent by 2014: the 1.4-liter engine with Fiat MultiAir technology and the Pentastar V-6 engine. With respect to alternative propulsion systems, we are exploring the use of compressed natural gas (CNG) and will introduce our first fully electric car, a version of the Fiat 500, in 2012.

A crucial driver of our improved performance continues to be the implementation of World Class Manufacturing (WCM) in our plants. Pioneered by Fiat, WCM is designed to make plants safe and efficient, while simultaneously reducing overall waste. While WCM includes rigorous methodology for implementation and assessment, at its heart it is based on the conviction that a fully engaged workforce that takes pride in its work is the primary ingredient in building great vehicles.

Our accomplishments would not have been possible without a profound transformation in our corporate culture, which embraces the values of sustainable development. We believe that economic and environmental success are not mutually exclusive. Environmental sustainability benefits today’s world by enhancing our ability to maintain a strong industrial base and create employment opportunities. It also plays a critical role in helping future generations meet their energy, transportation and health needs. Our sustainable environmental practices cover both the products we sell as well as the impact of our production processes. At the same time, we continue to acknowledge and act upon our responsibility to the greater community around us.

It is not often that a company is given a second chance. Our employees have shown great courage, focus and passion as we have set on a path of reform and rebirth. We are committed to continually rethinking our assumptions and our approach. We have made a choice not only to build up our own organization, but also to positively impact the environment and the communities where we live and work. And we will judge ourselves not only by our profitability, but also by how we achieve it.

Only a limited number of brush strokes have been applied to the canvas so far. But our vision is clear: to create the conditions in which a sustainable picture can emerge for our company, our children and our world.

### **SERGIO MARCHIONNE**

Chairman and Chief Executive Officer, Chrysler Group LLC

## CHANGING COURSE

Second chances—we all long for them. A chance to start afresh, right a wrong or take the road less traveled. Chrysler Group has traveled a challenging road over the past few years. We are humbled by the opportunity to create a new company and to pursue a new, more sustainable pathway. This is an opportunity we take very seriously. In the past year, we've been working harder and more efficiently than ever before. As we consider the road before us, we take a moment to look back on where we've been.

### STATE OF THE AUTOMOTIVE INDUSTRY

The deep economic recession that lasted well into 2009 swept away traditional assumptions about the financial system, the economy and consumer behavior. The automotive industry was hit especially hard with declining sales and the restriction of credit. National governments made unprecedented and often unpopular moves to stabilize the global economy and important industries. Companies throughout the auto industry faced not only reduced revenues but the prospect of making difficult choices in order to survive. Our sector looked increasingly unsustainable due to growing concerns about climate change, the decreasing availability of fossil fuels and an aging transportation infrastructure.

Two years later, the automotive industry is recovering and returning to profitability. And yet we have not escaped from what may be the greatest challenge to our industry: its long-term sustainability. Chrysler Group was given a second chance to get the automotive business right, and we know we cannot return to business as usual.



Chrysler Brand

## OUR TRANSFORMATION

After a decade that saw declining market share, workforce reductions and plant closings, the collapse of the financial markets forced the former Chrysler LLC into bankruptcy. A new company, Chrysler Group LLC, purchased the former company's principal assets and began operations in June 2009. Though many did not believe we could succeed in the face of such profound business challenges, these events forced us to accept the fact that we needed to rethink everything we do. Our senior leadership is passionate about building a Chrysler Group organization based on meritocracy, accountability and focused leadership (see our People section for more about our principles), and we've started down that path.

Today, we are a new company, under new management. We have a new partner, Fiat, with whom we are collaborating on innovation and sustainable business practices. In June 2011, we fulfilled our promise to repay the governments and taxpayers who gave us a second chance. We're on a new road, with new goals and renewed energy.



Jeep Brand

## 2011 MODEL YEAR LINEUP NORTH AMERICA

Chrysler 200  
 Chrysler 200 Convertible  
 Chrysler 300  
 Chrysler Town & Country  
 Dodge Avenger  
 Dodge Caliber  
 Dodge Challenger  
 Dodge Charger  
 Dodge Durango  
 Dodge Grand Caravan  
 Dodge Journey  
 Dodge Nitro  
 Fiat 500\*  
 Fiat 500 Cabrio\*  
 Jeep Compass  
 Jeep Grand Cherokee  
 Jeep Liberty  
 Jeep Patriot  
 Jeep Wrangler  
 Jeep Wrangler Unlimited  
 Ram Dakota  
 Ram 1500  
 Ram 2500/3500  
 Ram Chassis Cab

## FROM YESTERDAY TO TODAY: AN OVERVIEW OF OUR COMPANY

For almost a century, the Chrysler name has been associated with excellence in the automotive world. As the new bearer of the name, we at Chrysler Group are proud of our brand heritage and long-standing reputation for design innovation that began 86 years ago in the early days with our namesake Walter P. Chrysler.

Today Chrysler Group produces and sells vehicles under four brand names, each with its own distinguished legacy: Chrysler, Jeep, Dodge and Ram. In July 2011, Chrysler Group elevated our in-house performance division—the Street and Racing Technology (SRT) team—to a separate Company brand. As part of the Fiat alliance, we are building and selling Fiat vehicles, and we are also the exclusive distributor for Fiat brand vehicles and service parts in North America.

Our product lineup includes passenger cars, utility vehicles, crossover vehicles, minivans, pick-up trucks and medium-duty trucks. Additionally, we offer automotive parts and accessories under the Mopar name, which we market as a stand-alone brand to enhance affinity among car enthusiasts and service providers.

We have been able to change course, thanks to our alliance with Fiat. The alliance provides us with numerous benefits, including collaboration in product platform sharing and development, global distribution, procurement, information technology infrastructure and process improvement.

## OUR BRANDS

### CHRYSLER

Chrysler has been building vehicles with distinctive designs, craftsmanship, intuitive innovation and technology since 1925. The Chrysler brand's succession of innovative product introductions marks the brand's standing as the leader in design, engineering and value.

### JEEP

Built on 70 years of legendary heritage, Jeep is the authentic SUV brand with class-leading capability, craftsmanship and versatility. The Jeep brand delivers an open invitation to live life to the fullest by offering a full line of vehicles that continue to provide owners with a sense of security to handle any journey with confidence.

### RAM

The Ram Truck Brand has emerged as a full-size truck leader by investing substantially in design, refined interiors and durable engines. Since becoming a stand-alone brand, Ram truck has focused on how core customers use their trucks and the new features they'd like to see.

### DODGE

Dodge offers a full line of cars, crossovers, minivans and SUVs that are sporty, functional and innovative. With nearly 100 years of heritage, the brand offers an excellent value for families looking for top performance in all the places that matter—from power off the line and handling in the corners to high-quality, dependable vehicles that deliver unmatched functionality and excellent fuel economy in everyday driving situations.

### FIAT

The Fiat Brand stands for discovery through passionate self-expression. That philosophy is embodied by the North American introduction of the iconic Fiat 500 or Cinquecento. Italian at heart and rooted in a rich heritage, the 500 is synonymous with modern simple design blending form, function and a pride of ownership that is genuine.

### MOPAR

Mopar represents quality, speed, convenience and passion as the exclusive source for authentic original equipment parts, accessories, and service for all customers who own Chrysler Group vehicles. Since 1937, Mopar has helped enthusiasts with their vehicle service and personalization needs.

*In July 2011, Chrysler Group elevated our in-house performance division—the Street and Racing Technology team—to a separate Company brand, SRT.*

# THE SCOPE AND STRUCTURE OF OUR OPERATIONS

Chrysler Group is a limited liability company serving the automotive sector. We are headquartered in Auburn Hills, Michigan. Our headquarters is home to our principal engineering and research facilities and general offices, covering approximately 5.3 million square feet on 465 acres and including our 4.8 million square foot technology center.

Our products are sold in more than 120 countries around the world. We have purchasing and engineering operations in five countries and manufacturing operations in four countries as well as a CKD (Completely Knocked Down) assembly operation in Egypt. The Company owns several subsidiaries outside the United States, the most significant of which are Chrysler de Mexico, Chrysler Canada and Chrysler de Venezuela. For the full list of subsidiaries, please see our corporate website [www.chryslergroupllc.com/en-us/investor/sec](http://www.chryslergroupllc.com/en-us/investor/sec).

Chrysler Group operates several parts distribution facilities, located primarily in the United States, Canada and Mexico, which supply our dealer network. We also have regional business centers across the United States and Canada that are responsible for sales, service, parts, service contracts and dealer initiatives. At our proving grounds in Michigan and Arizona, we test the performance and safety of our vehicles in diverse conditions.

As of December 31, 2010, we had 51,623 employees, of whom 73 percent were hourly employees and 27 percent were salaried employees. (More information on our workforce is available in our People section.) Our total revenue for 2010 was \$41,946 million.

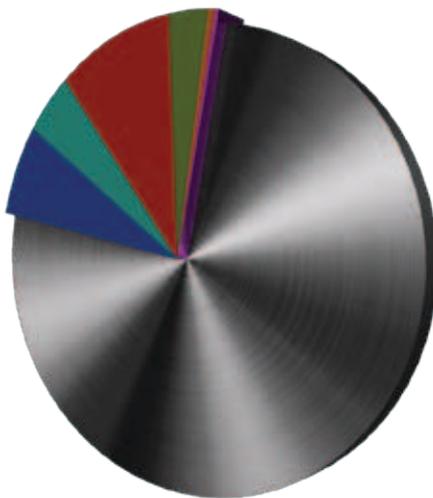
The economic value generated by Chrysler Group's activities and distributed to our various stakeholders totaled \$5.7 billion or 13.6 percent of revenues, net in 2010.

In 2010, we opened two new manufacturing plants, one in Trenton, Michigan, and one in Saltillo, Mexico, to build our new Pentastar V-6 engine. During the year, we also announced that our Sterling Heights Assembly Plant in Michigan, which was scheduled to close after 2012, would remain open. The Jefferson North Assembly Plant in Detroit, Michigan, added a second shift to production in July 2010. As planned, the Company closed the Twinsburg Stamping Plant and the Kenosha Engine Plant.

## 2010 CHRYSLER GROUP WORLDWIDE VEHICLE SALES

VEHICLES IN THOUSANDS

REGION	CHRYSLER GROUP	INDUSTRY	% OF INDUSTRY
U.S.	1,085	11,770	9.2
Canada	205	1,581	13.0
Mexico	79	846	9.3
Rest of World	147	57,697	<1.0
Total Worldwide	1,516	71,894	2.1



## 2010 ECONOMIC VALUE GENERATED AND DISTRIBUTED

### CHRYSLER GROUP

\$ MILLIONS

Operating costs	31,680
Depreciation and amortization	2,698
Other expense	1,881
Economic value distributed:	
Employee wages and benefits	4,152
Providers of capital	1,276
Payments to governments	258
Community investments	1
Revenues	41,946

**Operating Costs:** Cost of materials, supplies and services included as components of our cost of goods sold, selling and general and administrative expenses, as reported for the year ended December 31, 2010 in our Form 10 Registration Statement filed with the U.S. Securities and Exchange Commission.

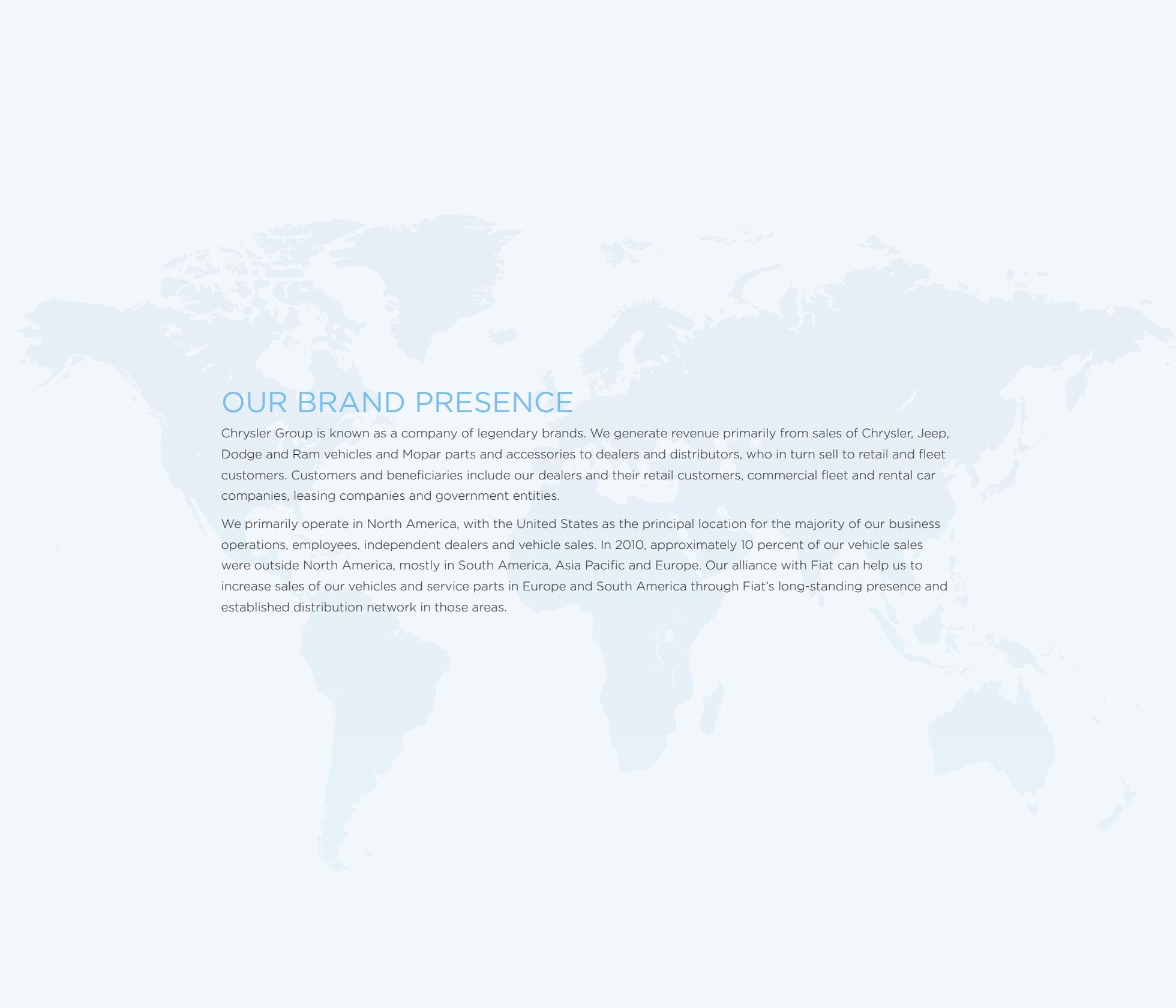
**Employee Wages and Benefits:** Wages and the value of benefits collectively received by our employees in 2010 plus payments made by us for payroll taxes and contributions to pension/OPEB on behalf of our employees during 2010.

**Providers of Capital:** Interest expense as reported for the year ended December 31, 2010 in our Form 10.

**Payments to Governments:** Income tax expense as reported for the year ended December 31, 2010 in our Form 10, as well as other state and regional tax payments made during 2010.

**Community Investments:** Payments made by the Chrysler Foundation in 2010 to support communities, both within and outside the United States.

**Revenues:** Revenues, net as reported for the year ended December 31, 2010 in our Form 10.



## OUR BRAND PRESENCE

Chrysler Group is known as a company of legendary brands. We generate revenue primarily from sales of Chrysler, Jeep, Dodge and Ram vehicles and Mopar parts and accessories to dealers and distributors, who in turn sell to retail and fleet customers. Customers and beneficiaries include our dealers and their retail customers, commercial fleet and rental car companies, leasing companies and government entities.

We primarily operate in North America, with the United States as the principal location for the majority of our business operations, employees, independent dealers and vehicle sales. In 2010, approximately 10 percent of our vehicle sales were outside North America, mostly in South America, Asia Pacific and Europe. Our alliance with Fiat can help us to increase sales of our vehicles and service parts in Europe and South America through Fiat's long-standing presence and established distribution network in those areas.

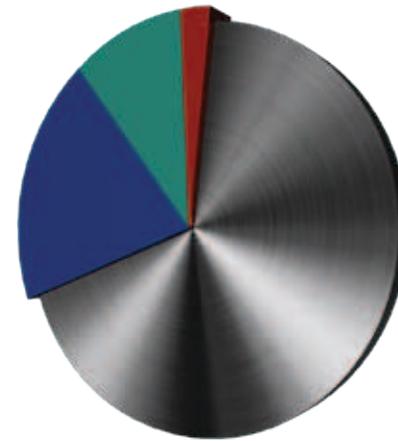
## OWNERSHIP

As of press time for this report, our ownership structure had changed from 2010 year-end. On July 21, 2011, Fiat S.p.A. completed its acquisition of Chrysler Group LLC equity from the U.S. and Canadian governments. Fiat currently holds a 55.3 percent equity interest in Chrysler Group, or 53.5 percent on a fully diluted basis taking into account certain performance events that will affect our ownership structure in the future. For additional information on these events, and the most recent updates on our ownership and governance structure, see our corporate website [www.chryslergroupllc.com/en-us/investor/sec](http://www.chryslergroupllc.com/en-us/investor/sec).

## INDUSTRY, NATIONAL AND LOCAL ASSOCIATIONS

Chrysler Group is a member of many industry, national and local organizations. In addition, our executives serve as board members for some of these organizations. These include, but are not limited to:

- Alliance of Automobile Manufacturers (Auto Alliance)
- American Automotive Policy Council (AAPC)
- Automotive Industry Action Group (AIAG)
- Canadian Vehicle Manufacturers' Association (CVMA)
- Center for Sustainable Systems
- Detroit Science Center
- The Economic Alliance of Michigan
- Electric Drive Transportation Association (EDTA)
- First in Michigan
- Focus: Hope
- Habitat for Humanity of Oakland County
- Michigan Minority Supplier Development Council
- National Academy of Sciences
- National Association of Manufacturers (NAM)
- National Institute for Health Care Reform
- Salvation Army
- Society of Automotive Engineers (SAE)
- United States Council for Automotive Research (USCAR)
- World Environment Center (WEC)



CHRYSLER GROUP  
OWNERSHIP AS OF DECEMBER 31, 2010

● United Auto Workers' Retiree Medical Benefits Trust (VEBA)	67.7%
● Fiat	20.0%
● U.S. Department of the Treasury	9.8%
● Canadian Federal and Ontario provincial governments	2.5%



Dodge Brand

**\$763M**

2010 MODIFIED  
OPERATING PROFIT

**Diversity  
Elite 60**

BY *HISPANIC BUSINESS*  
MAGAZINE

**\$1.5B**

R&D IN 2010

**2M**

FLEX-FUEL VEHICLES  
PRODUCED SINCE 1998

**15%**

WORLDWIDE SALES  
INCREASE

## ACHIEVEMENTS AND RECOGNITION

Chrysler Group's dedication to transformation resulted in the following accomplishments and external recognition of our efforts:

- First automaker to set corporate policy prohibiting texting while driving
- Began production of new 1.4-liter four-cylinder Fully Integrated Robotized Engine with MultiAir technology at Global Engine Manufacturing Alliance plant
- Began design of new Fiat 500 electric vehicle at Chrysler Group World Headquarters and Technology Center for U.S. launch in 2012
- Incorporated our new fuel-efficient Pentastar V-6 engine into 10 vehicles
- Hit milestone of 2 million flex-fuel vehicles produced since 1998
- Delivered on commitment to launch 16 all-new or significantly refreshed vehicles
- \$1.5 billion spent on research and development in 2010
- Achieved 2010 modified operating profit of \$763 million
- Worldwide sales increased 15% in 2010 over 2009
- Over \$3 billion invested in our manufacturing facilities since June 2009
- Pentastar V-6 engine recognized by *Ward's Automotive* as one of the "10 Best Engines for 2011" for its refinement, power, fuel-efficiency and low emissions
- Trenton South Engine Plant became the first engine manufacturing facility to receive U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) Gold certification
- Named to *DiversityInc 2011* Top 50 Companies for Diversity
- Named to *Hispanic Business* magazine's Diversity Elite 60
- Recognized by The Human Rights Campaign Foundation for scoring 100 percent in the Corporate Equality Index
- Six Chrysler executives honored among the 100 Leading Women in the North American automotive industry by *Automotive News*
- Recognized for diversity leadership and product excellence at the 14th Annual Urban Wheels Awards
- Eight of our 2011 model vehicles earned Insurance Institute for Highway Safety (IIHS) "Top Safety Pick" awards
- Fiat MultiAir Engine System awarded *Popular Science* "Best of What's New" award



Fiat 500

# GOVERNANCE

## BOARD OF DIRECTORS

In 2010, Chrysler Group was governed by a board composed of nine members and headed by non-executive Chairman C. Robert Kidder. The board also included Sergio Marchionne as the Chief Executive Officer of both Chrysler Group and Fiat. Seven of the nine directors were independent. Nine of our members were male, one was a minority and seven were over age 50. All our board members were originally appointed by the owners, who evaluated their qualifications and expertise.

On September 6, 2011, a change in the Chrysler Group Board of Directors was announced. The composition of the new board is reflected below. For the latest information on Chrysler Group's Board of Directors and Leadership Team, see our corporate website at [www.chryslergroupplc.com](http://www.chryslergroupplc.com).

Since all owners are represented on the board by their appointed directors, such representation is the primary mechanism for providing the board with recommendations. Formal mechanisms are not in place for employees to make recommendations directly to the board; however, the leadership team regularly encourages employees to provide feedback through a variety of communication channels, including email, employee surveys, lunches with executives and open town-hall meetings. The Business Practices Office (BPO) also maintains a confidential access line that provides employees with the means to report, without fear of reprisal, any suspected ethical violations or compromised business behaviors. Those reports are investigated, and if appropriate, shared with the board's Audit Committee.

The board oversees the organization's performance per the 2010-2014 Business Plan established on November 4, 2009. The plan incorporates environmental and social performance with economic performance.

## 2011 CHRYSLER GROUP BOARD OF DIRECTORS



**SERGIO MARCHIONNE**

Chairman and Chief Executive Officer of Chrysler Group LLC; Chief Executive Officer of Fiat S.p.A., as well as Chairman of Fiat Industrial S.p.A. and CNH Global N.V. (CNH). Mr. Marchionne also leads the Group Executive Council (GEC) for Fiat S.p.A.



**ALFREDO ALTAVILLA**

Appointed in July 2009. Mr. Altavilla is the Chief Executive Officer of Iveco S.p.A., Executive Vice President, Corporate Development for Fiat S.p.A. and a member of the GEC.



**JAMES J. BLANCHARD**

Appointed in July 2009. Governor Blanchard served two terms in the State of Michigan and is now Partner and Co-Chairman, Government Affairs Practice Group at the DLA Piper law firm.



**DOUGLAS M. STEENLAND**

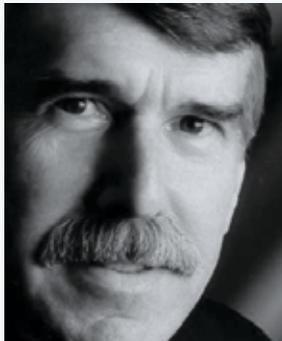
Appointed in July 2009. Mr. Steenland was named to the board of directors for Delta Air Lines, Inc. in 2008. He previously served as President and Chief Executive Officer of Northwest Airlines Corporation.

## LEADERSHIP TEAM

As part of the reorganization of our management, we drew experienced leaders from both Chrysler Group and Fiat and flattened our organizational structure. To facilitate collaboration and enhance speed of decision-making, two management committees chaired by our Chief Executive Officer meet regularly to consider significant operational matters. Our Product Committee oversees capital investment, engineering and product development, while our Commercial Committee oversees matters related to sales and marketing. Both committees include managers from each of our brands, all of whom also have separate functional responsibilities across all the brands. We believe this structure further fosters cooperation, information sharing and timely decision-making. For example, the head of the Dodge brand also oversees sales for all of our brands, while the head of the Jeep brand has additional responsibility for the Company's International Operations. Ten members of the leadership team also sit on the Sustainability Steering Committee.

Information on compensation for directors and the executive team can be found online in the "Directors and Executive Officers" and "Executive Compensation" sections of our Form 10: [www.chryslergroupllc.com/en-us/investor/sec](http://www.chryslergroupllc.com/en-us/investor/sec).

To further enhance the operational integration of Chrysler Group and Fiat S.p.A., on July 28, 2011, Fiat announced the formation of a Group Executive Council (GEC), with members from both organizations. Further information about the GEC can be found on the Fiat Group website at [www.fiatspa.com](http://www.fiatspa.com).



**STEPHEN M. WOLF**

Appointed in July 2009. Mr. Wolf became Chairman of R. R. Donnelley & Sons Company in 2004. He also has served as the Managing Partner of Alpillis LLC since 2003.



**LÉO W. HOULE**

Appointed in September 2011. Mr. Houle was Chief Talent Officer of BCE Inc. and Bell Canada, Inc. from 2001 until his retirement in 2008. In 2006, he was elected a director of CNH.



**JOHN B. LANAWAY**

Appointed in September 2011. Mr. Lanaway was Executive Vice President and Chief Financial Officer, North America, of McCann Erickson from November 2007 until June 2011. In 2006, he was elected a director of CNH.



**RONALD L. THOMPSON**

Appointed in July 2009. Mr. Thompson is currently chairman of the board of trustees for Teachers Insurance and Annuity Association. He previously owned and served as the Chief Executive Officer and Chairman of Midwest Stamping Company.

## ETHICAL STANDARDS AND ANTI-CORRUPTION

Chrysler Group has an Integrity Code available in several languages and Standards of Conduct that are applicable to all employees in all locations on our online employee portal. We also have a Supplier Code of Conduct, discussed in our Supplier section. Through our corporate Business Practices Office (BPO), each year all salaried Chrysler Group employees complete the Ethics and Integrity Code web-based awareness training and acknowledge they have read the code, understand it and know whom to contact for questions or concerns. Completion of the training is documented and reported to the senior leadership team members. In 2010, 100 percent of salaried employees completed the training. This training includes instruction on the Foreign Corrupt Practices Act. Where pertinent, management is also required to participate in focused training on this legislation, which is conducted by the Office of the General Counsel (OGC).

All Chrysler Group functional areas are subjected to analysis on an ongoing basis for risks related to corruption through both audits of the area itself and the management process responsible for each area. In addition, the Legal Compliance Questionnaire (LCQ) is distributed annually to the operating areas as required by Chrysler Group's Legal Compliance Program, managed by the OGC. It contains 28 general questions and up to 52 area-specific questions to ensure full awareness and compliance with Chrysler Group's anti-corruption policies and procedures. In the event an issue is identified, the OGC will work with the Business Practices Office to investigate and resolve the issue. In 2010, no known cases related to corruption were reported to the BPO or through the LCQ process.

In order to avoid conflicts of interest, our LLC Operating Agreement provides that we cannot enter into any new agreement with our members or any of their affiliates that involves aggregate payments in excess of \$25 million without board approval. Additionally, we have a written conflicts-of-interest policy prohibiting officers, employees and their family members from personally participating in transactions that conflict with our business interests or that might influence our employees' business judgment. Our Business Practices Committee interprets the policy, issues advisories, performs investigations and reports non-compliance and waivers to the board's Audit Committee.



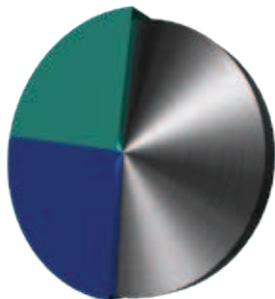
Ram Brand

# PUBLIC POLICY

Chrysler Group believes that responsible corporate citizenship may be reflected through our participation in public policy development and advocacy in the communities and countries where we do business. This activity is managed by our External Affairs group, through which we strive to represent the interests of both the Company and our many stakeholders.

We have in place firm and transparent corporate policies, available to all employees, which prohibit Chrysler Group or its subsidiaries from making payments or providing items of value to any political party or committee, candidate for political office or any government official. We have robust processes in place to ensure that Chrysler Group's political activities comply with relevant laws and reporting requirements. We do not have a Political Action Committee (PAC), but employees are free to make personal contributions to political candidates or parties, to the extent that these contributions do not violate the corporate policy.

We have robust processes to ensure that we conduct lobbying activities with respect to governmental authorities in the United States in accordance with laws and applicable government ethics and disclosure rules. Current advocacy positions and activities are communicated to employees via internal messaging such as the employee portal and email bulletins. We focus on issues that are material to our business and stakeholders, including: fuel economy, greenhouse gas emissions, pollution regulation and free trade. For example, Chrysler Group advocates for a single, national and harmonized fuel economy and greenhouse gas emission program that allows manufacturers to provide vehicles that consumers want to buy at prices they can afford. The Company also supports in principle the agreement on proposed fuel economy standards from 2017 through 2025 under a continued national program.



PUBLIC FUNDING TO CHRYSLER GROUP  
SOURCE OF PUBLIC FUNDING

COUNTRY	PERCENTAGE
● U.S.	49%
● Mexico	27%
● Canada	24%

## PUBLIC FUNDING RECEIVED BY CHRYSLER GROUP IN 2010

FUNDING	\$ MILLIONS
Tax relief/Credits	52.9
Grants	12.9
Other financial assistance	21.0
<b>Total</b>	<b>86.8</b>

Tax Relief/Credits: Estimated value of U.S. individual state tax credits and property tax reductions and Canada ER&D credits accrued to be claimed on Chrysler Group's corporate income tax return.

Grants: Department of Energy (DoE) reimbursement for Chrysler share of Grant DE-EE0002720 (Vehicle Electrification - PHEV Dodge Ram Truck) and Grant DE-EE0003347 (Multi-Air Multifuel Approach to Enhancing Engine System Efficiency). Mexico-related grants from the federal government and State Board of Science and Technology in support of the Fiat 500 at Toluca Assembly Plant.

Other financial assistance: The value of the Import Quota Certificate from the Mexican federal government granted to Chrysler de Mexico allowing import of vehicles free of import tax—equivalent to 30 percent of the vehicle's value—from countries with which Mexico has neither a Free Trade Agreement nor a Commercial Agreement that includes the automotive industry.



Mopar Brand

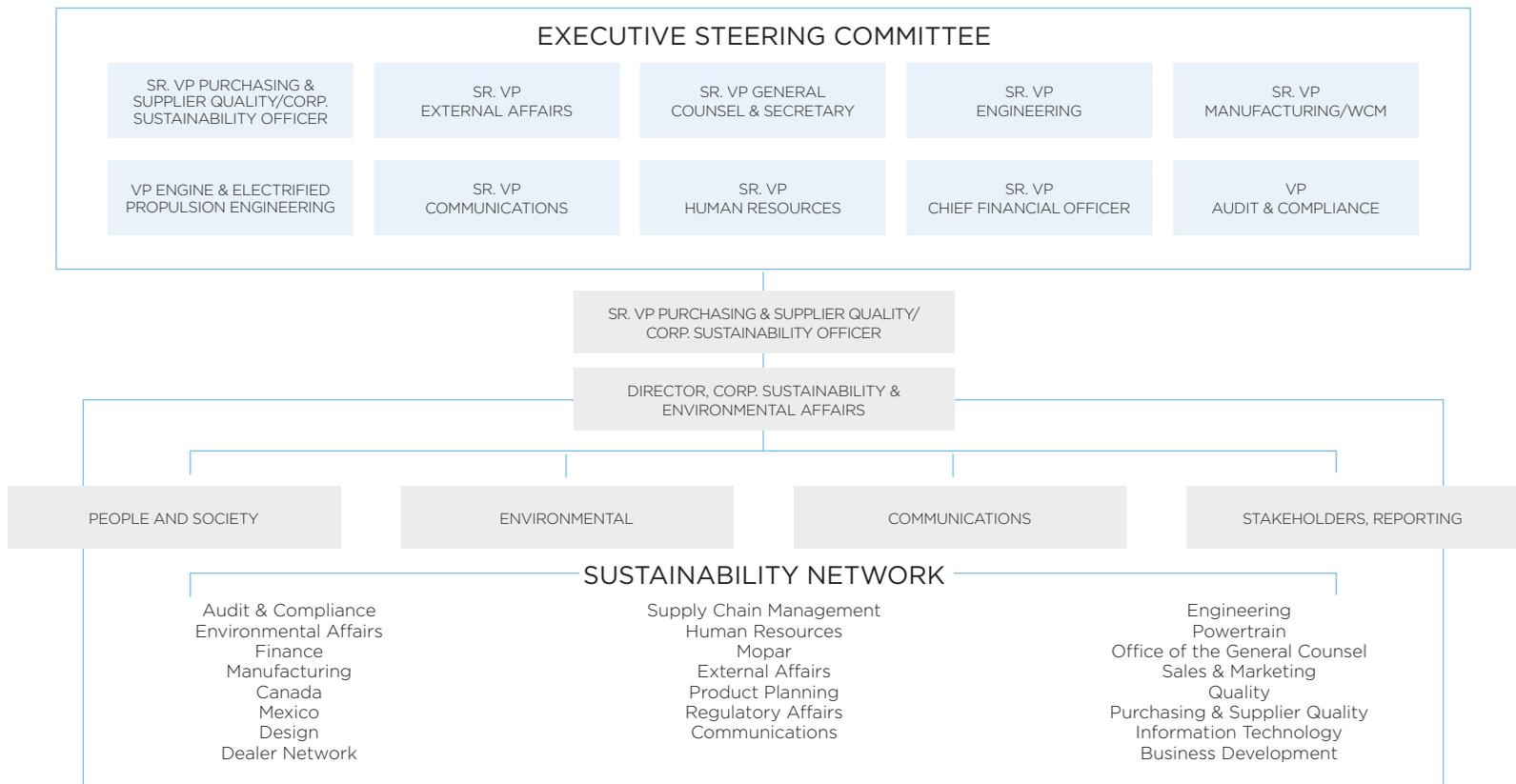
# SUSTAINABILITY MANAGEMENT AND MATERIALITY ASSESSMENT

Sustainability values are being embedded throughout Chrysler Group's culture, at the behest of our CEO and our corporate sustainability team, led by Dan Knott, our Corporate Sustainability Officer. Sustainability is a responsibility shared throughout Chrysler Group. There is, however, a formal organization dedicated to promoting sustainable development and principles, identifying and managing sustainability risks and opportunities as well as continuously responding to our internal and external stakeholders. This organization consists of a core team that reports to an executive steering committee and is supported by an extensive sustainability network representing the entire Company.

In preparation for issuing this report and under this leadership guidance, Chrysler Group engaged in a materiality assessment to identify the issues considered most important by internal and external stakeholders. We expect this report to be read by both internal and external stakeholders.

To identify the key topics for the report, we gathered input from various sources, including the GRI framework, existing stakeholder channels and other third-party experts. Other information came from our business plan, public filings with the U.S. Securities and Exchange Commission, company risk assessments, employee engagement and feedback sessions, new-hire surveys, customer insight groups, relevant non-governmental organizations (NGOs), international organizations and industry trade associations. We assigned priority to issues through working sessions with internal stakeholders, and we either worked directly with external stakeholders or leveraged various feedback channels to discuss our sustainability foci in the shorter term. The topics deemed most material include issues which are either currently affecting or will affect our business activities, and over which Chrysler Group has some level of indirect or direct influence.

## SUSTAINABILITY ORGANIZATION





## STAKEHOLDER ENGAGEMENT

Chrysler Group seeks to be transparent about our activities, collaborate with and learn from others, and understand how we are impacting both the environment and our society, so we may take measures to be a better company.

As part of our normal business practice, Chrysler Group engages with a number of stakeholders throughout the year to maintain community relations, understand and manage our impacts and ensure the long-term success of our Company, our people and society. This includes but is not limited to: suppliers, governments, owners/partners, investors/analysts, local communities, media, organizations/associations, NGOs, employees, environment, labor unions, dealers and customers.

We identified the universe of potential stakeholders based on previous activities and benchmarking. Our initial engagement activities were primarily focused on gathering information from internal stakeholders, and included a survey of the top 25 Leadership Team members, a survey of more than one hundred new employees

and an immersion workshop with our Sustainability Network representing the full breadth of the Company. In addition, we conducted interviews with several external organizations that are known for their commitment to sustainability. As part of formalizing our sustainability strategy for 2011, we are currently developing a multi-phase stakeholder engagement plan, and through internal analysis we selected stakeholders as part of the first phase. Though our approach to engagement varies from stakeholder to stakeholder, we will structure our ongoing engagement plan to include the frequency and type of engagement activities for each stakeholder group.

The key topics raised through our stakeholder engagement are displayed in the materiality graphic presented here, and our response is included throughout the report in the relevant sections.

## INTERVIEW WITH DAN KNOTT

### CHRYSLER GROUP'S CORPORATE SUSTAINABILITY OFFICER

**Q THIS IS CHRYSLER GROUP'S FIRST SUSTAINABILITY REPORT. HOW IS SUSTAINABILITY BEING EMBEDDED WITHIN THE COMPANY?**

**A** We've really been through a humbling, yet exciting transformation. The fundamental principles of sustainability—ensuring that while we meet our needs, we don't compromise the ability of future generations to meet theirs—are now guiding our decisions and actions as we build a more secure future for our enterprise, our employees and society as a whole. You can see this in our appointment of a corporate sustainability team in 2010, and in the issuing of this first report, which will provide a baseline for measuring our progress in meeting defined benchmarks in the future. We've got a great team and we're focused not only on Chrysler Group people, products and facilities, but also on engaging other members of the family—such as dealers and suppliers—to adopt sustainable business practices.

**Q WHAT HAS BEEN THE ROLE OF MANAGEMENT IN CREATING A MORE SUSTAINABLE CHRYSLER GROUP?**

**A** We've had tremendous support from our leadership team in implementing the thousands of small changes that have to happen to change a culture. Sergio Marchionne, our CEO, has inspired us to execute better and smarter. One way that's happening at Chrysler Group is that we've been building cross-functional teams that are a diagonal slice across all levels of the organization. These teams foster a richness of dialogue among individuals in the Company from many different backgrounds and functional areas. In addition to my role as Corporate Sustainability Officer, I'm also the Senior Vice President of Purchasing and Supplier Quality. So I'm thinking about both how we can champion sustainability throughout Chrysler Group, and also how it relates to the concrete details of our business—our purchasing decisions and their environmental impacts, initiatives and choices we make with our suppliers. When we're thinking cross-functionally throughout the organization, sustainability rises to the center of our whole management approach.

**Q WHAT DO YOU SEE AS THE MAIN RISKS AND OPPORTUNITIES THAT FACE CHRYSLER GROUP AS IT EMBARKS ON A MORE SUSTAINABLE COURSE?**

**A** We share many risks with others in our industry related to long-term sustainability. We have skinned our knees through the up-and-down cycles that have characterized the automotive industry over the years. Overall sluggishness and instability in the economy as a whole have affected everyone. More specifically for Chrysler Group, our sales have been primarily concentrated in North America, and our product lineup has been tilted toward larger vehicles, which could suffer as fuel prices increase. Regulatory changes regarding fuel economy and greenhouse gas emissions are anticipated.

On the other hand, the opportunities are tremendous. We have a strategic alliance with Fiat, a company that has won numerous sustainability awards in Europe. We're investing in research and development, introducing more fuel-efficient engines and transmissions like the Pentastar V-6, and we are unveiling an electric vehicle in 2012. We're committed to charting a sustainable course and we'll continue to communicate our activities, compliance and progress in future reports.





WCM Wall at Warren Truck Assembly Plant

## WORLD CLASS MANUFACTURING

In 2009, Chrysler Group began implementing the principles and processes of World Class Manufacturing (WCM). Developed by a London-based nonprofit organization, the WCM Association, and pioneered by Fiat in the auto industry, WCM aims to eliminate all forms of waste—waste created by injuries, waste of time and motion, waste created by defects and waste of resources. It is designed to make plants safe, efficient, flexible and competitive with the best in the world. At the same time, WCM is intended to restore dignity in the workplace by reflecting fundamental values of self-respect and respect for others.

WCM is focused on making continuous improvements in a systematic and organized way by involving everyone, at every level, in order to get the maximum benefits with minimal costs.

The system is supported by 10 technical pillars, each with a seven-step process implementation. The 10 technical pillars are:

- Safety
- Cost Deployment
- Focused Improvement
- Autonomous Activities
- Professional Maintenance
- Quality
- Logistics
- Early Equipment-Product Management
- People Development
- Environment

In 2010, we invested nearly \$155 million in our manufacturing plants to implement WCM principles and process measurement systems. In our manufacturing plants, employee teams collected data to identify the greatest sources of waste, and then developed and executed solutions to address problem areas.

Each plant's performance was audited according to a rigorous improvement methodology. Outside WCM consultants conducted external reviews to verify our progress toward goals against 20 categories of pre-determined WCM metrics. Nine reviews were conducted in 2010, and 11 are scheduled for 2011.

In 2010, plant workers offered more than 230,000 suggestions, and about two-thirds of those were implemented. About 10,000 significant improvement projects were undertaken, producing an estimated \$316 million in annualized savings. As a result of WCM, we were able to reduce incidents on the First Aid Index by 25 percent and lost-time injuries by 40 percent in 2010. Our controllable manufacturing cost savings came to nine percent, and we beat our target of eight percent.

## GOALS AND COMMITMENTS

We have the following goals and commitments in place to help us measure our progress toward building a solid foundation and continuing our responsible approach to business:

### CORPORATE

- Promote and ensure the highest standards of ethical business conduct both within the Company and in the conduct of our partners
- Foster and promote a culture committed to sustainable business practices
- Align resources to support Chrysler Group's 2010-2014 Business Plan

### 2011 FINANCIAL GUIDANCE<sup>1</sup>

- Net Revenues in 2011 of >\$55 billion
- Modified Operating Profit of >\$2.0 billion
- Modified EBITDA of >\$4.8 billion
- Adjusted Net Income of \$0.2-\$0.5 billion<sup>2</sup>
- Free Cash Flow of >\$1.0 billion

### CUSTOMER-FOCUSED

- Improve customer convenience by expanding the number of dealers offering Saturday hours and "Express Lane" service
- Enhance ownership experience by launching vehicle information smartphone applications to provide information on vehicle operation, maintenance, roadside assistance and more
- Enhance customer satisfaction by increasing the number of dealers who qualify for Mopar Elite

## PRODUCT

- Improve the fuel economy of our product portfolio by at least 25 percent by 2014
- Maximize the use of common platforms, systems and components through sharing with Fiat
- Design and build high-quality vehicles that owners will be proud to recommend to their friends and family members

## ENVIRONMENT

- Reduce energy usage per vehicle produced by 15 percent between 2010 and 2014
- Reduce waste generated per vehicle produced by 15 percent between 2010 and 2014
- Reduce water usage per vehicle produced by 20 percent between 2010 and 2014
- Develop a logistics-driven carbon emissions tracking tool for inbound parts ground transport and launch it in 2011

## PEOPLE

### WORKFORCE

- Embed leadership and talent development as a vital business function
- Ensure a culture of accountability and respect to reach our full potential
- Attract and retain a diverse top talent base by offering a competitive compensation and benefits package and a rewarding value proposition
- Lead and implement World Class Manufacturing and World Class Logistics principles with a heightened focus on people development and safety to revolutionize identification and elimination of inefficiencies
- Strengthen business viability through an enhanced competitive labor agreement

### SUPPLIER

- Foster a diverse, motivated and sustainable supply base that chooses Chrysler Group as its preferred customer
- Partner with industry peers to develop policies, messaging and training for our suppliers that will ensure sound working conditions and promote respect for human rights
- Assess our supply base to identify strengths and opportunities in all aspects of sustainability
- Reinforce the Company's commitment to diversity with corporate and supplier goals for sourcing to diversity businesses. 2011 goal: 14.5%

### COMMUNITY

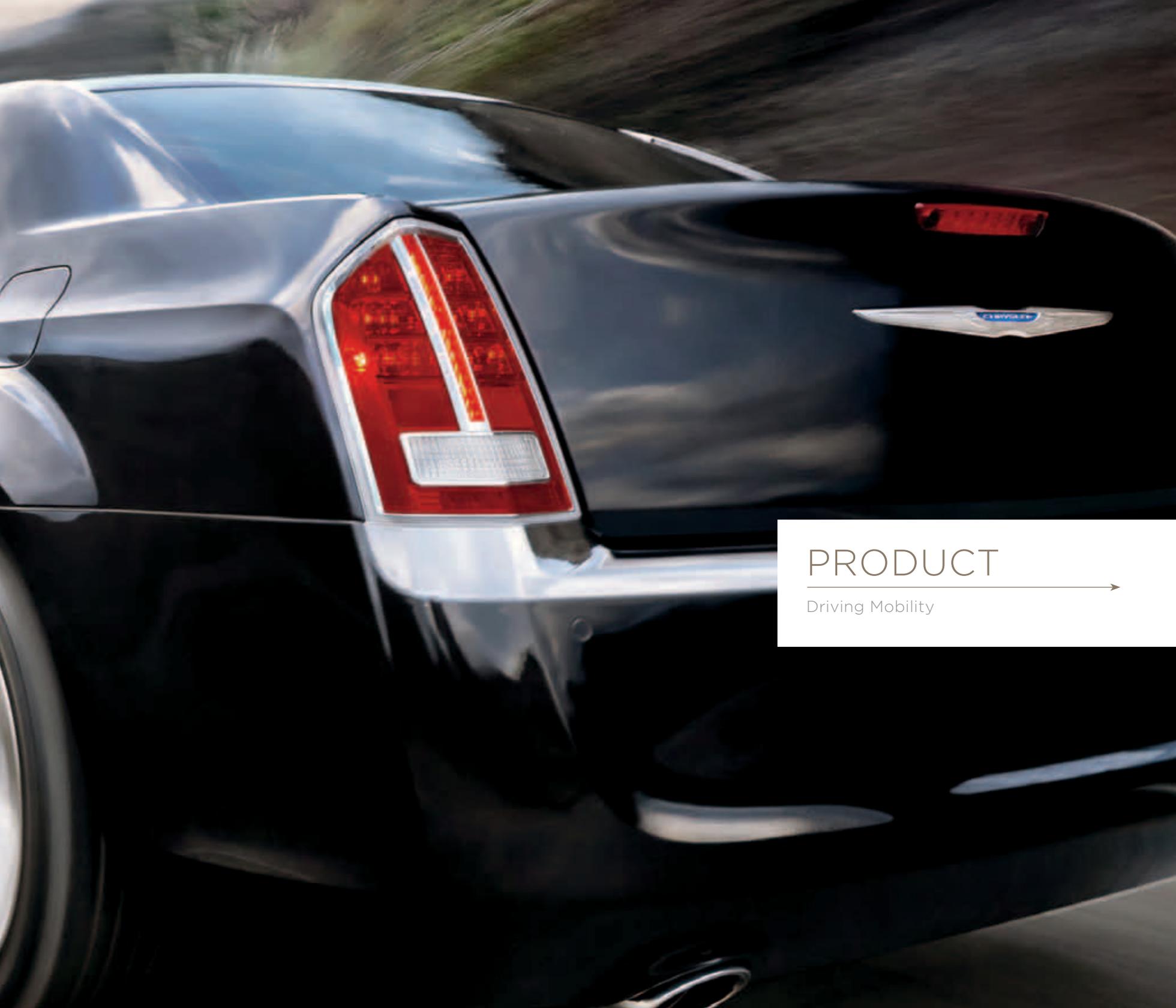
- Further develop the Company's support of educational programs and initiatives focused on science, technology, engineering and math

<sup>1</sup>See About this Report for important information regarding forward-looking statements. Definitions of non-U.S. GAAP measures can be found on our corporate website at [www.chryslergrouppllc.com/en-us/investor](http://www.chryslergrouppllc.com/en-us/investor).

<sup>2</sup>Excludes the loss on the extinguishment of debt of \$551 million in Q2 2011.







# PRODUCT

Driving Mobility

## PRODUCT

Chrysler Group products build on a legacy of excellence in design and engineering. Chrysler introduced the SUV and the minivan to the world, and our engines are known for superior performance. We're equally committed to making vehicles that keep our customers safe while providing them with the automotive experience they desire. After all, our products must be family-haulers, pet-taxis and road trip companions while reflecting the owner's personality.

In 2010, the Company launched 16 all-new or significantly refreshed vehicles. These vehicles represent the first phase of Chrysler Group's \$23 billion investment in engineering and capital to rebuild and expand our product portfolio and manufacturing infrastructure. To achieve this product line transformation in record time, organizations across the Company worked cross-functionally, combining the best talents and minds at all levels, from Engineering to Design to Quality.

As of December 31, 2010, we employed more than 4,000 engineers with an average of approximately 15 years each of automotive experience. Although a substantial portion of our research and development work is done in support of new vehicle development, we also research new technologies outside of regular product development cycles that, if successful, can be applied in new products. In addition, we often collaborate with suppliers on the research and development of new technologies and equipment for our products.

The Chrysler Product Creation Process (CPCP) was adopted for all vehicles in January 2010. As a proactive process that encourages transparency throughout the company, CPCP defines the strategy and method we use to execute the development of world-class vehicles from concept to market. It is based on several fundamental principles including the voice of the customer, which

dictates product decisions; speed to market; collaboration with Fiat; flexibility to allow for unique vehicle program characteristics; consistency of execution to facilitate continuous improvement; clear performance indicators to drive accountability; and alignment of activities across functional areas.

While we work together to innovate an exciting vehicle lineup, Chrysler Group is committed to minimizing the impact our products and processes have on the global environment. By working closely with our partner Fiat and sharing new vehicle platforms (underbodies and suspensions), powertrains and other technologies, we will continue to address environmental challenges. With the lowest CO<sub>2</sub> emissions among Europe's top automobile brands (source: JATO Dynamics), Fiat is a European leader in the development of environmentally sound products. Our collaboration with Fiat will create an improved long-term product strategy that reflects greater fuel efficiency and reduced emissions.

As a global company, it is our responsibility to actively develop and implement advanced technology that improves efficiency and promotes clean, renewable energy. In turn, this will help reduce dependence on volatile and nonrenewable oil supplies, contribute to a stronger economy and enhance energy security. Chrysler Group is committed to:

- Improving the fuel economy of our product portfolio at least 25 percent by 2014 by reducing vehicle energy demand and increasing powertrain efficiency
- Maximizing the use of common platforms, systems and components through sharing with Fiat
- Designing and building high-quality vehicles that owners will be proud to recommend to their friends and family members

# 16

NUMBER OF VEHICLES THAT WERE ALL-NEW  
OR SIGNIFICANTLY REFRESHED IN 2010



Chrysler 200  
Chrysler 300  
Chrysler Town & Country  
Dodge Avenger

Dodge Challenger  
Dodge Charger  
Dodge Durango  
Dodge Grand Caravan

Dodge Journey  
Fiat 500  
Jeep Compass  
Jeep Grand Cherokee

Jeep Liberty  
Jeep Patriot  
Jeep Wrangler  
Ram Chassis Cab

# FUEL ECONOMY AND EMISSIONS

To reduce fuel consumption and emissions, we are focusing on four key areas:

- 1) Powertrain systems—engine and transmission
- 2) Vehicle energy demand, including weight reduction and aerodynamic improvements
- 3) Driveline and axle design
- 4) Alternatively fueled powertrains, such as flex-fuel, compressed natural gas, hybrid and fully electrified vehicles

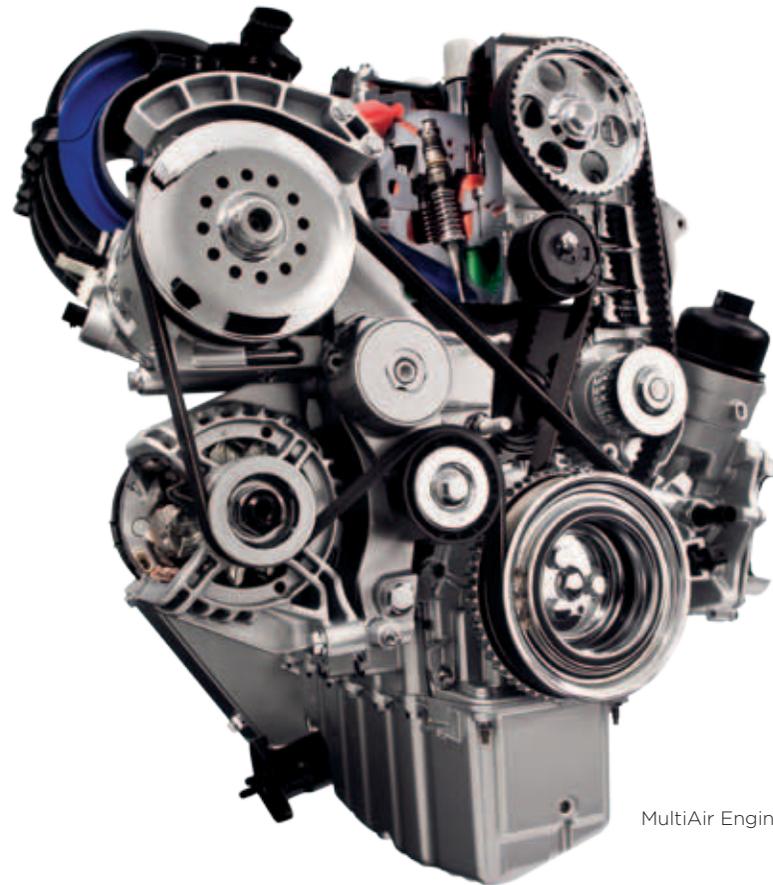
## ENGINE SYSTEMS

As we work toward increasing the fuel economy of our product lineup, we'll be using more high-efficiency, four-cylinder gasoline engines in our vehicles as well as increasing the efficiency of other engine families.

Both Chrysler Group and Fiat benefit from each other's core powertrain strengths. By leveraging our collective core competencies, the two companies are able to maximize cost efficiencies in development, engineering and manufacturing. With the production launch of the Fiat 500 in December 2010, we introduced the small, fuel-efficient 1.4-liter, four-cylinder Fully Integrated Robotized Engine (FIRE) engine. The engine incorporates Fiat's MultiAir technology which delivers up to a 7.5 percent improvement in fuel economy and CO<sub>2</sub> emissions while enhancing performance.

### CHRYSLER GROUP CLIMATE CHANGE POSITION

Chrysler Group supports the establishment of an economy-wide, market-based, greenhouse gas (GHG) reduction program for mobile and stationary sources, with input from all stakeholders, including state and local governments. To be effective, the program must address fuels, infrastructure, facilities, consumer behaviors, as well as vehicle fuel efficiency, and must be encompassed in a single national program.



MultiAir Engine

Fiat's MultiAir technology was awarded "Best of What's New" from *Popular Science* magazine in 2010.

### 2010 MODEL YEAR CORPORATE AVERAGE FUEL ECONOMY (CAFE)

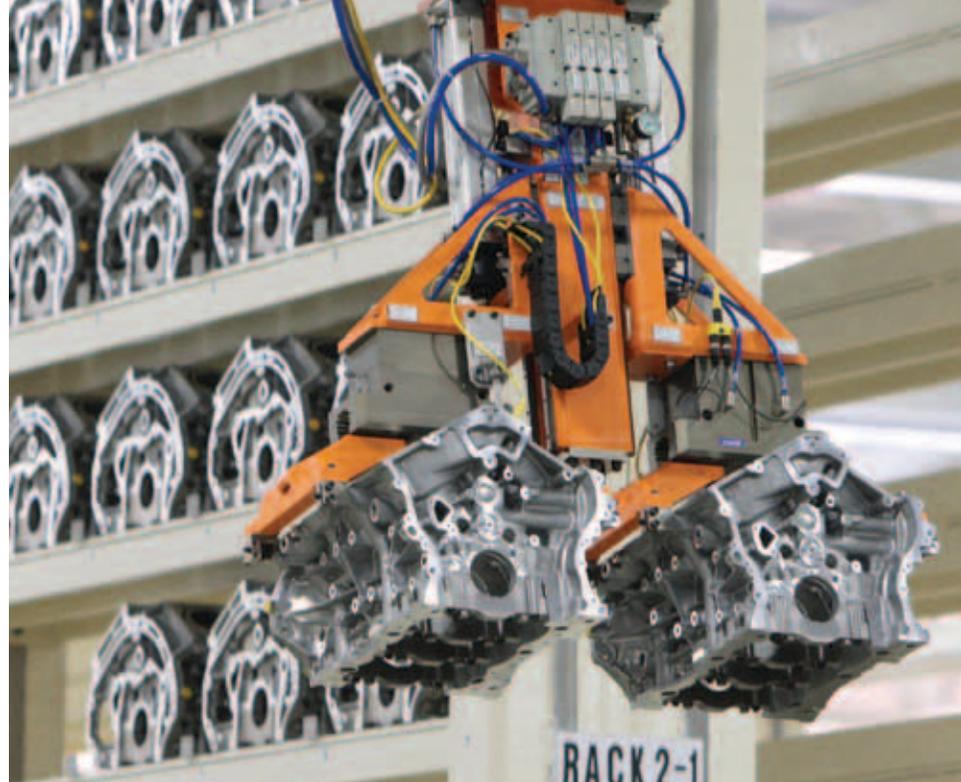
*Domestic passenger automobiles: 28.3 miles per gallon*  
*Light truck: 24.3 miles per gallon*

In 2010, Chrysler Group's all-new Pentastar V-6 engine was introduced in 10 vehicles, including the all-new 2011 Jeep Grand Cherokee and 2011 Dodge Durango. It was designed with a flexible architecture, so it can be used together with a variety of advanced technologies, such as Fiat's MultiAir technology, direct injection or turbo-charging. The Pentastar V-6 improves fuel efficiency by an average of seven percent over predecessor engines. It is expected to account for more than a third of the powertrains in the vehicle lineup and will substantially contribute to our goal of increasing our product portfolio's fuel economy by at least 25 percent by 2014. In December 2010, *Wards' Automotive* recognized the Pentastar engine as one of the "10 Best Engines for 2011" for its refinement, power, fuel efficiency and low emissions.

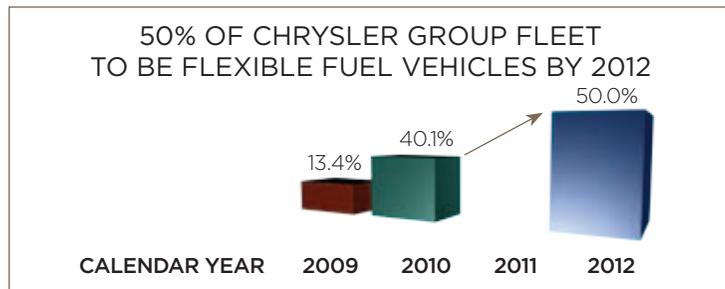
In our eight-cylinder engines, Chrysler Group's innovative Fuel Saver technology on the HEMI engine family improves fuel economy by as much as 20 percent. Fuel Saver technology seamlessly alternates between high fuel economy four-cylinder mode when less power is needed and V-8 mode when more power is in demand. In 2010, two-thirds of our V-8 engines sold incorporated this technology.

To lessen dependence on oil, Chrysler Group is committed to producing vehicles that are capable of using alternative, renewable fuels. Since 1998, Chrysler has produced more than two million Flexible Fuel Vehicles (FFVs) capable of running on renewable ethanol fuel, E85, which contains 85 percent ethanol. The new Pentastar V-6 engine with E85 Flexible Fuel capability meets the most stringent vehicle emission requirements in the United States. Chrysler Group has committed to making 50 percent of our fleet Flexible Fuel Vehicles by 2012.

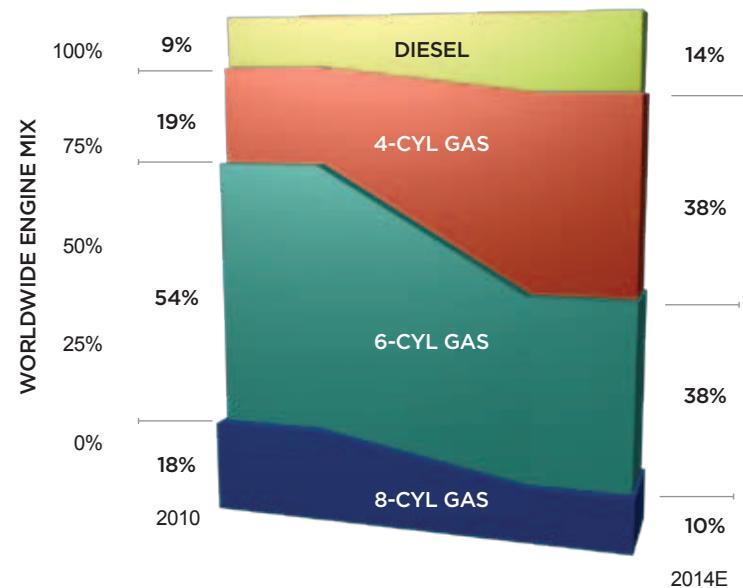
Additionally, B5 biodiesel is approved for all Chrysler Group diesel vehicles, and certain fleet trucks are approved for B20, which consists of 20 percent biodiesel—made from renewable resources—and 80 percent conventional diesel. B20 is approved for Ram truck vehicles produced for commercial, government and military fleets. Chrysler supports the development of alternative fuels that offer lower carbon emissions.



Pentastar V-6 Engine Blocks



**CHRYSLER GROUP ENGINE PORTFOLIO 2010 TO 2014**



## TRANSMISSION SYSTEMS

Chrysler Group is committed to enhancing both our front-wheel drive and rear-wheel drive transmission portfolios, and in 2010 we announced two new transmissions that will help reach our goal of greater fuel efficiency. An eight-speed rear-wheel drive automatic transmission for passenger car and light-duty truck applications is planned for use in vehicles starting in 2011. It is expected to reduce fuel consumption by up to 12 percent over Chrysler Group's current five-speed transmissions. We ultimately plan to use this transmission in all of our rear-wheel drive vehicles except the diesel heavy-duty versions of the Ram truck.

A nine-speed front-wheel drive transmission for medium-duty applications will be used in our vehicles starting in 2013. This transmission will be made available first in a Chrysler Group vehicle before being offered by any other vehicle manufacturer. It is expected to reduce fuel consumption by up to 11 percent over our current six-speed transmission.

Chrysler Group is evaluating Fiat's Dual Dry Clutch Transmission (DDCT) for a select group of our vehicles. The DDCT combines the basic mechanical system of a conventional manual transmission assembly with an electronically controlled shifting system which the driver operates like an automatic transmission for ease of use. This combination achieves improved fuel economy over a conventional automatic transmission when used in small- to medium-sized vehicles.

Chrysler Group continued to better the EPA Tier 2 Oxides of Nitrogen Fleet average and the most stringent California Air Resources Board Non-Methane Organic Gases Fleet average in 2010. We've also chosen to meet the EPA's Mobile Source Air Toxics Cold Hydrocarbon product phase-in requirements two years ahead of the regulatory schedule.

## VEHICLE ENERGY DEMAND

Chrysler Group engages in research to reduce vehicle energy demand and quickly implements solutions. We focus on vehicle weight, aerodynamic drag, tire performance, brake drag, driveline losses, electrical losses and heating/air-conditioning system inefficiencies. To reduce vehicle weight, and thus fuel consumption, we have increased our use of high-strength steel while still meeting standards for vehicle safety. For example, the 2011 Chrysler 300 body is made of 60 percent high-strength steel by weight. Additionally, Chrysler Group is implementing electric power steering, beginning with the new C/D segment platform in 2012. This system reduces energy losses through use of an electric motor that is energized when needed by the vehicle's electrical system. According to the U.S. Environmental Protection Agency (EPA), electric power steering can reduce CO<sub>2</sub> emissions by 1.5 to 2 percent.

Improving the aerodynamics of our vehicles is another way Chrysler Group is increasing fuel efficiency. We operate a world-class, full-scale, aerodynamic and acoustic wind tunnel at the Chrysler Group World Headquarters and Technology Center which allows us to measure aerodynamic performance as we improve the vehicle's profile. The 2011 Ram 1500 truck was specifically designed to deliver an 11 percent aerodynamics improvement, which in turn resulted in a five percent improvement in fuel economy. Design enhancements such as an integrated tailgate spoiler, tightened wheelhouse openings and an optimized cooling opening all contributed to making the Ram 1500 truck best-in-class for aerodynamics.

### 2011 RAM 1500 DESIGN ACTIONS BASED ON AERODYNAMICS





Wind Tunnel at Chrysler Technology Center

To reduce total energy consumption, we continue to research vehicle applications for thermal management, which optimizes the ways vehicle energy is used, extracted and re-used. Thermal management technologies will not only help reduce fuel consumption, but will also be a critical factor in extending vehicle range for hybrid electric and all-electric vehicle models in the future. Our current research includes strategies to warm engines and transmissions faster, have our vehicles run at an ideal temperature set point and recapture waste heat. Engines and transmissions run most efficiently when they're warm. Wasted heat is lost energy, so recapturing and using it saves energy.

### AXLE DESIGN

Chrysler Group has a commercial agreement with an affiliate of one of our key suppliers, ZF Getriebe GmbH, to produce lightweight and efficient axles. This relationship affords us access to advanced axle technologies on an expedited timeline. The proprietary ZF axles weigh up to 34 percent less than, and improve fuel efficiency by two percent relative to, comparable axles. We began to incorporate the ZF axles in the Jeep Grand Cherokee and Dodge Durango in 2010 and in Ram trucks in 2011.

## OTHER TECHNOLOGIES

### ECO:DRIVE

While Chrysler Group works to reduce the environmental impact of our vehicles, a unique feature called eco:Drive on the Fiat 500 takes into account not only what people drive but how they drive. The system provides live updates on how efficiently people are driving and provides reminders on how to improve via an in-car display. Fiat's eco:Drive encourages owners to set challenges, such as CO<sub>2</sub> reduction targets for specific journeys or over a set period of time, and play their part in reducing the emissions from driving.

### STOP/START

Chrysler Group has incorporated the Fiat stop/start technology (Fiat's "Start&Stop") into the 2011 Jeep Wrangler diesel in Europe and will integrate a Chrysler Group-developed stop/start technology in 90 percent of our models in North America by 2017 to improve fuel economy. Stop/start technology turns off the engine and fuel flow at full stops, and restarts them automatically upon acceleration. For the new Jeep Wrangler family, fuel economy is improved and CO<sub>2</sub> emissions are reduced by up to 13 percent.

## ALTERNATIVE PROPULSION SYSTEMS

Chrysler Group has allocated a significant amount of resources toward vehicle electrification and continues to add talent in this leading-edge technology arena. In November 2009, the Company revealed a new engineering organization model that united the vehicle electrification efforts of Chrysler Group and Fiat, with Chrysler Group designated as the vehicle electrification center. The resources that were previously spread over different electrification development organizations have been collected and integrated into the powertrain and vehicle engineering mainstream—a clear sign that Chrysler Group intends to apply research and development successes to production vehicles.

We are currently developing technology that can be used in a range of electrified vehicles, including conventional hybrids, plug-in hybrids, fully electrified and range-extended electric vehicles. At the same time, Chrysler Group believes there are many gains yet to be made in combustion engine technology at lower cost to the consumer. We are, therefore, committed to continuing the evolutionary improvement of internal combustion engines.

Our goal is to complement advances in conventional technologies with electric and hybrid vehicles. By working to optimize combustion engines so they'll be compatible with hybrid and electric vehicle technology, we are applying cost-reduction strategies to ensure the affordability of such vehicles for our customers.

We are currently developing a Fiat 500 battery electric vehicle (BEV) which will be capable of a 100-mile drive range on a single battery charge. The Fiat 500 is well-suited for the BEV technology due to its segment and customer base. We plan to design, manufacture and sell this version of the Fiat 500 in North America in 2012.

Chrysler Group is actively investigating the use of Compressed Natural Gas (CNG) with internal combustion engines as a more environmentally favorable technology that could be applied while we continue to pursue electric propulsion technology. CNG produces up to 25 percent less CO<sub>2</sub> emissions than gasoline and is also about 50 percent less expensive. Fiat is a leader in the development of CNG-powered vehicles, so our alliance will help us pursue applications using this eco-friendly fuel.

Chrysler Group has established partnerships with several government entities and universities to develop and demonstrate plug-in technology in real-world, customer-use conditions. The 2011 Ram 1500 Plug-in-Hybrid Electric Vehicle (PHEV) demonstration program was partially funded by the U.S. Department of Energy. It uses proven advanced hybrid engineering and cutting-edge battery technologies to deliver improved performance, significantly improved fuel economy, extended vehicle range and reduced greenhouse gas emissions.

The Ram 1500 PHEV uses a 12 kilowatt-hour Li-Ion battery, allowing a range of up to 20 miles in electric mode. Combined with a HEMI V-8 engine that utilizes Fuel Saver technology with two-mode full-hybrid technology, the Ram 1500 PHEV can achieve improved fuel economy of up to 54 percent in the city and a total range of up to 655 miles on a single tank of gasoline. Equipped with a 110v/240v

### TYPES OF HYBRID AND ELECTRIFIED VEHICLES

#### HYBRID ELECTRIC VEHICLE (HEV)

The power to propel an HEV vehicle comes from the combination of a combustion engine and traction electric motors powered by a high-voltage battery. The charging of the battery is accomplished by the combustion engine and the vehicle kinetic energy captured by the regenerative brake function.

#### PLUG-IN HYBRID ELECTRIC VEHICLE (PHEV)

In addition to all the capabilities of the HEV vehicle, the PHEV vehicle provides a provision for charging the high-voltage battery using the grid power by “plugging-in.” There is usually an on-board/off-board charger that enables the grid tie.

#### BATTERY ELECTRIC VEHICLE (BEV)

The power to propel a BEV vehicle comes from a traction electric motor fueled by a high-voltage battery. The range of the vehicle is limited by the battery energy capability.

#### RANGE-EXTENDED ELECTRIC VEHICLE

This is an augmentation of a BEV where the vehicle drive range is extended by providing a small combustion engine, primarily to charge the battery.

#### HYDRAULIC HYBRID

The power to propel the vehicle comes from the combination of a combustion engine in series with hydraulic motors powered by a high-pressure hydraulic accumulator. The charging of the accumulator is accomplished by the combustion engine and the vehicle kinetic energy captured by the regenerative brake function.

power panel with a 6.6 kW output, its bi-directional charging will enable smart-grid interface capable of returning power to the grid. Project-generated data will enable utility partners to develop robust solutions for smart-grid, bi-directional and micro-grid interfaces.

Another example of collaboration is our partnership with the U.S. Environmental Protection Agency (EPA), which began in 2010. We're working together to determine the possibility of adapting a hydraulic hybrid system for large passenger cars and light-duty vehicles. In industrial applications, including large delivery and refuse trucks, the technology has shown substantial increases in fuel economy when compared with traditional powertrains in the same type of vehicles. The research project will focus on adapting the hydraulic hybrid system for use in a Chrysler Town & Country minivan equipped with a 2.4-liter, inline four-cylinder gasoline engine. The goal is to increase city fuel economy by 60 percent.

## FOCUS ON SAFETY

With more than 1.5 million vehicles sold in 2010, Chrysler Group recognizes our responsibility to build products that help keep owners safe. That's why our vehicles are designed with many safety features to help drivers avoid accidents. In the event of an accident, other features, in addition to crashworthiness, help to minimize injuries. Through a broad range of advanced safety and security systems, Chrysler Group offers the latest technology to assist our customers in everyday driving situations.

Chrysler Group engineers use our state-of-the-art crash test facility at the Chelsea Proving Grounds in Michigan to effectively address crash performance requirements. Every year, hundreds of vehicles are crashed and thousands of computer simulations are run in order to validate the safety characteristics of our designs.



2011 Jeep Grand Cherokee

### SAFETY SYSTEMS

In 2010, Chrysler Group introduced the SafetyTec package for the Town & Country minivan that includes segment-exclusive active safety and security features. The package raised the bar in the segment with innovations not previously found in a minivan, including the Blind Spot Monitor (BSM) and Rear Cross Path (RCP) accident-avoidance systems. Additional features included Parksense® rear park assist, Parkview® rear back-up camera, rain-sensing windshield wipers, mirrors with integrated turn-signal lamps and an Electronic Vehicle Information Center (EVIC) with Tire-pressure Monitoring (TPM). The SafetyTec package is now available across the Chrysler Group product lineup.

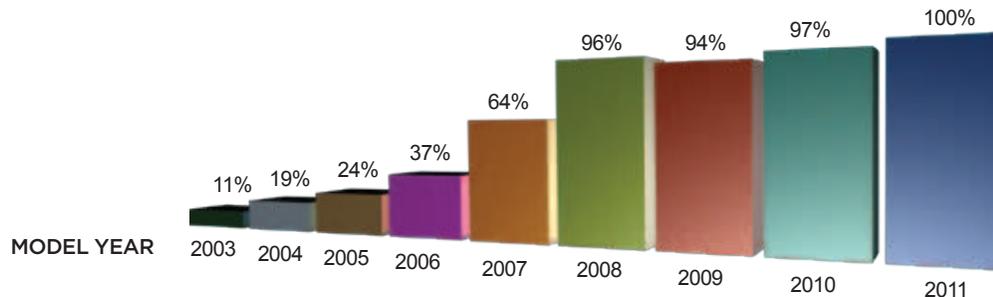
Chrysler Group was one of the first automakers in the U.S. to offer Electronic Stability Control (ESC) in its vehicles, starting in 2003. ESC helps drivers maintain control of their vehicles in a number of potentially hazardous situations. The technology has been validated by many external organizations, including the National Highway Traffic Safety Administration (NHTSA), which found ESC to provide real-world benefits for accident and rollover prevention. According to various studies and depending on vehicle type, benefits may include:

- Fatal crash risk reduction by 20 to 50 percent
- Fatal single-vehicle rollovers reduced by 65 to 85 percent

The NHTSA has made ESC a mandatory feature for all 2012 model year light-passenger vehicles. As a result of Chrysler Group's early introduction of ESC in our products, we produced approximately 3.5 million vehicles with ESC ahead of the NHTSA requirement.

One of Chrysler Group's innovative vehicle safety systems is smart brake technology. This important feature was first introduced in Chrysler Group vehicles in 2003 and has now become a standard feature on all new model vehicles. Chrysler's smart brake technology causes the brake pedal to override the input from the accelerator pedal if required. This design ensures that any unforeseen disagreement between the driver's throttle demand and the accelerator pedal supply can be overridden by the operator to ensure safe operation.

### CHRYSLER GROUP SMART BRAKE TECHNOLOGY INSTALLATIONS



### TOP SAFETY PICKS

The Insurance Institute for Highway Safety (IIHS) awarded eight of our 2011 model vehicles with the "Top Safety Pick" award<sup>1</sup>. Those vehicles include the Chrysler 300, Chrysler 200, Dodge Charger, Dodge Avenger, Dodge Journey, Dodge Durango, Jeep Grand Cherokee and Jeep Patriot.<sup>2</sup> These vehicles are evidence of our continual push to manufacture products that help keep drivers and passengers safe.

<sup>1</sup>"Top Safety Pick" based on 31 mph side-impact crash test, 40 mph frontal-offset crash test, 20 mph rear-impact test, roof strength testing and the availability of Electronic Stability Control (ESC). Tests performed by the Insurance Institute for Highway Safety. For details, visit [www.iihs.org](http://www.iihs.org).  
<sup>2</sup>When equipped with optional side airbags.



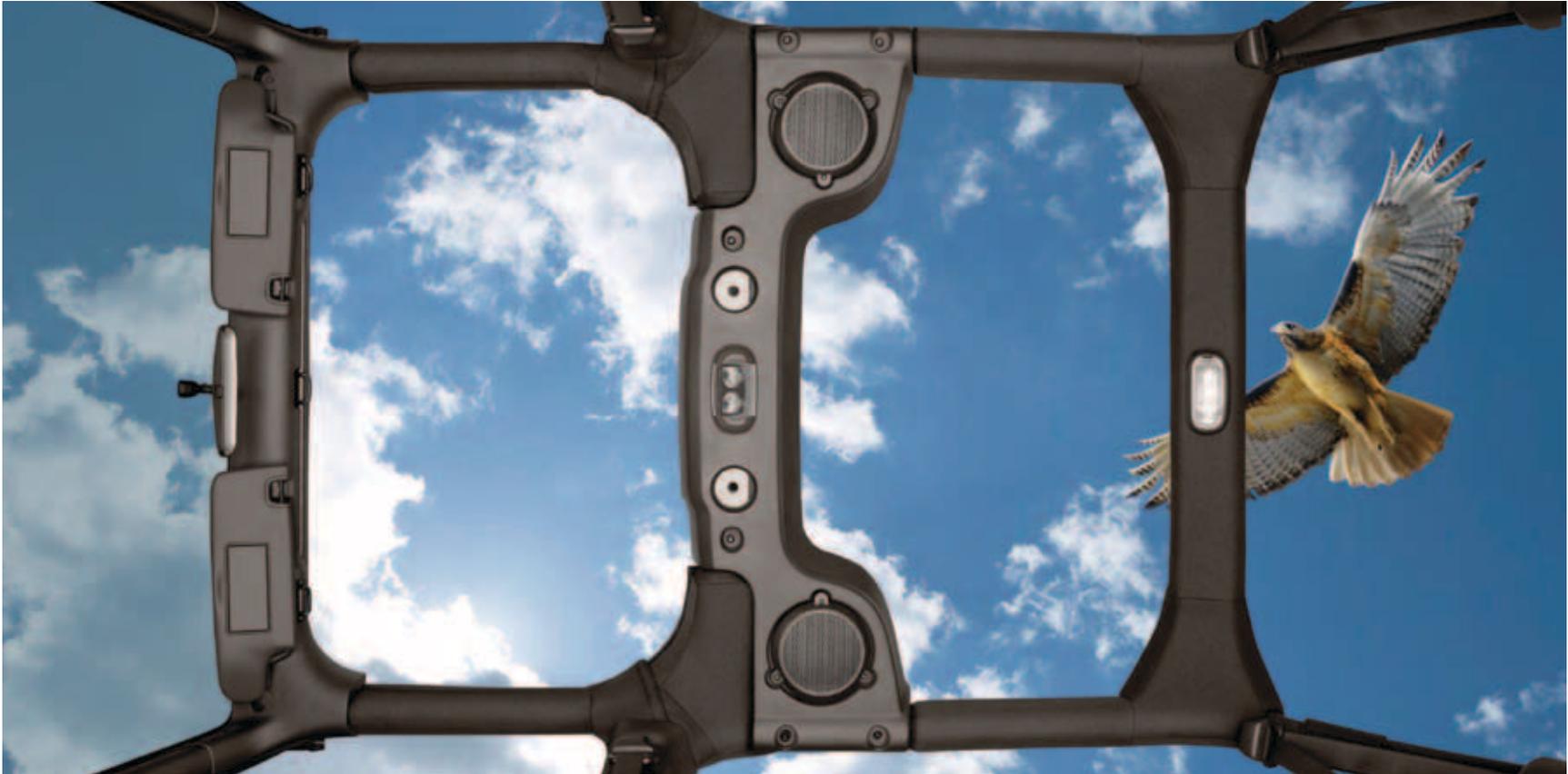
TXT U L8R APP

## DISTRACTED DRIVING

Because the primary responsibility for vehicle control lies with the driver, Chrysler Group works to help reduce demands on driver attention. We seek to simplify the driving experience by studying Human Machine Interface (HMI) attributes—the interactions of humans and machines—and translating them into product safety features.

Distracted driving is quickly becoming one of the most serious threats to safety on the roadways today. According to the IIHS, drivers who use handheld devices are four times more likely to get into crashes serious enough to injure themselves. We take that risk seriously and are leading a change to promote safer driving behaviors and serve as an industry example. Chrysler Group was the first automaker to establish a corporate policy that prohibits our employees from texting while driving company-owned vehicles, and texting with company-provided communication devices while driving personal vehicles.

Further leading the fight against distracted driving, the Chrysler brand together with *Car and Driver* magazine announced the development of a free mobile application for handheld devices. Txt U L8r automatically sends a predetermined message back to the sender with an alert that the user is unavailable. At the same time, the received message is read aloud to the driver, ensuring he or she doesn't miss an urgent message. This allows drivers to keep their eyes on the road and their hands on the wheel.



Jeep Wrangler Unlimited

## OTHER SAFETY INITIATIVES

Chrysler Group has a long history of creating programs designed to keep drivers and families safe. We've provided tips and tools for teen drivers and their parents, including education on the consequences of underage drinking and driving, and a parent-teen road rules contract.

We've also led efforts like SeatCheck, a national campaign to help parents properly secure their children in motor vehicles. Chrysler Group was instrumental in the creation of SeatCheck and remains one of the program's main sponsors, helping connect thousands of parents with certified technicians who provide free child safety seat inspections. A locator service is available at [www.seatcheck.org](http://www.seatcheck.org) and toll-free at 1-866-SEAT-CHECK. These SeatCheck resources provide a listing of more than 4,000 inspection locations staffed by trained and certified child safety seat technicians.

In addition to developing technologies and programs to help keep occupants safe, Chrysler offers technologies to keep our vehicles secure. Mopar, the service, parts and customer care arm of Chrysler Group, introduced the Electronic Vehicle Tracking System (EVTS). EVTS provides owners added peace of mind by alerting them if their vehicle is driven too fast or too far based on preset parameters. Available on Chrysler, Jeep, Dodge, Ram and Fiat vehicles, EVTS is unlike other vehicle tracking systems because its base system offers nationwide tracking without a subscription.

Chrysler Group is a long-time sponsor of the Traffic Improvement Association (TIA), an organization whose mission is to "facilitate engineering, education and enforcement programs that reduce human and economic losses caused by traffic crashes, and improve mobility in Michigan." Established in Oakland County, Michigan, more than 40 years ago, the TIA has been instrumental in Oakland County having one of the lowest traffic crash fatality rates in the U.S. (source: TIA website).

# MATERIALS AND RECYCLABILITY

As a manufacturer of material-intensive products, we recognize materials play a very important role in both the environmental and economic sustainability of our Company as well as the quality and safety of our vehicles. Whenever possible, we seek to use materials that have the least environmental impact and the greatest recyclability potential. Chrysler Group conducts ongoing training and education to increase awareness and knowledge in the engineering community on issues relating to materials and their proper use.

Chrysler Group considers many factors when determining the best materials to use in our vehicles, including vehicle cost, performance, safety, fuel economy, CO<sub>2</sub> emissions, end-of-life vehicle (ELV) dismantling, recyclability and recoverability, use of bio-based fuels, environmentally friendly materials, hazardous materials compliance, low-emission manufacturing processes and the presence of volatile organic compounds.

We continually assess alternative materials and processes designed to provide superior performance at a reduced cost to the Company and reduced cost of ownership to our customers. These materials meet all the historical and emerging functional requirements our customers need, providing both superior comfort and an enhanced driving experience. For example, all significantly enhanced 2011 vehicles received upgraded leathers, grains and colors to enhance customer satisfaction, as well as chassis upgrades and reduced noise, vibration and harshness (the feel of a vehicle's ride) for an improved driving experience.

Lightweight metals, plastics and composites are used to reduce overall vehicle weight and CO<sub>2</sub> emissions, and to improve fuel economy. Chrysler Group's internal innovation process includes initiatives to research lightweight materials. Along with Ford and General Motors, we are part of United States Advanced Materials Partnership (USAMP) with the U.S. Department of Energy (DOE) to develop advanced materials and joining methods.



An example of Chrysler Group's aggressive pursuit of environmentally friendly materials is the industry-first "green" vehicle seating material used in the 2011 Jeep Grand Cherokee and Dodge Durango. We replaced soy-based polyol, a renewable bio-material currently used in the industry to make foam, with polyol from waste foam. In doing this, we have substituted a food-based material with one that is converted from what otherwise would be landfilled waste. This innovative solution earned the Society of Plastic Engineers Automotive Division 2010 Award in the Environmental category. Other alternative materials used are wood-filled composites and reclaimed cotton insulation. Chrysler Group is currently assessing additional natural-based fillers for plastic reinforcements.

We also work with our supplier partners to identify further opportunities such as our intake manifolds, which contain recycled nylon carpet fiber, substantially reducing the need for virgin petroleum-based nylon.

## SUBSTANCES OF CONCERN

Chrysler Group aggressively pursues solutions to chemical concerns as we and our suppliers gain knowledge about the materials in use throughout the industry. We have eliminated or greatly reduced specific substances of concern, identified by scientific and regulatory bodies, and continue to look for ways to eliminate toxic and hazardous chemicals. We're researching the replacement of substances of concern in our vehicles, including lead, mercury, cadmium, hexavalent chromium, select plasticizers and flame retardants, which can pose environmental and health risks.

We work with our suppliers to build awareness and understanding regarding what chemicals are present in their raw materials. Once those chemicals are identified, Chrysler Group and our suppliers use the industry-wide International Materials Database System (IMDS) to track these chemicals so appropriate substitutes can be identified, tested and implemented.

Each product program is tracked through IMDS data and compared with substances on the Global Automotive Declarable Substance List (GADSL) to determine if action needs to be taken to eliminate or reduce substance concentration. As issues arise, Chrysler Group works with suppliers to find solutions.

IMDS training is available to suppliers and we encourage them to participate. Additionally, Chrysler Group conducts periodic awareness training for our engineering and purchasing organizations to increase their understanding of existing regulations with respect to materials.

## NATIONAL VEHICLE MERCURY SWITCH RECOVERY PROGRAM

Mercury can pose a significant threat to the health of people and wildlife. All the mercury that's released into the environment eventually ends up in soils or surface waters. To combat this threat, the EPA developed a national program to recover 80-90 percent of all available mercury switches from scrap automobiles by 2017. The National Vehicle Mercury Switch Recovery Program (NVMSRP) is designed to recover an estimated 40 million mercury-containing light switches that would normally be melted to make new steel. This helps reduce the release of mercury into the air and the ensuing pollution of waterways that it causes. Chrysler Group partnered with other automotive companies to create the End of Life Vehicle Solutions Corporation (ELVS) to promote the industry's environmental efforts in recyclability and the management of substances of concern, such as mercury. Chrysler Group has provided uninterrupted funding for this program since its inception and completed a full phase-out of mercury switches in new vehicles in the 2003 model year.

## VEHICLE AIR CONDITIONING REFRIGERANT

Chrysler Group and Fiat were two of 15 international automobile manufacturers to participate in a five-year research program conducted by the Society of Automotive Engineers on the testing of HFO-1234yf, a new refrigerant for mobile air conditioning in vehicles. The current refrigerant in use, HFC-134a, was adopted in the 1990s and had a reduced global warming potential of 87 percent compared with the refrigerant it replaced. The recently EPA-approved HFO-1234yf reduces global warming potential additionally by more than 99 percent. Chrysler Group will begin to phase in HFO-1234yf in 2014 as it becomes commercially available. Chrysler Group also has implemented designs which meet the EPA's "low leak" criteria and will have all Chrysler, Jeep, Dodge and Ram products meeting this criteria in 2012.

## LEAD-FREE WHEEL WEIGHTS

Lead wheel weights have been used on wheel rims to balance automobile tires. When they loosen and fall off, they can be washed into storm sewers and end up in waterways, or get thrown away in landfills. The EPA's National Partnership for Environmental Priorities (NPEP) developed the National Lead Free Wheel Weight Initiative, which encourages the use of lead-free wheel weight alternatives. The EPA set a voluntary goal for industries to cease the use of lead wheel weights by December 31, 2011. Chrysler Group globally stopped using lead wheel weights in our products in September 2009, two years ahead of the EPA's goal.

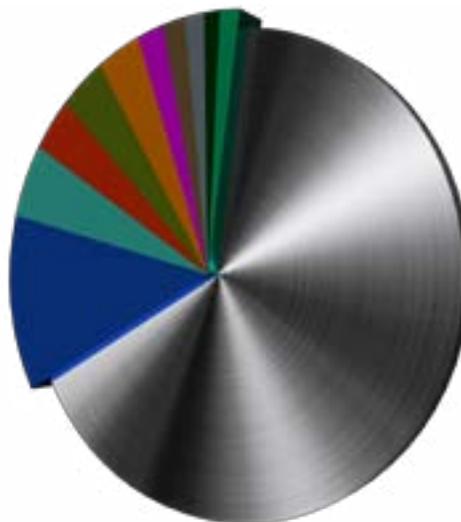
## ENCOURAGING VEHICLE RECYCLABILITY

In addition to understanding what materials go into our vehicles, it is also important for us to know what happens to those materials at the end of a vehicle's life. Automobiles are the most recycled product in the United States, with 95 percent of vehicles undergoing a reclamation process resulting in a recycle or reuse rate of 86 percent of the vehicle by weight. The Chrysler Group minivan outlined on this page, for example, has a recyclability/reusability rate of 87 percent recyclable and 96 percent recoverable when analyzed using the ISO 22628 method. The recycled content of the minivan is estimated conservatively at 594 kilograms (kg).

Chrysler Group complies with country-specific regulations with regard to vehicle recyclability. With careful selection of material combinations and thoughtful component design, the Company has increased the recyclability of our vehicles, surpassing stringent European requirements. Confirmation of our vehicles' recyclability is performed by our Automotive Research and Development Centre (ARDC) Vehicle Recycling Lab. The information provided by the ARDC supplements the disassembly manuals that are distributed worldwide to vehicle dismantlers, assuring optimum use of materials at the end of the vehicle's life.

Chrysler Group has a long history of innovation that has helped advance the continual evolution of the automobile. Core to our technology and product advancement efforts is our state-of-the-art Automotive Research and Development Centre (ARDC) located in Windsor, Ontario, Canada. The ARDC is equipped with six road-test simulators and a range of world-class research and development support facilities. There are four key departments within the ARDC (Road Test Simulators, Automotive Coatings Research, Design Group and Steering Column Lab) dedicated to advancing automotive technology, quality and safety. Additionally, the ARDC is home to the Lighting Research Facility, one of the largest of its kind in the world. With an indoor 91-meter, two-lane roadway—including roadside markings, overhead signs and reflectors—the facility is used for headlamp, fog lamp and taillight testing. It can create consistent weather conditions, regardless of season or time of day and is equipped with fog simulation equipment.

## CHRYSLER GROUP MINIVAN MATERIALS



MATERIAL	KG
Steel	1,342
Plastics	253
Aluminum	100
Inorganic materials	76
Elastomers <sup>1</sup>	73
Cast iron	68
Other	45
Fluids	31
Copper	28
Battery	26
Organic materials <sup>2</sup>	25

<sup>1</sup>Approximately 75 percent renewable rubber  
<sup>2</sup>Renewable fabric, leather, wood, paper

### RECYCLABILITY FACTS

*Recycled vehicles provide enough steel to produce almost 13 million new autos and save an estimated 85 million barrels of oil annually that would have been used in the manufacturing of new or replacement parts.*

*Every year, end-of-life vehicles produce nearly 13 million metric tons of steel to be reused and recycled. For example, melted metal from old autos is sometimes used in consumer batteries for household items.*

*At the end of their useful life, vehicles are valuable sources of reclaimed materials for uses such as roads, buildings, consumer products and garden mulch.*

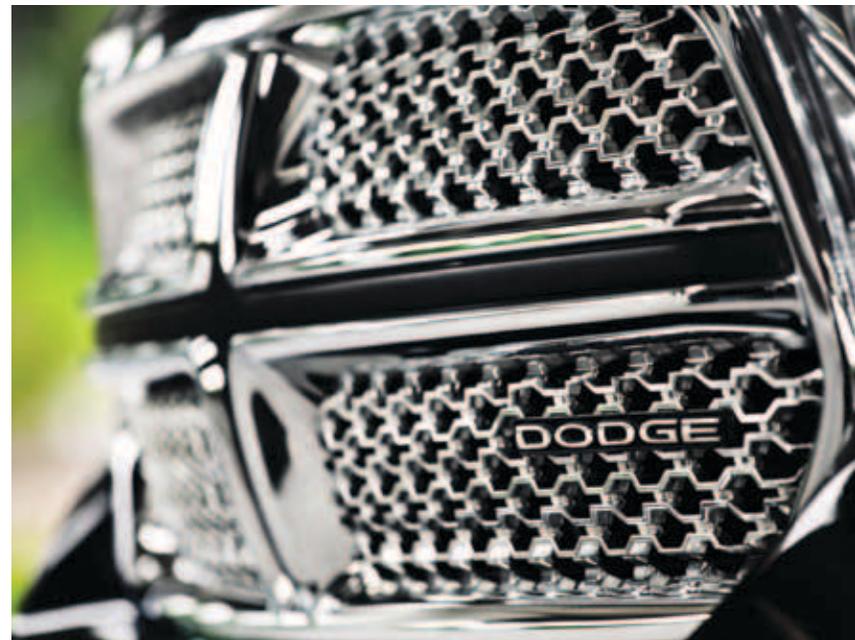
Source: [www.autoalliance.org](http://www.autoalliance.org)

## STRENGTHENING PRODUCT QUALITY

Chrysler Group's goal is to design and build high-quality vehicles that owners are proud to recommend to their friends and family members. As part of our Company's transformation, we're investing in quality improvements and creating a stronger, centralized quality organization. Since 2009, the number of employees working on our coordinated quality strategy has increased more than 400 percent.

To improve a vehicle's performance quality, engineers start with an all-new vehicle program for which they collect and prioritize customer desires via surveys, clinics, assessments of competitive vehicles, vehicle teardowns and third-party data. The team benchmarks approximately 320 physical characteristics of best-in-class vehicles. Criteria such as acceleration, braking, handling, seat comfort, storage space, fuel economy and visibility are measured so that Chrysler Group products can be designed to compete with the best.

In addition to surveys and clinics, Chrysler Group uses a Customer Quality Index (CQI) technology platform that helps improve product quality and customer satisfaction. CQI incorporates online surveys and sophisticated reporting tools that present clear, actionable directives for enhancing product quality and customer satisfaction.



2011 Dodge Durango

### THE COMPANY HAS DEFINED SIX TYPES OF QUALITY AND SETS TARGETS FOR IMPROVEMENT IN EACH CATEGORY

TYPE	EXAMPLE	IMPACT
<b>Reliability</b>	<ul style="list-style-type: none"> <li>• Power window broken</li> </ul>	<ul style="list-style-type: none"> <li>• Inconvenience (customer)</li> <li>• Cost (customer and Chrysler)</li> </ul>
<b>Dissatisfaction</b>	<ul style="list-style-type: none"> <li>• Cup holders too low</li> <li>• No right armrest for driver</li> <li>• No pocket on back of seat</li> <li>• Spare tire inaccessible</li> </ul>	<ul style="list-style-type: none"> <li>• Customer annoyed</li> </ul>
<b>Regulatory</b>	<ul style="list-style-type: none"> <li>• Recalls</li> </ul>	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Shopper avoidance</li> </ul>
<b>Perceived</b>	<ul style="list-style-type: none"> <li>• Cheap-looking interior</li> <li>• Fit/finish poor</li> <li>• Rusted exhaust</li> <li>• Roofrack and cap not sealed</li> </ul>	<ul style="list-style-type: none"> <li>• Shoppers reject</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>• Road noise</li> <li>• Rear visibility</li> <li>• Searches for gears</li> <li>• A/C not cold enough</li> </ul>	<ul style="list-style-type: none"> <li>• Not recommended in auto magazines</li> </ul>
<b>Service</b> (before and after sale)	<ul style="list-style-type: none"> <li>• Salesman lacks knowledge</li> <li>• Not repaired first time</li> </ul>	<ul style="list-style-type: none"> <li>• Shoppers reject</li> <li>• Owner becomes disloyal</li> </ul>

Chrysler Group also established the perceived quality (PQ) initiative, in which engineers developed a list of criteria to measure and evaluate Chrysler Group vehicles against the competition. Perceived quality is the impression a customer gets when looking at or touching a product before driving it. PQ work begins on a vehicle even before a prototype is built.

In 2010, Chrysler Group expanded our quality program to include additional testing for 2011 model year vehicles and began to apply one of Fiat's quality testing programs to better identify potential issues and fix them before vehicles reach customers. As part of the quality testing, vehicles are tested where and how customers will drive them to provide a more complete understanding of potential issues. Vehicle testers drive the vehicles for 36,000 miles—a distance accumulated by a typical consumer in three years—in just three months. They drive 275 miles in an eight-hour shift and comb through a 150-item checklist. At times, the tester may have a passenger who goes over a 600-item list of features, including a vehicle's navigation system and Bluetooth technology.

Quality issues are addressed by cross-functional teams assigned to specific vehicle systems, such as air conditioning or brakes. Each team consists of a mix of manufacturing, engineering and supplier quality organization members who work together to solve product quality issues and reduce warranty claims. This team organization allows us to quickly look at other vehicles with the same system and identify similar or potential issues.



As part of adopting new manufacturing quality processes in line with World Class Manufacturing, Chrysler Group built Metrology Centers that are dedicated to verifying the fit of each body component and how well it conforms to the design requirement. Metrology Centers are located at three Chrysler Group assembly plants and are planned for all new product launch locations.

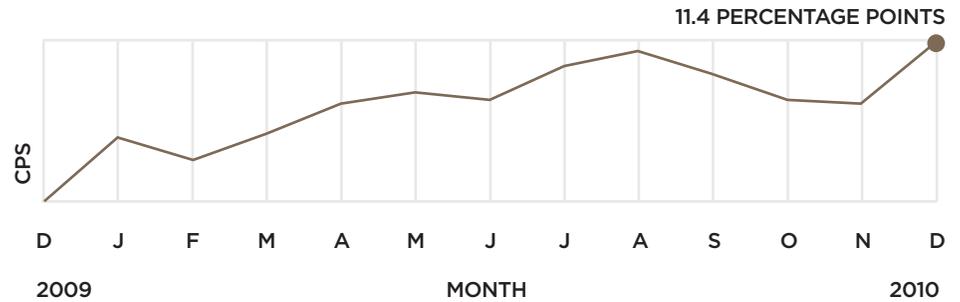
In pursuit of continuous quality improvement, Chrysler Group continues to build on our use of Design for Six Sigma (DFSS) principles and methodologies in our product development approach. DFSS focuses on understanding the voice of the customer and driving product performance with functional robustness. It serves as the foundation for developing vehicles that delight our customers and improve their loyalty by enhancing quality, reliability and durability. An example of the effectiveness of DFSS is Chrysler Group's heating, ventilation and air conditioning systems (HVAC). By rigorously applying DFSS techniques, Chrysler Group HVAC systems now are in the top quartile of industry performance, according to the 2011 J.D. Power Initial Quality Study for vehicles built in late 2010.

This cross-functional approach has, over the last two and a half years, contributed to a 52 percent improvement in vehicle reliability through the 2010 model year, based on the number of repairs made in the first 90 days of ownership. To continue this improvement, Chrysler Group sets quality targets based on competitive and third-party assessment data for vehicles from concept through market introduction. The Company has set measurable targets for improvement in each of the six types of quality. These quality types can be benchmarked against competitive vehicles so Chrysler Group can clearly measure where we stand in the industry.

Our overall measurement of customer satisfaction is the Customer Promoter Score (CPS), an internal monthly tracking system that measures customers' willingness to recommend their vehicle to a friend or family member. Customers are surveyed at potentially seven points during the first five years of ownership through a combination of time-triggered and event-triggered transactions.

Chrysler Group has seen an improvement of 11.4 percentage points over the past year in our CPS score after three years of ownership. This increase is due in large part to enhancements made in the service experience, which gave customers more confidence when purchasing our vehicles. One example of a service improvement initiative is the use of customer satisfaction campaigns. Chrysler Group continually monitors the performance of our products and may proactively reach out to customers to address potential issues we identify before they affect the customer's vehicle. We believe the improved CPS scores can be attributed to efforts such as this one.

## CHRYSLER GROUP CUSTOMER PROMOTER SCORE AFTER 3 YEARS OF OWNERSHIP



Jefferson North Assembly Plant



## AN EXERCISE IN QUALITY: 2011 JEEP GRAND CHEROKEE

The first vehicle to go through Chrysler Group's enhanced quality-testing procedures was the 2011 Jeep Grand Cherokee, which received high marks for quality. In addition to the 7.5 million customer-equivalent miles logged by Chrysler Group engineers during reliability and durability testing at the proving grounds and on public roads in various climates, an additional 2.5 million miles were logged during testing.

The Grand Cherokee's fit and finish, high-quality materials, ergonomics and even the sound quality of moveable parts were assessed by the Perceived Quality team. Additionally, engineers benchmarked physical characteristics of best-in-class vehicles.

The all-new Pentastar V-6 engine was also part of the 2011 Jeep Grand Cherokee's extensive testing with more than 3.3 million customer-equivalent miles recorded—50 percent more testing compared with previous Chrysler V-6 engines. Reducing noise, vibration and harshness (the feel of a vehicle's ride) was a key objective for every engine component and vehicle system, and was achieved using advanced computer-aided engineering techniques.

The 2011 Jeep Grand Cherokee underwent approximately 250 hours of aerodynamic evaluations in Chrysler's high-tech aerodynamic and acoustic test facility in Auburn Hills, Michigan.

As a result of this extensive testing and focus on quality, early warranty data showed an 86 percent reduction in warranty claims for the 2011 Jeep Grand Cherokee during the first four months of launch, compared with the average warranty spike for three previous new model launches. At every stage of the product development process, the 2011 Jeep Grand Cherokee was built with quality as a top priority.

## THE CUSTOMER EXPERIENCE

A company's success relies on building a loyal, satisfied customer base. To do this, the needs of the customer must be fully understood, realizing those needs change over time and must be frequently assessed. Chrysler Group strives to maintain good relationships with our customers by maintaining open lines of communication and by providing a positive service and ownership experience.

Beginning in 2010, Chrysler Group opened dedicated brand-specific toll-free customer-care phone numbers in the United States for the Chrysler, Jeep, Dodge, Ram and Fiat brands to personalize our service. These brand-specific contact numbers replaced the general customer-care call line that previously existed. By establishing dedicated toll-free phone lines for each of our brands, Chrysler Group created a single resource for customers to get specific information about their vehicles and promptly resolve any issues.

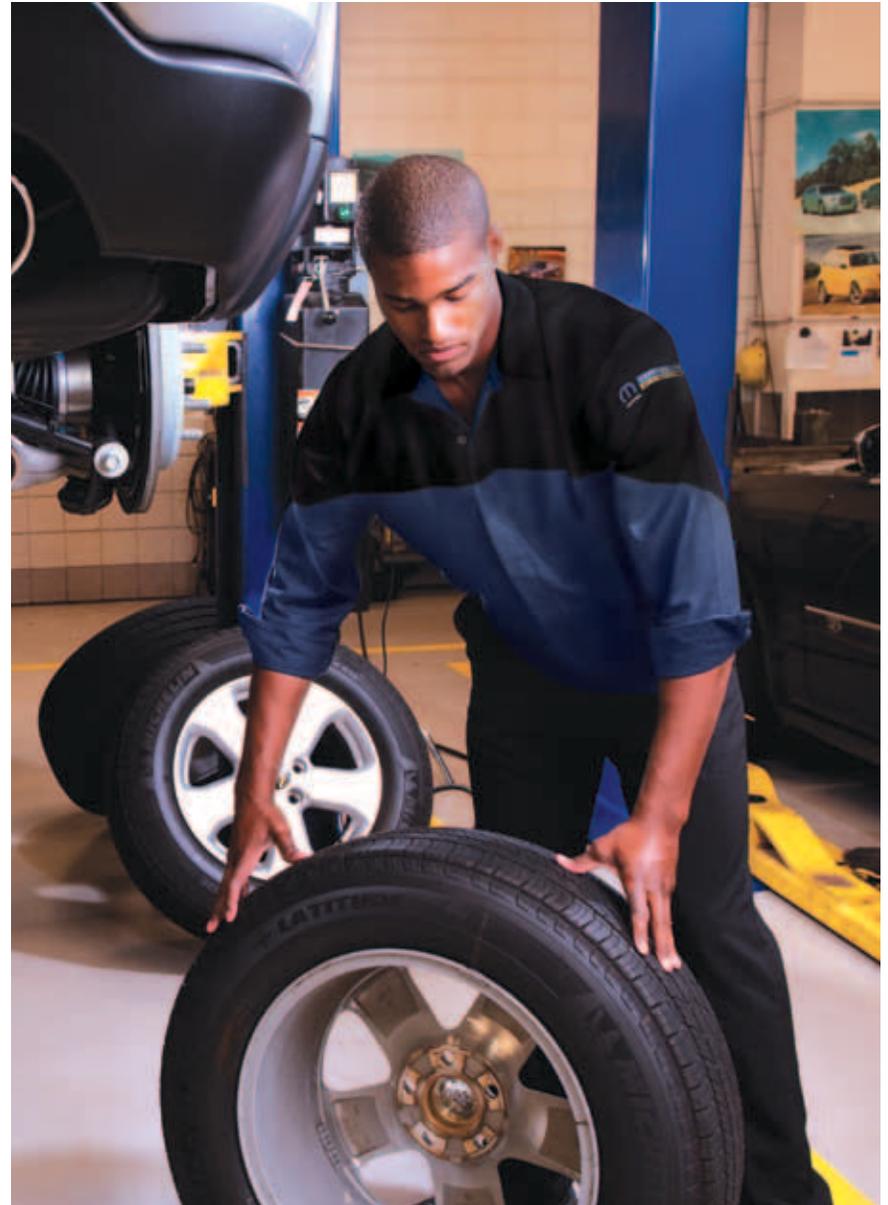
Part of encouraging a positive customer experience is creating a convenient, on-demand channel of communication. In 2010, Chrysler Group offered the industry's first smartphone vehicle-information applications and is committed to launching applications that provide general vehicle information, including vehicle operation, maintenance, warranty, product-feature video demonstrations, links to other product information, connections with fellow owners via the Company's brands on social media sites, direct dial to customer care and 24-hour roadside assistance.



A large part of achieving a loyal customer base is providing exceptional service and quality parts. Mopar distributes approximately 280,000 unique parts and accessories in more than 90 countries and is the source for original-equipment parts for Chrysler, Jeep, Dodge and Ram vehicles, as well as Fiat North America.

To foster relationships after the sale of a vehicle and focus on the service experience, we launched the Mopar Elite program in 2010. The intent of this initiative is to help dealers increase customer retention by delivering a consistent service process. Dealership service and parts managers were trained to improve their facilities as well as their employees' customer interaction and follow-up. We are committed to enhancing customer satisfaction by increasing the number of Mopar Elite dealers.

Chrysler Group's goal is also to improve customer convenience by expanding the number of dealers offering extended hours and Express Lane service. The Mopar Express Lane program services customers' vehicles with an oil change, tire rotation and a comprehensive multi-point inspection in typically 30 minutes or less (including paperwork) versus the 90-minute average for these same tasks before the program was initiated. In 2010, the number of dealers offering Express Lane service more than doubled, and the focus for 2011 is to build on this momentum. In addition to faster service, Mopar is aiming for extended service hours at dealerships with Saturday and Sunday hours.



Mopar Customer Service





# ENVIRONMENT

Advancing Sustainable Solutions

# ENVIRONMENT

Chrysler Group recognizes that our road forward must include a continued fundamental commitment to sound environmental stewardship. Our drive to implement sustainable business practices in the manufacture of our vehicles and our work with our supply network and business partners to embrace the same set of principles aims to collectively reduce our environmental impact and conserve natural resources. Managing the environmental footprint of our enterprise is not simply one option among many. It is essential to the success of our business and to the viability of our industry in a global marketplace.

## ADDRESSING CHALLENGES

Auto manufacturing faces unprecedented scrutiny about its environmental impact and long-term effects on sustainability. Although it is a highly regulated industry, with stringent measures now in place to restrict greenhouse gas emissions, conserve energy, water and materials, and to manage waste generation and disposal, the auto sector has one of the largest collective environmental footprints of any industry. As a result, Chrysler Group used considerable amounts of energy, water and materials to manufacture the more than 1.5 million vehicles we built in 2010.

To address this reality, Chrysler Group has adopted an approach to environmental stewardship that addresses environmental impacts at their source. Through sustainable design and manufacturing processes, we are assessing the effects of products and operations in advance, measuring those effects and finding innovative ways to improve our performance. We take this approach for several reasons. First, we seek to fulfill our responsibility to employees and communities to minimize operational environmental impact and preserve employee health. Second, because customers increasingly expect companies to produce high-quality products with minimal harm to our environment, we consider it a priority to use our resources in the most efficient way possible. Third, when we utilize fewer resources in manufacturing, we also reduce the amount of non-product and hazardous output we must manage—and that supports our cost-savings initiatives.

As an indication of our commitment in this area, in 2010 Chrysler Group invested more than \$35 million toward reducing facility emissions and enhancing resource conservation. We share the public's concern for reducing our environmental impact, and our priorities are guiding us as we seek to be a sound steward of the planet's natural resources.

## TO REDUCE CHRYSLER GROUP'S OVERALL ENVIRONMENTAL FOOTPRINT, WE HAVE ESTABLISHED THESE GOALS:

- Reduce energy usage per vehicle produced by 15 percent between 2010 and 2014
- Reduce waste generated per vehicle produced by 15 percent between 2010 and 2014
- Reduce water usage per vehicle produced by 20 percent between 2010 and 2014
- Develop a logistics-driven carbon emissions tracking tool for inbound parts ground transport and launch it in 2011



## FIRST LEED GOLD CERTIFIED ENGINE PLANT



The state-of-the-art Trenton South Engine Plant began operations in 2010. Built on an existing brownfield site, the plant was designed to minimize impact on the local environment. A brownfield site is land previously used for industrial or commercial purposes. The design of Trenton South also reflects Design for the Environment (DfE) principles, which identify in the design phase the environmental impacts that could result from manufacturing in the building and process plans. Chrysler Group is integrating these principles into the building and design process for all new facilities and significant renovations.

Trenton South earned LEED Gold (Leadership in Energy and Environmental Design) certification status, the first engine plant in the world to earn this distinction. The plant has reduced its CO<sub>2</sub> emissions by more than 12,000 metric tons, compared with a traditionally constructed engine plant of similar size. This is equivalent to the annual CO<sub>2</sub> output of 1,000 homes.

### IN ACHIEVING LEED GOLD CERTIFICATION, THE TRENTON SOUTH ENGINE PLANT ALSO ACCOMPLISHED THE FOLLOWING:

- Reduced energy costs by \$1.26 million per year compared with similarly constructed engine-manufacturing buildings
- Reduced water consumption by approximately 5,700 cubic meters per year
- Diverted approximately 6,125 metric tons of construction waste from landfills through recycling, equal to 91 percent of its output
- Utilized building materials that included 47 percent recycled content
- Incorporated building materials that contained 79 percent regional content
- Sourced 57 percent of wood products from Forest Stewardship Council (FSC) certified forests

LEED certification was developed and is administered by the U.S. Green Building Council—a Washington, D.C.-based non-profit coalition of building industry leaders. As a member of this organization, Chrysler Group applies LEED standards of site planning, water management, energy use, material use and indoor environmental quality in new construction and major renovation projects. LEED certification promotes design and construction practices that aid both profitability and occupant health and well-being, as they reduce overall environmental impact.

# ENVIRONMENTAL POLICY

Since environmental protection and stewardship are integral components of Chrysler Group's corporate strategy and success, our Environmental Policy reflects our commitment to be a responsible environmental steward. The Company's policy states that we provide transportation solutions that contribute to a sustainable environment for current and future generations. To implement this policy, we comply with all relevant environmental legislation and regulations and continuously seek to go beyond to improve the environmental performance of our products and operations. Our aim is to enhance the quality of human life and the natural environment, develop ecological awareness and promote environmental responsibility among our employees, dealers, suppliers, customers and public.

## CHRYSLER GROUP'S ENVIRONMENTAL POLICY IS SUPPORTED BY OUR SEVEN ENVIRONMENTAL PRINCIPLES:

### INITIATIVES ARE SUPPORTED AND REINFORCED BY THE INTEGRITY CODE, SECTION 1.5 PROTECTION OF THE ENVIRONMENT

*"Chrysler Group is dedicated to protecting the environment for current and future generations and to complying with all applicable laws and regulations. The Company expects and encourages the active support and participation of our employees in pursuing new products and manufacturing technologies that promote resource conservation, facilitate recycling, eliminate pollution and preserve the natural environment."*

### ENVIRONMENTAL RESPONSIBILITY

Recognize, understand and operate within the bounds of all our environmental requirements and commit to and implement sound environmental practices, materials and technologies throughout all levels of our organization.

### SUSTAINABLE PRACTICE

Promote the efficient use of energy, water and natural resources; develop and utilize environmentally sound materials, technology and management practices; and assess the environmental impacts of new or changed products, processes, materials and facilities and resolve issues prior to their use to minimize or avoid environmental impacts.

### CONTINUAL IMPROVEMENT

Regularly set environmental objectives and targets, measure environmental performance and operate at all levels of the organization with a goal of continuously reducing the environmental impacts of our operations and products.

### CONSERVATION

Actively seek means to conserve resources, efficiently use energy and reduce wastes by specifying environmentally sound materials; by optimizing processes, material usage and operating practices; and then, as necessary, by reusing and recycling by-products.

### EMPLOYEE EDUCATION

Educate and enlist the support of our employees to employ sound environmental practices in all aspects of their activities and responsibilities to minimize the environmental impacts of their operations. Familiarize our employees on the systems, programs and resources available to implement our Environmental Policy.

### SUPPLIER PARTNERSHIP

Gain the support of and share knowledge with suppliers, contractors and vendors to minimize the environmental impacts of our operations and products and encourage them to commit to similar environmental standards.

### STAKEHOLDER COMMUNICATION

Periodically provide open and factual environmental information of interest to corporate management, employees, suppliers, government authorities and the public when required and as appropriate.



## ENVIRONMENTAL RESPONSIBILITY

The Environmental Affairs organization, located at the Chrysler Group World Headquarters and Technology Center, is responsible for overseeing facility environmental activities. Environmental professionals monitor federal, state and provincial legislation, as well as rules and regulations related to the environment. They also conduct compliance audits and ensure that senior management and facility environmental professionals recognize how their facilities may be impacted by new or revised policies. Environmental Affairs creates programs and procedures for environmental stewardship, and directs capital investment dedicated to these programs.

For example, in the United States, mandatory reporting of greenhouse gas emissions became effective in 2010. Chrysler Group Environmental Affairs developed procedures, templates and protocols to ensure that affected plants were able to meet their reporting obligations and do so with consistency from plant to plant. They also identify new technological trends and methods in collaboration with industry groups and academia that may lead to a reduced global environmental footprint.

Environmental stewardship at Chrysler Group is strongly supported by our senior management and, accordingly, Environmental Affairs reports to our CEO through the Senior Vice President of Engineering. Additionally, each Chrysler Group facility maintains the necessary staff to manage our own specific environmental programs and initiatives:

- Specialists and managers assure that the facility's environmental management systems are documented, implemented and maintained—which effectively reduces the facility's environmental footprint and ensures regulatory compliance
- The Total Chemical Manager supports responsible and efficient use of production and non-production materials through monitoring of quantity and quality
- Our supplier partners assist with inventory management and process control to assure conscientious use of materials, improve process efficiency and reduce waste and costs

## WORLD CLASS MANUFACTURING

Chrysler Group's most exciting initiative in environmental stewardship is our adoption of World Class Manufacturing (WCM). Since WCM is based on the idea that waste is immoral, it seeks to improve manufacturing processes through more efficient leverage of human and material resources. (For more about WCM, please see our Overview section.)

The environmental management methods of WCM are applied in our facilities by:

- Understanding the specific regulations applicable to a given manufacturing facility
- Conducting an environmental impact inventory of the facility's activities
- Identifying the activities with the most immediate and significant environmental impacts to ensure that:
  - › Controls are established to minimize potentially negative environmental consequences
  - › Regular and spontaneous audits occur to identify and resolve any performance issues that may arise
  - › Employees are trained to effectively monitor and measure activities that have an environmental impact
  - › Comprehensive emergency response plans are in place at every facility to mitigate the impact of any incident that may occur, such as spills, fires, medical emergencies, natural weather disasters or other similar occurrences
- Tracking potential environmentally harmful conditions and eliminating their root causes
- Setting defined objectives, targets and completion timeframes for each facility to improve environmental performance



Trenton South Engine Plant

Once the most significant environmental impacts are identified and controlled, WCM methods are applied to reduce the risk associated with those impacts. For example, at the Windsor Assembly Plant in Ontario, Canada, a body sealer operation required use of a flammable solvent between applications to keep equipment from clogging. Through reformulation of the sealer, the solvent was eliminated, reducing the safety and environmental risks, including elimination of more than 8,000 kilograms of hazardous waste annually.

### ISO 14001

In addition to adopting the principles of WCM, Chrysler Group requires all of our manufacturing facilities to be certified to ISO 14001, an international standard for environmental management. Chrysler Group Transport, our internal inbound parts carrier, is also certified to ISO 14001. Mopar, our parts and service operation, is currently reinstating its ISO 14001-based Environmental Management System in conjunction with World Class Logistics (WCL). Since an effectively implemented ISO 14001 system is instrumental to reducing a plant's environmental footprint, Chrysler Group also requires all of our Tier 1 parts suppliers—those suppliers that Chrysler Group conducts business with directly—to achieve and maintain ISO 14001 certification.

## COMMUNICATIONS AND TRAINING

As Chrysler Group deepens our commitment to environmental stewardship, we are using a variety of methods to communicate our activities and promote awareness and action planning throughout the Company.

The *Envision* quarterly newsletter contains company-wide best practices and informs employees about new legislation and proposed rules that can affect operations at all facilities.

Our internal employee website communicates policies, procedures, organizational responsibilities, publications, regulatory information and company requirements. It also provides links to external environmental websites and information applications used in the management of environmental programs and training content.

Throughout the year, the Company conducts annual employee seminars and training with internal environmental professionals to review and upgrade their expertise on topics like energy use, waste management, air emissions, regulatory trends and company requirements.

As part of WCM and World Class Logistics, Chrysler Group conducts training for employees to increase understanding of their personal impact on the environment and define their workplace role in creating a positive environmental impact.

YEAR THAT CHRYSLER GROUP COMPLETED INITIAL  
ISO 14001 CERTIFICATIONS AT ALL MANUFACTURING FACILITIES

2002

## SHARING BEST PRACTICES

Since 1994, Chrysler Group has recognized environmental stewardship internally through our Environmental Leadership Award (ELA) program. The program recognizes excellence in environmental activities that contribute to improving the workplace and the environment. The main purpose of the ELA, however, is the sharing of expertise and knowledge about best-in-class technologies and concepts among all Chrysler Group facilities worldwide, as well as among our supplier base and surrounding communities.



Saltillo South Engine Plant Team



### EXAMPLES OF ENVIRONMENTAL LEADERSHIP AWARDS EARNED IN 2010

The Saltillo South Engine Plant instituted initiatives that saved more than six million kilowatt-hours of electricity in one year, 71,000 gigajoules of natural gas and 113,000 cubic meters of water, equaling 8,000 metric tons of reduced carbon dioxide emissions and \$1.2 million in cost savings.

The Milwaukee Parts Distribution Center reduced landfill waste by more than 1.3 million kilograms per year at an annual cost savings of \$39,000, a significant amount for a relatively small operation (see page 60).

Chrysler Group Technical Service Operations introduced a digital owner's manual with a companion 60-page user guide for all vehicles. The elimination of the traditional paper format—which often ran 500 pages—resulted in substantial cost savings as well as reductions in emission and landfill waste and aggregate fuel consumption.

## ENERGY

Auto manufacturing is an energy-intensive enterprise. Approximately 90 percent of Chrysler Group's energy consumption is related to manufacturing and assembly operations. The energy that powers these activities comes primarily in the form of electricity and natural gas. We have eliminated coal-fired powerhouses in Chrysler Group facilities and converted to cleaner-burning natural gas. We seek to find alternatives to fossil-fuel-derived power. Our first direct use of renewable energy is a 200-kilowatt solar array at Saltillo South Engine Plant in Mexico.

As with other environmental activities, WCM principles are integral to minimizing energy use. We measure our energy use to identify the areas where energy savings can be maximized, while we continue to evaluate efficient, cost-effective energy sources for all of our facilities.

### ENERGY MANAGEMENT

Energy management is conducted at the plant level by the Facility Environment Pillar Team, while responsibility for overall energy management strategy lies with the Corporate Energy Group in the Manufacturing organization. The Corporate Energy Group also serves as an internal consultant to the Company to help apply and transfer best practices among facilities.

Within each facility, an Energy Champion works with plant management and employees to seek and implement methods to reduce energy use through specific initiatives that are measured, tracked and audited for effectiveness.

Each month, Energy Champions report energy use and relevant energy initiatives from their plants. Actual performance is tracked against annual targets to ensure the appropriate level of visibility and support.



Pentastar-shaped solar array at Saltillo South Engine Plant

### TRAINING AND AWARENESS

In the area of energy conservation, Chrysler Group strives to maintain a high level of engagement among all of our employees and management staff through:

- Annual energy workshops for our plants to review energy initiatives and share best practices
- A quarterly energy newsletter that is distributed throughout our facilities and includes the latest developments in energy conservation methods
- The Environment Pillar website, which provides a forum for plants to post success stories and share best practices from other industries; it also houses the corporate energy manual used by Energy Champions from each plant
- E-learning courses for all employees on methods for conserving energy

### SALTILLO SOUTH ENGINE PLANT

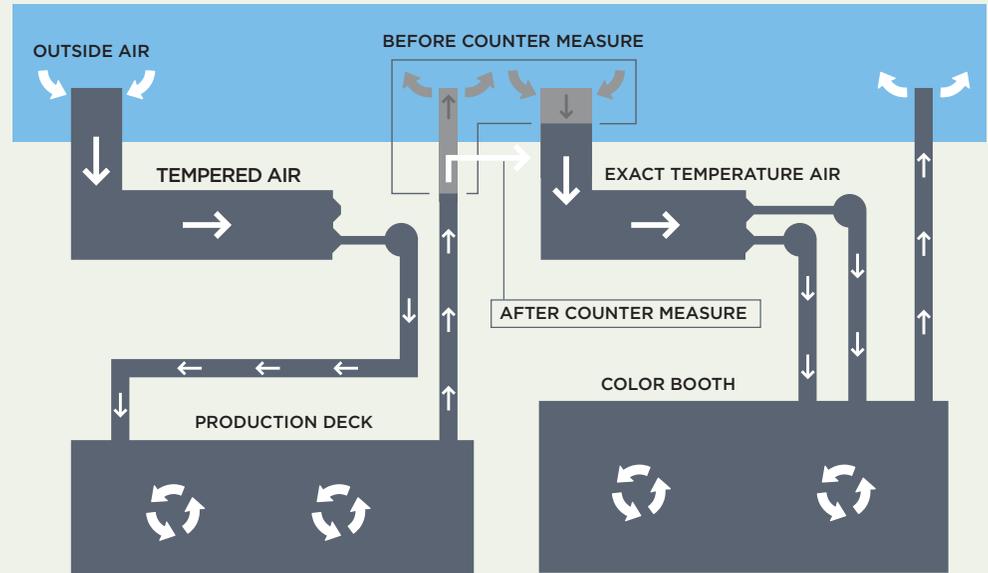
*The Saltillo South Engine Plant in Saltillo, Mexico, was built "green" from the ground up. Saltillo features the first solar energy system at any Chrysler Group facility, generating electricity from a renewable source rather than fossil fuels.*

## ENERGY SOLUTIONS

Chrysler Group saves energy in many small ways that add up to a considerable reduction in the Company's carbon footprint. For example, our manufacturing facilities converted to energy-efficient lighting, resulting in a typical cost savings of 50–60 percent versus the previous lighting system and producing a brighter work environment.

Our corporate offices and technical centers have an Energy Management System (EMS) that controls heating, cooling and lighting, as well as ancillary equipment and office automation. This central system automatically activates and de-activates these functions to save energy and reduce costs. For example, at the Chrysler Group World Headquarters and Technology Center, the EMS deactivates more than 70 percent of the heating and cooling units during non-occupancy periods. In addition, lighting is programmed to automatically turn off at a set time every evening.

Chrysler Group also promotes the use of energy-efficient office equipment, including those products and tools that have achieved Energy Star status. Energy Star, a joint program of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy, certifies energy-efficient products and facilities.



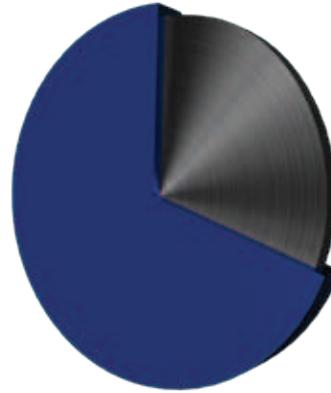
## TOLEDO NORTH PAINT SHOP CASCADING AIR PROCESS

The assembly plant paint shop is the largest energy consumer in our manufacturing process. Within the paint shop, the most significant energy users are the paint spray booths, requiring several million cubic feet of air per minute with very tight temperature and humidity specifications. This process utilizes natural gas, electricity and water in order to meet stringent system requirements. In 2010, the Toledo North Assembly Plant paint shop replaced 100 percent outside fresh air with mainly recycled ambient plant air as the input to the paint spray booths. This "cascading air" innovation results in an annual energy and water savings of \$1.1 million, averting approximately 10,000 metric tons of air pollutants through direct and indirect energy reduction. Additionally, this feature reduces water use by more than 7,500 cubic meters.

The Chrysler Group World Headquarters and Technology Center uses extensive daylighting to bring in natural light and minimize energy consumption.



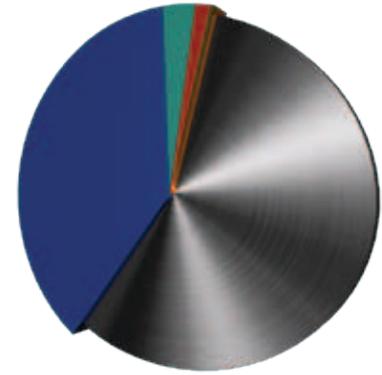
## CHRYSLER GROUP



### GREENHOUSE GAS EMISSIONS

GHG EMISSIONS	METRIC TONS CO <sub>2</sub> e
● Direct	798,543
● Indirect	1,831,338
<b>Total</b>	<b>2,629,881</b>

Greenhouse gas emissions are calculated based on the Greenhouse Gas Protocol framework, which utilizes energy consumption from utility invoices, both specific and default energy content values, and the best available emission factors, including eGRID factors for electricity in the United States.



### ENERGY CONSUMPTION

ENERGY TYPE	GIGAJOULES
● Natural Gas	15,337,686
● Electricity	10,556,162
● Purchased Steam	789,191
● Gasoline (Dynos)	430,309
● Reclaimed Oil	10,021
● Propane	4,005
● Solar (on-site)	1,625
<b>Total</b>	<b>27,128,999</b>

Direct energy consumption originates from non-renewable resources with the exception of on-site solar generation at the Saltillo South Engine Plant. With regard to indirect energy, electricity is generated from the default resource mix of the provider—primarily non-renewable resources; purchased steam is generated in a cogeneration plant which uses non-renewable resources. Overall direct and indirect energy originates from 13.2 percent renewable sources, using the International Energy Agency energy balance for electricity production.

It is recognized that primary energy required to generate electricity and purchased steam is higher than the energy content of the electricity and steam as delivered to our facilities.

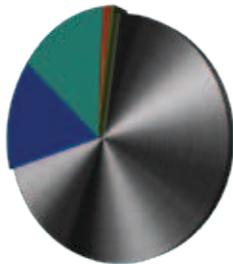
The Chrysler Group Windsor Assembly Plant reduces its energy footprint by partnering with a Canadian energy company that generates electricity for the grid via natural gas boilers and steam turbines. The energy company's excess steam is purchased by our assembly plant for use in general heating and production processes. This allows the Windsor Assembly Plant to substantially reduce its natural gas consumption by reusing waste by-products of electricity production, with the added benefits of decreasing the region's air emissions and minimizing costs.

## AIR EMISSIONS

Chrysler Group supports and promotes internal efforts to minimize emissions of greenhouse gases, volatile organic compounds (VOC) and hazardous air pollutants (HAP). Over the past 20 years, we have established a reputation as an industry leader in the reduction of VOC and HAP emissions largely because of our innovation in paint-application and materials technology. Advancements in application of powder primer as well as in basecoat and clearcoat application have produced a more vivid, robust and durable paint finish with a substantially lower environmental impact.

Chrysler Group employs air environmental specialists in the assembly plants to focus on quantifying air emissions from paint shop operations. Our specialists apply best management practices while monitoring and measuring processes and materials.

Under their oversight, each facility has a solvent management program in place to identify the means for incrementally reducing solvent use and emissions.



CHRYSLER GROUP  
OTHER AIR EMISSIONS

EMISSION TYPE	METRIC TONS
● Volatile Organic Compounds (VOC)	3,844
● Carbon Monoxide (CO)	874
● Oxides of Nitrogen (NOx)	827
● Particulate Matter (PM)	59
● Sulfur Dioxide (SO <sub>2</sub> )	20

Other air emissions include volatile organic compounds (VOC) from assembly plant painting operations. They also include nitrogen oxides (NOx), carbon monoxide (CO), sulfur dioxide (SO<sub>2</sub>) and particulate matter, all from direct energy usage.

Volatile organic compounds include primarily emissions from automobile painting operations, and also include fugitive and stack emissions of natural gas. Within the VOC value are hazardous air pollutants and persistent organic pollutants. Breakouts of these are not deemed material.



## INNOVATION IN PAINT TECHNOLOGY

The Bell-Bell exterior basecoat application process used at several Chrysler Group paint shops has significantly reduced air emissions and waste. The process applies two passes of basecoat to the body with electrically charged rotary atomizers that revolve at 35,000–55,000 revolutions per minute. The Bell-Bell process maximizes paint-transfer efficiency, depositing up to 85 percent of the paint on the vehicle surface, compared with roughly 55 percent using conventional paint-gun application.

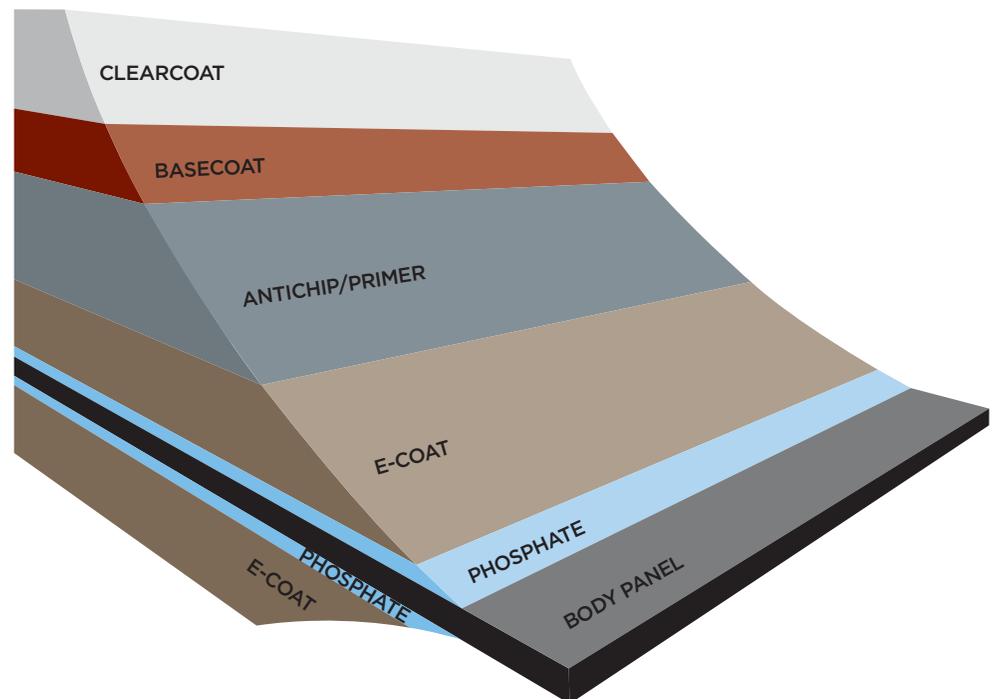
The improvement in paint utilization has resulted in material savings of almost \$900,000 per year and an annual reduction of solid waste of about 11,000 kilograms compared with an average assembly plant. The application technology also leads to improved quality due to the upgraded finish that the process provides.

As an innovator in the application of automotive paint technology, Chrysler Group has achieved the following:

- First to apply waterborne technology in automotive paint-application process
- Use of the highest percentage of powdercoat primer of any automotive manufacturer, eliminating 100 percent of the VOC and HAP from the primer stage with a 97 percent material use efficiency
- Development of a lightweight body sealer in collaboration with key suppliers that is 45 percent lighter than conventional sealers, which lowers vehicle weight by up to 4.5 pounds and reduces VOC content by 49 percent
- All paint coatings—undercoat, primer, basecoat and clearcoat—are zero or low-HAP



## CHRYSLER GROUP STANDARD PAINT LAYERING SYSTEM



## WATER

Chrysler Group strives to use only the amount of water necessary to create our products and is committed to reducing water use wherever possible through conservation and innovation.

Limited availability of water resources presents unique challenges to our operations throughout North America, especially in the southwest United States and Mexico. This reality has led us to introduce programs that have reduced or eliminated our specific water needs. As a result, four manufacturing facilities in Mexico that produce engines, cars and trucks have achieved exceptional water conservation performance. These facilities discharge zero wastewater to the local sewer and instead reuse all water for secondary processes within the manufacturing operations or for irrigation. These actions continue to reduce the withdrawal demand on the local aquifer by as much as 750,000 cubic meters annually per plant.

Since Chrysler Group's corporate home is near the shores of the Great Lakes, the need to conserve and preserve our water sources is something we are reminded of daily. We believe innovative solutions will continue to form the basis for achieving our water stewardship goals in reducing water used to produce products at our manufacturing locations.



The Warren Stamping Plant has reduced its chemical usage to treat water for cooling industrial processes by \$16,000 annually. A 100-gallon aquarium in the plant in Warren, Michigan, is continuously fed with filtered cooling water from this process, demonstrating that it is clean enough to support a variety of fish. The aquarium is the centerpiece of the environmental communication area for employees and visitors.

*The Windsor Assembly Plant eliminated the need to purchase more than 68,000 cubic meters per year of potable city water that was used to remove over-sprayed paint from the paint process booth. The plant now uses recycled process water and rainwater to accomplish the same task, saving considerable water-treatment costs.*

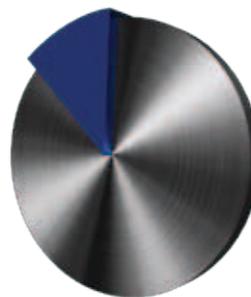
## CHRYSLER GROUP WATER DISCHARGE

TYPE	CUBIC METERS	TREATMENT METHOD			
		CHEMICAL	CHEMICAL/ BIOLOGICAL	ULTRA FILTRATION	OTHER
Pretreated prior to discharge to public sewer	6,315,609	6,072,991	188,764	39,371	14,484
Non-manufacturing discharge to public sewer	561,188	–	–	–	–
Discharge to surface waters	149,163	–	–	–	–
Pretreated prior to discharge for irrigation	26,822	–	26,822	–	–
Trucked off-site for treatment	4,843	4,843	–	–	–
<b>TOTAL</b>	<b>7,057,625</b>	<b>6,077,834</b>	<b>215,586</b>	<b>39,371</b>	<b>14,484</b>

No wastewater is reused as an input by an external organization.

Chrysler Group evaluates all potential wastewater discharges to establish appropriate facilities, processes and permits. When wastewater is discharged, all controls are in place and operators have been properly trained to ensure consistent wastewater discharge quality.

Water from manufacturing processes is treated on-site. Discharged water primarily goes to municipal treatment systems, except in Mexico where it is used for on-site irrigation. One facility in the United States is permitted to discharge treated wastewater to surface waters. At two plants, extremely low wastewater volumes allow the wastewater to be trucked to an external treatment facility as a cost-effective alternative.



## CHRYSLER GROUP WATER WITHDRAWAL

TYPE OF WATER WITHDRAWAL	CUBIC METERS
● City Water Usage	9,401,766
● Well/Surface Water Usage	1,282,843
<b>Total</b>	<b>10,684,609</b>

Rainwater is collected and used in industrial processes at four Chrysler Group manufacturing facilities; while it offsets municipal water usage, rainwater volume is not currently measured. No wastewater from an external organization is used by Chrysler Group as an input.



# WASTE

Since the elimination of waste is central to WCM principles, Chrysler Group seeks to maximize the use of all materials, which in turn minimizes waste. As we evaluate our material use and waste-management and packaging processes, we strive to ensure that what cannot be reused is recycled or applied to energy recovery. When waste is generated that cannot be recycled or reused, we seek to dispose of it responsibly according to accepted standards. To facilitate sound waste management practices, each Chrysler Group plant is assigned a Total Waste Manager who oversees waste reduction and recycling program initiatives.

Chrysler Group regularly audits suppliers that receive and process our waste and recyclable materials to ensure they are acting responsibly in the areas of disposal and management.

The Milwaukee Parts Distribution Center demonstrates a strong commitment to reducing, reusing and recycling waste and materials.

### THE FACILITY RECYCLES:

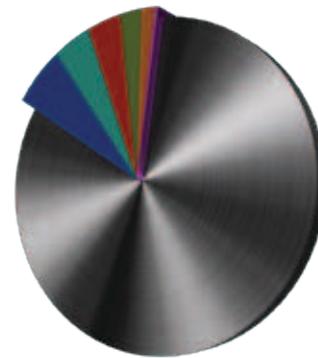
- Batteries
- Oils and lubricants from truck repair
- Cardboard and paper
- Scrap wood and surplus pallets
- Returned goods, donating them to worthy charities as defined by Chrysler Group guidelines
- Packaging materials, including foam, air pillows and paper
- Discarded beverage containers
- Obsolete parts and materials

Landfill waste has been reduced by more than 1.3 million kilograms per year at an annual cost savings of approximately \$39,000.

## INITIATIVES TO REDUCE WASTE

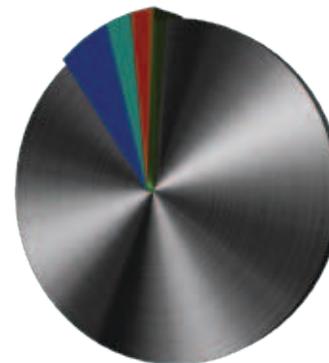
The Chrysler Group World Headquarters and Technology Center and the Global Engine Manufacturing Alliance plant (GEMA) in Dundee, Michigan, are zero-waste-to-landfill facilities. In 2011, Indiana Transmission Plant II also achieved this status. Other examples of innovative waste solutions include:

- Use of recycled foam in seat cushions of the new Dodge Durango and Jeep Grand Cherokee vehicles
- Use of recycled nylon from carpets to make engine intake manifolds
- Recycling of machining filters at the Mack Avenue Engine Plant
- Recovery of paint solids for energy conversion at Jefferson North Assembly Plant and Warren Truck Assembly Plant



CHRYSLER GROUP

WASTE GENERATED BY TYPE	QUANTITY (METRIC TONS)
Scrap Metal <sup>1</sup>	378,793
Solid	28,483
Refuse	18,637
Oils	17,727
Special	10,266
Hazardous	6,017
Universal	467
<b>Total</b>	<b>460,390</b>



CHRYSLER GROUP

WASTE DISPOSAL BY METHOD	QUANTITY (METRIC TONS)
Recycling	385,668
Landfill	25,785
Other <sup>2</sup>	11,576
Use as fuel <sup>3</sup>	9,450
Recovery <sup>4</sup>	820

Method of disposal has been determined by a combination of direct confirmation with disposal site, information provided by the disposal contractor, and to a small extent, organizational defaults. These methods apply to both hazardous and nonhazardous waste for all except re-refined oil, which applies to nonhazardous waste only.

<sup>1</sup>Scrap metal is recycled.

<sup>2</sup>Includes steam autoclave, biological treatment, fixation/stabilization, chemical treatment, retorting, microwave irradiation.

<sup>3</sup>Includes fuel blending and waste-to-energy.

<sup>4</sup>Includes re-refined oil, solvent recovery.

Facing page: Chrysler Group World Headquarters and Technology Center



## BIODIVERSITY

Chrysler Group seeks to preserve existing natural areas around our facilities. Whenever possible, we take measures to renovate and improve facilities on existing brownfields rather than engage in new construction on greenfield sites.

As an initial step in preserving natural environments, Chrysler Group avoids building new construction in areas of high biodiversity value. According to the Ramsar List of Wetlands of International Importance, Chrysler Group has only one manufacturing facility within 80 kilometers of wetlands on this list. The 202-acre Toluca, Mexico, complex which includes both assembly and stamping operations, is situated 13 kilometers from the Ci Negras de Lerma wetland. During significant rain events, treated wastewater which is normally used for irrigation is sent to the Totoltepec Canal which flows to the Lerma River, recharging the wetland. Toluca Plant environmental professionals monitor this volume and recorded that 5,040 cubic meters of treated wastewater were diverted to the Lerma River in 2010.

### PRESERVING AND RESTORING NATURAL SETTINGS

The Toledo Machining Plant, located in Perrysburg, Ohio, returned a 44-acre plot of the facility grounds to a natural wildlife habitat. This initiative eliminated the need to purchase gasoline and lawn-mowing services, reducing carbon emissions and decreasing landscaping and maintenance costs by \$30,000 annually. Chrysler Group collaborated with a local conservation group to create a natural haven for wildlife, wildflowers and prairie grasses.

The Chrysler Group World Headquarters and Technology Center is situated adjacent to Galloway Creek, which serves as a tributary to the Clinton River, the center of Michigan's most populous watershed which is home to over 1.4 million people. The river has a major impact on the water quality of Lake St. Clair, which supplies drinking water to millions of southeast Michigan residents.



Galloway Creek adjacent to Chrysler Group World Headquarters and Technology Center



Through the efforts of many organizations, including Chrysler Group, the Clinton River is the focus of ongoing environmental stewardship. For example, during numerous facility expansions at the Chrysler Group World Headquarters and Technology Center, Chrysler Group environmental professionals redesigned systems that drain stormwater from the site's retention and detention ponds to limit soil erosion and sedimentation. These measures reduced sediment infiltration to the creek and ultimately to the Clinton River, producing a dramatic decrease in outfall erosion, turbidity and stream sedimentation. The improved runoff and sedimentation control increased stormwater quality, lowered average creek temperatures and protected stream shore habitat.

To promote environmental awareness, every year students from local schools are invited by our environmental staff to participate in evaluating the water quality of Galloway Creek via field testing and observation.

*Chrysler Group World Headquarters and Technology Center is located in an expansive wooded setting with wetlands that are preserved as part of a master plan to protect the area's abundant wildlife.*

## OTHER IMPACTS

### FUEL-EFFICIENT TRANSPORTATION

Chrysler Group recognizes the impact of activities related to the transport of parts and products and seeks to minimize logistics-related emissions. The Supply Chain Management (SCM) team oversees the entire supply chain through upstream demand planning; production scheduling and capacity management; supplier delivery risk management; and transportation planning, purchasing and cost control. These activities introduce predictability and control into our supply chain while at the same time mitigating risk to our manufacturing operations.

Chrysler Group's worldwide logistics operations are managed centrally, allowing the Company to choose the most effective mode, equipment and route for a given supply chain requirement. By embracing a lean "Just-In-Time" transportation strategy, we reduce inventory and excess material handling, delivering only what is needed, when it is needed.

In collaboration with our transportation suppliers, Chrysler Group works to achieve our quality and environmental targets by creating strategies with respect to fuel costs, global capacity constraints and regulations. We select rail and sea transport where applicable to lower emissions for global and North American parts and vehicle deliveries.



Chrysler Group Transport

In 2010, Chrysler Group Transport, our own inbound parts carrier, replaced our entire fleet of 324 tractor trucks with more fuel-efficient vehicles. In doing so, we achieved more stringent EPA emissions standards ahead of required timing.

The Inbound Logistics Group maximizes the use of truck cube storage space to help reduce road miles and fuel consumption. In addition, to reduce carbon emissions and fuel costs, Chrysler Group recommends that all truck carriers, internal and external, maintain a maximum speed of 62 miles per hour (100 kilometers per hour).

Chrysler Group monitors the performance of our carriers, service providers and integrated logistics centers. We have increased the focus on environmentally sound practices, are developing a logistics carbon emissions tracking tool for inbound ground transport and began working with the EPA as a SmartWay partner beginning in January 2011.

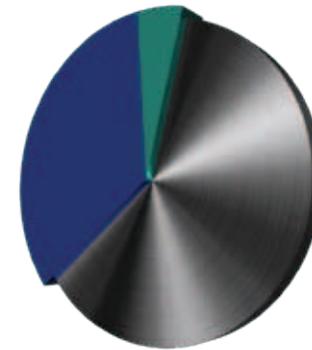
The EPA defines the SmartWay Transport Partnership as “an innovative collaboration between the United States Environmental Protection Agency and the freight industry, designed to implement creative approaches to reducing the environmental and energy impact of transport. The Partnership currently focuses on freight transport and helps companies reduce their transportation supply chain carbon footprint.”

## BUSINESS TRAVEL

The Chrysler Group Business Travel organization recognizes the impact that corporate travel has on our indirect emissions and has adopted sustainable business practices in our business travel operations. The organization partners with airline, hotel and car rental companies that share our commitment to environmental stewardship. Many of our business travel supplier partners also measure their aggregate carbon footprints and seek ways to help reduce their footprint through corporate initiatives and customer education.

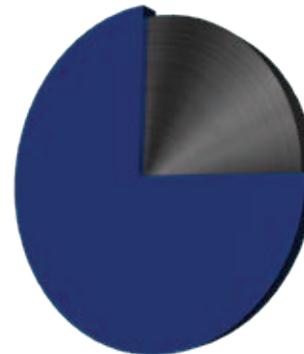
Approximately 80 percent of Chrysler Group employees use our online booking tool when they arrange travel. This tool advises air travelers of the overall carbon impact of their flights when they make their reservations.

## CHRYSLER GROUP SHIPPING MODES BY VOLUME



### INBOUND MATERIAL

Truck	60%
Rail	35%
Sea	5%



### OUTBOUND VEHICLES

Truck	25%
Rail	75%





# PEOPLE

Driving Transportation 

## PEOPLE

In 2010, Chrysler Group's employees came together as a team with a true sense of purpose to help drive our transformation as a company. From the factory floor to the management ranks, we worked collaboratively to challenge prior norms, reinvent our processes and establish sustainable business practices. This year clearly showed us that Chrysler Group's success—and the success of our employees, our suppliers and our dealers—are inextricably linked.

## WORKFORCE

To best serve the customers who purchase our vehicles, we are committed to attracting a diverse, highly motivated and innovative global workforce. Our comprehensive Human Resources programs play a significant role in our ability to attract, engage and retain key talent. Issues that are material to our employees' success and satisfaction, such as compensation, benefits, performance and recognition, leadership development and worker safety are critical success factors for our overall business strategy.

Our employees are supported by the Office of Human Resources, a centralized function that reports directly to the CEO and is aligned with every organization, including each manufacturing facility. This office is actively engaged in promoting a culture of integrity, respect and inclusion that encourages employee engagement at all levels.

Chrysler Group's cultural transformation is embodied in the implementation of World Class Manufacturing (WCM) standards throughout our production processes. On a fundamental level, WCM is a truly sustainable business practice which focuses on the core values of self-respect, respect for others and respect for the environment.

Chrysler Group's employees have been instrumental in implementing business solutions such as WCM. By promoting an empowered and accountable workplace, the Company has witnessed a re-ignition of our employees' entrepreneurial spirit, passion, creativity and innovation: all hallmarks of Chrysler Group.



Toledo North Assembly Plant

100%  
 IN 2010, PLM ASSESSMENTS WERE COMPLETED FOR 100 PERCENT OF THE ELIGIBLE SALARIED WORKFORCE.

We will continue to drive transformational changes deeper into the organization, increase competencies and apply innovative and proactive approaches to achieve the Company's objectives by:

- Embedding leadership and talent development as a vital business function
- Ensuring a culture of accountability and respect to reach our full potential
- Attracting and retaining a diverse top talent base by offering a competitive compensation and benefits package and a rewarding value proposition
- Leading and implementing World Class Manufacturing and World Class Logistics principles with a heightened focus on people development and safety to revolutionize identification and elimination of inefficiencies
- Strengthening business viability through an enhanced competitive labor agreement

The principles that form Chrysler Group's management approach are fundamental elements of our new Performance and Leadership Management (PLM) process, launched in 2010. This process drives a culture of excellence and accountability at all levels of the organization and is key to our talent management and succession planning processes.

An essential characteristic of PLM is that every employee, regardless of position in the organization, is expected to be a leader. The process facilitates both individual and organizational performance, skills and conduct, giving employees responsibility for, and involvement in, their own professional development. PLM assesses both the performance and leadership of our employees, facilitates ongoing feedback and coaching, and provides the framework to identify and develop a strong channel of future leaders.

## FIVE KEY LEADERSHIP PRINCIPLES

We employ five key leadership principles that reflect our core values and provide the foundation for our management approach to developing our workforce:

- We are a meritocracy
- Leadership is a function of leading change and leading people
- We embrace and cherish competition
- We aim to achieve best-in-class performance
- We deliver what we promise



CEO Sergio Marchionne addresses employees

## WORKFORCE TRANSITION

The Company assumed responsibility for a workforce that had been reduced by more than 70,000 employees from 2000 to 2009, due to a number of internal and external challenges.

These reductions were managed in a socially responsible manner by providing affected employees with voluntary buyout packages, early retirement offers and subsidized relocation opportunities. Notably, these reductions were accomplished in close coordination with the respective unions and resulted in no labor disruptions.

These reductions occurred within the framework of collective bargaining agreement requirements and the U.S. Federal Worker Adjustment and Retraining Notification (W.A.R.N.) Act, which requires companies to provide 60-day notifications of significant reduction actions. Similarly, actions were taken to implement the various termination notice requirements applicable to Canadian operations, particularly the requirements of the Employment Standards Act of the Province of Ontario.

By year-end 2010, Chrysler Group's global workforce totaled 51,623. The majority of these employees are located in North and South America, where our manufacturing facilities are found.

## SEEKING THE GREATEST TALENT

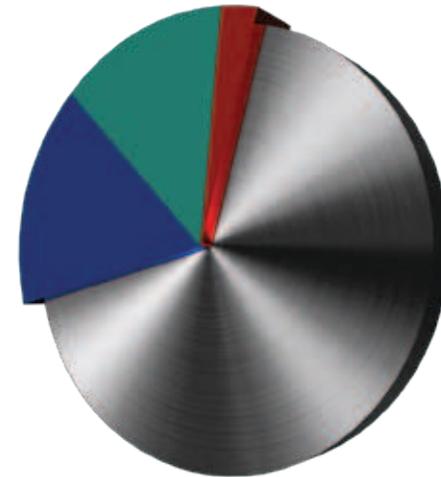
Following Chrysler Group's formation in 2009 and our alliance with Fiat, the Company recognized the need to acquire talent in order to rebuild technical competencies, broaden the diversity of our workforce and replenish the leadership pipeline. To support various product upgrades, redesign programs and launches, as well as meet increasing demand for our products, we increased our hourly and salaried workforce by approximately 4,300 people over the 2009 level.

The Talent Acquisition organization within Human Resources seeks top performers at colleges, universities and professional organizations. Our recruitment programs, such as the internship program, the Chrysler Institute of Engineering and the Chrysler Leadership Development program, provide avenues to build our talent pool to support future growth of the enterprise.

\*Local is defined as in-country nationals; Other locations are not material to this indicator; less than three percent of Chrysler Group's workforce is outside North America. We do not have a policy for granting preference to hiring from local communities.

## EQUAL EMPLOYMENT OPPORTUNITIES

Chrysler Group is committed to promoting a diverse workforce and providing equal employment opportunity to all employees and job applicants without regard to race, color, sex, sexual orientation, age, veteran status, marital status, religion, national origin, disability unrelated to the ability to perform a job, or any other basis protected by law. We embrace inclusion and the hiring of job applicants from diverse populations within the local communities, markets and global locations in which our Company operates and employs talent. At Chrysler Group's Canada and Mexico operations, 75 percent and 91 percent, respectively, of all senior professional and above salaried employees are from the local workforce.\*



CHRYSLER GROUP  
TOTAL WORKFORCE BY EMPLOYMENT REGION

● United States	66.9%
● Canada	16.6%
● Mexico	13.8%
● Rest of World	2.7%

Chart excludes hourly temporary part-time employees (1,359). The rest of world employee allocation: 73 percent Venezuela; 9 percent China; 8 percent India; 8 percent Europe and 2% other.



## PARTNERING WITH OUR UNIONS

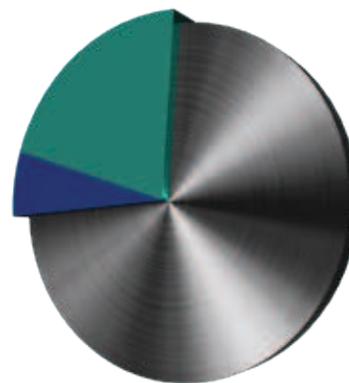
Chrysler Group recognizes and respects an employee’s right to belong to representative organizations for the purpose of engaging in collective bargaining in a manner consistent with applicable laws, rules and regulations without fear of repercussions. In the United States and Canada, all of our hourly employees and approximately one-quarter of our salaried employees are covered by collective bargaining agreements. The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and Canadian Auto Workers (CAW) represent most of the hourly employees in the United States and Canada, respectively. In Mexico, hourly employees are represented by the Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada, Similares y Conexos de la Republica Mexicana. This organization’s collective bargaining agreement is negotiated annually, as required by federal regulations. In Venezuela, hourly employees are represented by the Sindicato de Trabajadores de Chrysler de Venezuela LLC.

Among the many initiatives that benefit our represented employees, the UAW and Chrysler Group jointly develop and provide education, workplace training, health and safety, employee assistance and other programs for UAW-represented hourly and salaried employees. These programs are delivered primarily at the UAW-Chrysler National Training Center (NTC) facility and the UAW-Chrysler Technology Training Center (TTC), located in the Detroit area.

Working closely with Local Technical Training Committees, courses are specifically designed to meet plant needs. Thousands of workers have sharpened their skills—and learned new ones—at the NTC and TTC. There are more than 80 skilled trades classes available—all of which are recommended by the American Council on Education for college credit. There is also training available for production workers and a variety of other students.



Kokomo Transmission Plant



### CHRYSLER GROUP EMPLOYMENT BY CATEGORY

Hourly	73%
Salaried-Represented	6%
Salaried	21%

Hourly and salaried-represented employees are covered by collective bargaining agreements.

## PROMOTING DIVERSITY

Chrysler Group seeks to foster a work environment in which our employees feel respected, valued and included. By actively bringing together people of diverse backgrounds, experiences and specialties, we broaden our capabilities to better meet challenges and opportunities.

The Global Diversity Office within Human Resources is responsible for the overall design, development and implementation of Chrysler Group's corporate diversity strategies. The office's mission is to lead cultural transformation enterprise-wide by attracting and engaging diverse constituents internally and externally to be successful in the global workplace and global marketplace.

Our diversity strategy and initiatives are governed by the Global Diversity Council, comprised of 16 members and co-chaired by the Senior Vice President of Human Resources and the Senior Vice President of Purchasing and Supplier Quality. The members of Chrysler Group's Diversity Council, which has been well established for more than a decade, are all direct reports to the CEO.

The Council's objective is to provide leadership on corporate actions and programs to ensure that all dimensions of diversity are active throughout the Company. The Council's strategy includes aligning diversity to business objectives and the organization serves as a champion for diversity best practices. Council meetings include reviews of Employee Resource Group business objectives, enabling and analyzing benchmarking studies and setting in motion strategic initiatives regarding diversity company-wide.

The Company has been recognized for our diversity leadership by organizations such as *DiversityInc* magazine, *Hispanic Business* magazine, the Human Rights Campaign Foundation and the Hispanic Association on Corporate Responsibility, to name a few. The Company strives for a diverse workforce by partnering with key professional diversity groups such as the National Black MBA Association, the Society for Women Engineers and other nationally recognized diversity organizations.

Chrysler Group supports a rich community of diverse Employee Resource Groups (ERGs) that are initiated and chartered by employees. These self-organized groups are open to all employees and provide multicultural learning opportunities, career development, such as mentoring and networking, and offer the opportunity to participate in external charitable events and activities, community outreach and volunteerism. Each ERG has an executive sponsor who is a member of the Global Diversity Council. The ERGs are comprised of these networks:

- African-American
- Asian
- Hispanic
- Native American
- People of Diversity
- Women's Forum

Work-life effectiveness programs are a critical part of ensuring an effective and satisfied diverse workforce. The Company also has numerous policies and programs that support a strong work-life effectiveness environment. Chrysler Group provides work-life programs through our resource and referral programs, nonprofit agencies, flexible work arrangement policies and subject matter expertise presentations.

## DIVERSITY SUMMARY FOR CHRYSLER GROUP U.S. WORKFORCE

<b>U.S. SALARIED &amp; SALARIED- REPRESENTED</b>	<b>PERCENTAGE</b>
Men	81.9
Women	18.1
Ethnic Minority	16.7
<b>U.S. HOURLY</b>	
Men	78.5
Women	21.5
Ethnic Minority	33.8
<b>U.S. OVERALL</b>	
Men	79.6
Women	20.4
Ethnic Minority	28.1

Diversity summary is reflected as of year-end 2010. "Ethnic Minority" is defined as African-American, Asian-American, Native American and Hispanic. Ethnicity information is only available for U.S.-based employees; it is not material for employees located outside the U.S.

## DIVERSITY STATEMENT FROM SERGIO MARCHIONNE TO EMPLOYEES

*“As CEO of Chrysler Group LLC, I have taken on the role of executive sponsor of the Global Diversity Council to underline the importance of diversity in our Company. I personally feel privileged to have the opportunity to lead this Company... and to work with all of you to build this Company and our great brands into all we know they can and should be.*

*That effort starts with leadership.*

*Great leaders are those that have the courage to challenge the obvious, to travel uncharted paths, to break away from convention and the old way of doing things, be unpredictable to the competition and to go beyond the tried and tested—men and women who understand the concepts of service, of community and respect for others. That’s the kind of behavior we all must expect of each other and of ourselves. It leads to an engaged culture.*

*Culture is the fabric that holds organizations together. It is not just an ingredient for success; it is the essence of success itself. What will make all of this possible is the culture we are going to build with great teams based on mutual respect and openness. This is why my leadership team and I are committed to creating an atmosphere where all of our people feel respected and valued, because every person plays an important role in shaping our future, including employees, our supply base, our marketing and our dealer network.*

*Chrysler Group LLC and its people have a future with promise. We will reach the full measure of that promise as one, united diverse team.”*

**Sergio Marchionne**



Chrysler Group Asian Network

## FOSTERING A FAIR WORKPLACE

Chrysler Group does not tolerate discrimination or harassment. The Company has a Discrimination and Harassment Prevention Policy and is governed by relevant United States federal, state and local laws, such as Title VII, Equal Pay Act, Age Discrimination in Employment Act of 1967, Americans with Disabilities Act of 1990, Civil Rights Act of 1991, Family and Medical Leave Act of 1993 and the Immigration Reform and Control Act of 1986.

The Company's Discrimination and Harassment Prevention Policy advises employees to report incidents or behaviors that violate the policy to management, the local Human Resources office or the Corporate Diversity Office. If violations occur, Chrysler Group will use our best efforts to conduct timely, confidential and impartial investigations. Retaliation against any person who in good faith reports or participates in an investigation is strictly prohibited. Employees determined to have violated this policy will be disciplined up to and including discharge.

As a global company, Chrysler Group recognizes our responsibility to respect the basic human rights of our employees. Operations in Asia and Latin America are in regions identified by the International Labour Organization (ILO) as having high risk for human-rights issues. Our Human Resources professionals are accountable for complying with local country laws and ensuring our manufacturing facilities operate in accordance with Chrysler Group's Integrity Code, corporate policies and our high standards for the treatment of our employees. We are not aware of any violations in the areas of freedom of association, child, forced or compulsory labor at any of our manufacturing facilities.

## COMPENSATION AND BENEFITS

A high-performing work culture and motivated workforce is critical to Chrysler Group's success and growth in the competitive and dynamic marketplace. With this philosophy in mind, Chrysler Group is committed to providing a total compensation package that enables us to attract, retain and motivate a diverse and skilled global workforce.

Accordingly, Chrysler Group provides employees with a total compensation package that is:

- Competitive with other large, global and complex companies with which we compete for talent
- Competitive within the local markets and geographic locations where the Company recruits and employs talent
- Fair, equitable and non-discriminatory

In addition, Chrysler Group's total compensation package:

- Is governed by applicable international and local employment laws, including local minimum wage and overtime pay requirements
- Provides variable compensation based on company performance
- Offers paid time off for holidays, vacation time and disability



## PLANNING FOR THE FUTURE

To assist employees with retirement planning, Chrysler Group provides various retirement plans to eligible represented and salaried employees. These include defined contribution plan offerings to U.S. and Canadian employees designed to provide participants the ability to make their own investment choices from a well-diversified investment menu. The investments available to hourly and salaried employees in the United States include a self-directed brokerage account and an investment advice and guidance product that helps participants determine if they are saving enough, how they should invest and whether they will be financially ready for retirement.

## ENCOURAGING CONTINUED LEARNING

Chrysler Group continually assesses educational needs and compliance requirements to develop training programs. Additionally, Chrysler Group reimburses tuition expenses in accordance with guidelines and supports our executive MBA program, which enables employees to update or expand their current job skills, competencies and business knowledge. While the overall development and delivery of our training and educational programs are the responsibility of Human Resources, many functional organizations also provide local or situation-specific training throughout the year. Some of the Company's initiatives in 2010 included:

- World Class Manufacturing training
- Dealer training
- Diversity training
- Environmental training
- Ethics and Integrity code training
- Human rights training
- Supplier training

The Chrysler Leadership Development (CLD) Program is a highly selective two-year rotational program within the Corporate Audit organization for high-potential employees, designed to develop future leaders by incorporating intensive on-the-job development opportunities, supplemental development and interaction with global business leaders. In 2010, 19 individuals were enrolled in the CLD program.

The Chrysler Institute of Engineering (CIE) program is geared toward recent college graduate engineers. The CIE offers a unique opportunity to work in a series of rotational assignments in product development and manufacturing while pursuing an advanced engineering degree at select institutions. Upon successful completion of the program, employees are placed in a regular full-time position within a Chrysler Group sponsoring organization. In 2010, 22 engineers were enrolled in the CIE program.



In 2010, our manufacturing facilities conducted an additional 175,000 hours of in-plant training focused on developing specific World Class Manufacturing competencies and skills of targeted employee groups.

INFLUENZA VACCINE PROVIDED TO EMPLOYEES FREE OF CHARGE THROUGH ON-SITE MEDICAL SERVICES

## WORKPLACE SAFETY AND HEALTH

Chrysler Group is committed to safety and seeks to guarantee a safe working environment for our employees. Company policy holds senior management accountable for the health and safety programs in their respective areas, and employees are expected to perform their job assignments in a manner consistent with our company procedures. The Health and Safety organization within Human Resources oversees and champions safety initiatives with support and implementation at every Chrysler Group location.

All workers in the United States and Canada covered under collective bargaining agreements are represented in formal joint management-worker health and safety committees. These committees operate from the plant level through company-wide activities as best practices are developed and shared. Additionally, formal agreements with trade unions address health and safety topics such as energy lockout and control, ergonomics, safety training, personnel protective equipment, preventative maintenance and refusal of hazardous work.

WCM integrates safety elements into all aspects of the organization, with a new focus on the elimination of all first-aid cases. Management sets aggressive safety objectives and goals with a target of zero accidents. We are augmenting root-cause analysis for accident investigation and using historical injury data to determine areas of focus. In addition, facilities are increasing their awareness of safety and promoting safety programs.

### ENSURING SAFE EQUIPMENT

Significant effort has been made to ensure new equipment introduced at our facilities is designed to specifications that minimize potential harmful impacts for workers. These design specifications are a comprehensive collection of requirements that address a wide variety of equipment specifications, including ventilation, noise levels and ergonomic factors.

Chrysler Group has established a corporate-wide ergonomic commitment that proactively addresses the impact of ergonomics in the organization of processes, design of workstations, selection of equipment and definition of production methods. Contractually, each Chrysler Group manufacturing facility in the United States and Canada has a dedicated Local Ergonomic Committee that meets biweekly to prioritize and review job activities for ergonomic risk. In addition, the Company has assigned a Corporate Ergonomist to every new product program to eliminate or reduce ergonomic risk factors during the design stage of planning.



Toledo North Assembly Plant

## PROVIDING ON-SITE MEDICAL CARE

Chrysler Group is committed to the highest level of preparedness in response to medical emergencies in our facilities. We provide on-site medical services at all of our manufacturing facilities. Services include medical care for occupational injuries and illnesses, treatment of minor personal illnesses, care of medical emergencies, medical surveillance examinations for work-related exposures, health education, health assessments and health promotion.

## CHRYSLER GROUP OCCUPATIONAL HEALTH AND SAFETY INCIDENTS

REGION	INCIDENT RATE <sup>1</sup>	LOST WORKDAY RATE <sup>2</sup>	SEVERITY RATE <sup>3</sup>
U.S.	2.92	0.46	24.26
Canada <sup>4</sup>	4.16	0.70	12.75
Mexico	1.07	0.16	4.82
Rest of World <sup>5</sup>	2.89	1.26	27.07
TOTAL	2.83	0.47	19.98
MEMO: U.S. INDUSTRY AVERAGE <sup>6</sup>	7.80	1.30	-

<sup>1</sup>Chrysler Group tracks according to U.S. Occupational Safety and Health Administration (OSHA) standards. Number of OSHA-recordable cases divided by man-hours, multiplied by 200,000. Incident rate includes occupational diseases and injuries for employees and contractors directly supervised by Chrysler Group, does not include first aid and includes one reported fatality in the United States. Chrysler Group considers Absentee Rate proprietary.

<sup>2</sup>Number of OSHA-recordable cases involving days away from work divided by man-hours, multiplied by 200,000.

<sup>3</sup>Number of days away from work divided by man-hours, multiplied by 200,000. Lost workday rate includes all lost calendar days, not including day of incident.

<sup>4</sup>Excludes data from 3 Cpk Interior Products plants.

<sup>5</sup>Data from Venezuela assembly plant.

<sup>6</sup>2009 U.S. Bureau of Labor Statistics average for NAICS (North American Industry Classification System) Code 3361 (motor vehicle manufacturing). 2010 not currently published. These are shown to provide context of Chrysler Group's performance to industry averages.

## SUMMARY OF CHRYSLER GROUP MEDICAL SERVICES PROVIDED ON-SITE IN 2010

35,963  
OCCUPATIONAL MEDICAL VISITS

10,663  
MEDICAL SURVEILLANCE EXAMINATIONS  
(U.S. & CANADA LOCATIONS)

6,074  
PHYSICAL EXAMINATIONS

69,757  
NON-OCCUPATIONAL VISITS

*Chrysler Group has been recognized over the years with a number of awards for our health and safety achievements, including the Green Cross for Safety Medal, Best Employers for Healthy Lifestyles Award, Corporate Health Achievement Award and National Healthy Workplace Award.*

## CHRYSLER GROUP HEALTH-RELATED PROGRAMS

PROGRAM	EMPLOYEES	EMPLOYEES' FAMILIES	COMMUNITY MEMBERS
Education/Training	✓	✓	
Counseling	✓	✓	
Prevention/Risk Control	✓	✓	✓
Treatment	✓	✓	✓

To reduce the risk of illness or injury while abroad, employees are advised to consult with an approved healthcare provider four to six weeks prior to international business travel or assignment. The consultation will include a health assessment, administration of required and/or recommended immunizations and counseling on risks of contracting certain infectious diseases. Employee notification of this procedure is made at the time of travel authorization.



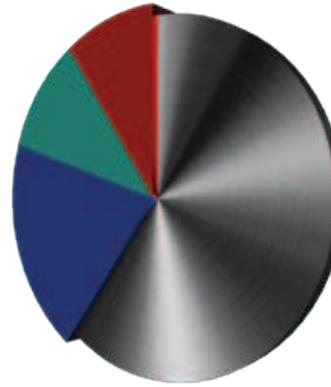
UAW-Chrysler Group NTC Health, Safety and Ergonomics Conference

## FORMING SUSTAINABLE SUPPLIER RELATIONSHIPS

Chrysler Group recognizes that our own commitment to sustainability is reflected in the extent to which our supply base adopts sustainable business practices. Since suppliers are an extension of our enterprise, our relationships with them are an essential component of our sustainability strategy. Therefore, we seek partnerships with suppliers that promote Chrysler Group's overall diversity, financial health and environmental stewardship goals. As we encourage enduring and successful supplier relationships, Chrysler Group is committed to:

- Fostering a diverse, motivated and sustainable supply base that chooses Chrysler Group as its preferred customer
- Partnering with industry peers to develop policies, messaging and training for our suppliers that will ensure sound working conditions and promote respect for human rights
- Assessing our supply base to identify strengths and opportunities in all aspects of sustainability
- Reinforcing the Company's commitment to diversity with corporate and supplier goals for sourcing to diversity businesses

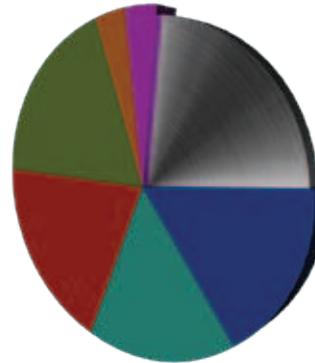
PURCHASES BY REGION



CHRYSLER GROUP  
PERCENTAGE OF 2010  
PURCHASES MADE BY REGION

United States	60%
Mexico and Latin America	20%
Canada	9%
Rest of World	11%

PURCHASES BY COMMODITY



CHRYSLER GROUP  
PERCENTAGE OF 2010  
PURCHASES MADE BY TYPE

Metallic	22.6%
Mechanical	16.1%
Electrical	16.1%
Chemical	19.4%
Indirect	19.4%
Transport	3.2%
Other	3.2%

**\$31B**  
CHRYSLER GROUP  
ANNUAL PAYMENT VALUE

**3,500**  
TIER 1 SUPPLIERS  
A TIER 1 SUPPLIER PROVIDES GOODS OR SERVICES DIRECTLY TO CHRYSLER GROUP. A TIER 2 SUPPLIER SUPPLIES GOODS OR SERVICES TO A TIER 1 SUPPLIER, AND SO ON.

At Chrysler Group, the Purchasing and Supplier Quality organization holds responsibility for the Company's purchasing activities, including ensuring the protection of human rights and the diversity of our supply base. Our 2010-2014 Business Plan highlights improving supplier working relationships as a strategic goal. Since suppliers are key partners in our production process, the disruption of production or delivery of new vehicles due to shortages of materials, labor issues or supplier insolvencies is a significant risk to the business.

With the introduction of our business plan, we established a new set of Guiding Principles that address improving supply chain management and fostering mutually beneficial relationships with our suppliers. All new Chrysler Group employees in the Purchasing and Supplier Quality organization are required to complete training courses related to these principles (see next page).

Fair and ethical business practices are key elements of Chrysler Group Purchasing and Supplier Quality policies and are communicated to all employees. The purpose of these policies is to ensure an economical and efficient purchasing function for the Company to create and maintain mutually profitable relations with suppliers and to preclude possible conflicts of interest.

We define "locally based suppliers" as those that operate in countries where we operate facilities. Chrysler Group does not have a policy that uses supplier location as a sourcing criterion. Instead the Company bases supplier selection on performance and the ability to meet our business needs. However, it is interesting to note that based on information provided by automakers under the American Automobile Labeling Act (AALA) to the National Highway Traffic Safety Administration in 2010, Chrysler Group used more U.S.- and Canadian-made parts in our vehicles than any other automaker.\*

In addition to extensive training of our Chrysler Group employees, we are also further developing our supplier training program. Twice a year, Chrysler Group conducts Supplier Training Week on our processes and systems to promote transparent expectations and communication from both sides of the relationship. Approximately 1,600 suppliers participate in these events every year. To support the Company's vehicle engineering program, suppliers can also participate in the Design For Six Sigma (DFSS) training and application for the supply base engineering enterprise.



Trenton South Engine Plant

\*Based on averages of NHTSA report of manufacturer-submitted AALA registration data. [www.nhtsa.gov](http://www.nhtsa.gov)

In 2010, Chrysler Group launched the Chrysler Source Evaluation (CSE), which provides the framework for our extensive supplier review process, including a pre-evaluation, self-assessment, audit/evaluation and gap analysis. Every prospective new supplier is evaluated on the capability of its processes and controls as well as its sustainability efforts as they relate to specific corporate responsibility indicators.

Existing Chrysler Group suppliers are evaluated using our supplier performance measurement tool, the External Balanced Scorecard (EBSC).

A new form of supplier engagement was piloted in 2010 by the Supplier Relations area. The Supplier Sustainability Self-Assessment is being rolled out in 2011 to all Tier 1 suppliers. This program will help identify sustainability activity within our supply base and determine strengths and risks that may exist so that training and awareness tools can be further developed. Topics covered in the self-assessment include working conditions; responsible environmental management; ethics and anti-corruption; verification, compliance and reporting; and training. Results of the self-assessment are reflected in the supplier's EBSC.

Chrysler Group maintains open communication with our suppliers through an online portal, supplier bulletins and monthly Supplier Town Hall meetings that suppliers can attend either in person or via the Web. In addition, a Supplier Advisory Council with rotating members works with the Company to ensure continued partnership on initiatives, issues and opportunities. Chrysler Group routinely surveys about Company business processes they would like to see changed. In 2010, the Company implemented nearly 200 business process change ideas generated by our suppliers. The input collected is vital in helping Chrysler Group work toward being the automaker of choice among our suppliers. We recognize that being a preferred customer presents numerous significant benefits, such as higher quality, greater technology sharing and competitive pricing.



#### **PURCHASING AND SUPPLIER QUALITY GUIDING PRINCIPLES**

1. Integrity and accountability in actions from both sides of the relationship
2. Transparent expectations and communications from both sides of the relationship
3. Empathy and advocacy for the other party's issues
4. Absolute and in-depth collaboration for delivery of quality, cost, supply and innovation
5. A prevailing sense of urgency to meet objectives and solve problems as they arise
6. Rewarding, strategic and long-term business collaborations
7. Responsible commitment to our employees, the global community and the environment

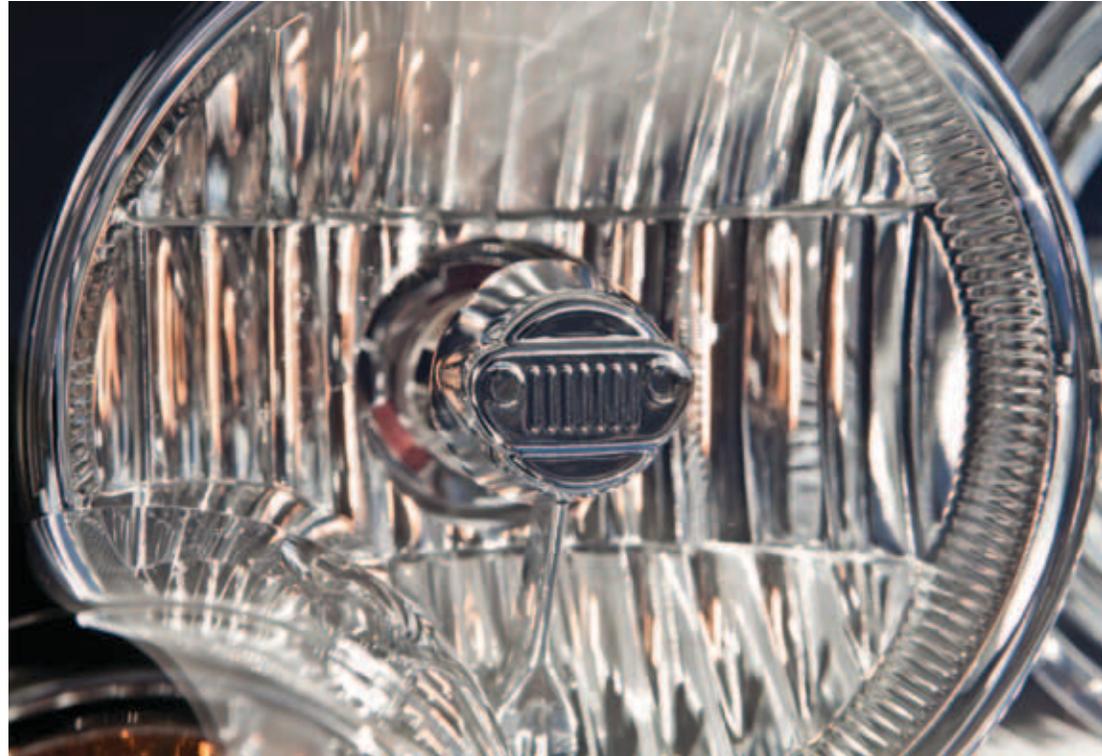
## HUMAN RIGHTS

Chrysler Group recognizes our moral and ethical responsibility to support and respect basic human rights and has incorporated this commitment into our Supplier Code of Conduct. This code of conduct reflects global and industry standards as well as Chrysler Group's own internal expectations and beliefs. The Company embraces and expects our suppliers to adhere to a set of principles that span the areas of human rights, labor, the environment and anti-corruption. These guidelines are consistent with foundational treaties accepted worldwide, such as the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

In 2010, we reaffirmed our commitment to human rights, ethical business practices and the environment by revising the language in all new purchase order contracts with direct and indirect suppliers. The new contract language more specifically addresses these issues and requires compliance with ethics and human rights guidelines consistent with global standards.

## PROTECTING THE RIGHTS OF WORKERS

Chrysler Group works to assure and protect the rights and dignity of the workers who make our vehicle components. Chrysler Group is a founding member of the Automotive Industry Action Group (AIAG), which created training in global working conditions for suppliers. Chrysler Group helped develop these training courses and was a sponsor of this industry-wide effort. The training also addresses environmental issues, ethics and anti-corruption. The training was completed by nearly 1,000 of our suppliers through 2010, and is mandatory for all Chrysler Group Tier 1 suppliers with manufacturing operations in China or Mexico.



## ENCOURAGING SUPPLIER DIVERSITY

Chrysler Group believes the diversity of our suppliers should reflect the diversity of our workforce and the communities in which we do business. The Company has been a leader in workforce and supplier diversity for many years and has been recognized nationally for our efforts. Twenty-eight years ago, the Company established the Diversity Supplier Development (DSD) group.

The DSD group facilitates access to Chrysler Group for certified minority-, women- and veteran-owned businesses. Members of the DSD group also serve in a leadership capacity on many diversity council boards, volunteer their time for training activities and participate in trade shows and networking events. The group also monitors both the Company and supplier minority sourcing goals and provides reporting to the purchasing management team.

Chrysler Group's goal for 2011 is to source 14.5 percent of our combined Tier 1 and Tier 2 purchases from certified minority-owned businesses. These metrics are tracked monthly and shared at the highest levels of the organization. The metrics are also included in the annual Purchasing organization goals and the performance goals of individual buyers. Tier 1 suppliers who are failing to meet minimal minority spending thresholds must provide an improvement plan and show steady progress toward executing that plan prior to being authorized to win new contracts.

Since 1983, Chrysler Group has sourced more than \$44 billion to minority-owned businesses, and is a charter member of the Billion Dollar Roundtable. The Roundtable is comprised of 17 companies across various industries that spend at least \$1 billion annually with certified minority suppliers.

Since 2000, Chrysler Group has hosted the Supplier Matchmaker Event, which is one of the premier trade show events in the industry. Focused on providing minority-owned, women-owned and veteran-owned businesses access to Chrysler Group's Tier 1 suppliers and the Company's procurement community, the annual event drew more than 2,000 people in 2010 and continues to grow each year.



Supplier Matchmaker Event

CHRYSLER GROUP 2010 DIVERSITY SPENDING  
**13.8%**



## DEALERS

The dealers who sell Chrysler products are the face of the Company to our customers. They are the first link between us and the communities we serve. They contribute generously to area charities, sponsor local sports teams and demonstrate community involvement in a variety of ways. As we move forward as a Company, we continue to work on building collaborative, respectful relationships with our dealer network that encourage mutual success and longevity.

We have continued to advance our dealer optimization program, which is known as "Project Genesis." This program was designed to bring all of Chrysler Group's brands in one dealer facility, providing greater convenience for the customer, significant economies of scale for the dealers and the Company and enhanced dealer profitability. As a result of this initiative, approximately 90 percent of Chrysler Group's U.S. dealerships and all of the Company's Canadian dealerships are selling all of our brands under one roof.

### INVESTING IN THE FUTURE

Between June 2009 and December 2010, Chrysler Group's U.S. dealers committed to invest more than \$300 million in upgrades and renovations to their businesses. These investments not only represent physical improvements or expansions, but have also resulted in hiring and training of additional employees.

To strengthen our partnership with our dealers, we strive to maintain open dialogue between dealers and the Chrysler Group management team. Top dealer concerns are identified at the local Business Center Dealer Council meetings and become featured topics addressed at quarterly National Dealer Council meetings. The candid discussions that come out of the meetings have led to many changes that have benefitted both the dealer body and the Company.

During the fourth quarter of 2010, Chrysler Group began selecting dealers for the sale of Fiat brand vehicles and service parts. As of December 31, 2010, 122 Fiat brand dealers had been selected in the United States and 58 in Canada.

85%  
OF CHRYSLER GROUP VEHICLE SALES IN 2010 WERE IN THE U.S. AND CANADA, WHERE THE MAJORITY OF OUR DEALERS ARE LOCATED.

92%  
OF CHRYSLER GROUP'S U.S. DEALERSHIPS AND 93% OF CANADIAN DEALERSHIPS WERE PROFITABLE AT THE END OF 2010.

## PROMOTING DEALER DIVERSITY

Chrysler Group is working to build a diverse dealer network that is representative of the customers and communities our dealers serve. We are dedicated to improving the performance of our existing minority-owned dealerships through training initiatives, as well as seeking talented new minority dealers in the marketplace. The Dealer Candidate Development (DCD) program, which was announced in November 2010 and launched in 2011, identifies candidates with ethnic minority backgrounds to become owners of Chrysler Group dealerships. These candidates, the majority of whom are general managers at existing dealerships, are trained in all facets of running a successful dealership, preparing them to become dealer-owners in the event a dealership opportunity becomes available.

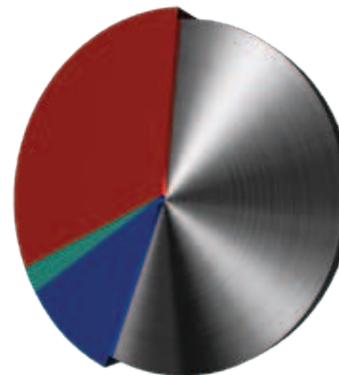
The Network Diversity Development organization at Chrysler Group is responsible for developing and maintaining relationships within the minority dealer network. It is also the face of the Company for internal and external minority dealer groups. In addition, this organization works with the Chrysler Minority Dealers Association (CMDA), an independent association formed by Chrysler dealers 43 years ago to support the objective of a strong, diverse dealer network. Along with the CMDA, Chrysler Group offers training opportunities to improve dealer performance by learning from successful peers and by sharing best practices.

## ENCOURAGING SUSTAINABILITY

Chrysler Group recognizes the importance of conducting our operations in a manner that is in harmony with the environment and promotes long-term sustainability. The Dealer ECO Program was announced in 2010 and officially launched in 2011 to promote day-to-day sustainable business practices among the U.S. Chrysler Group dealer network and provide an opportunity for these dealers to be recognized for their efforts. The voluntary program includes a survey regarding dealer environmental practices, recognizes top ECO dealers and provides a venue to share best practices. Those dealers who display outstanding performance in ECO practices are nominated for Chrysler Group's Environmental Leadership Award (ELA), given in recognition of exemplary projects that promote environmental stewardship.



2011 Chrysler 200



### CHRYSLER GROUP DEALERSHIP NETWORK

● United States	2,311
● Canada	433
● Mexico	111
● Rest of World	1,411

INVESTMENTS ANNOUNCED  
JUNE 2009 THROUGH  
DECEMBER 2010

**\$1.3B**

KOKOMO TRANSMISSION AND  
CASTING PLANTS (INDIANA)

**\$600M**

BELVIDERE ASSEMBLY PLANT (ILLINOIS)

**\$27.2M**

ETOBICOKE CASTING PLANT  
(ONTARIO, CANADA)

**\$850M**

STERLING HEIGHTS ASSEMBLY  
PLANT (MICHIGAN) AND TWO  
MICHIGAN STAMPING FACILITIES

**\$150M**

GLOBAL ENGINE MANUFACTURING  
ALLIANCE (GEMA) PLANT  
(MICHIGAN)

**\$179M**

INVESTED IN GEMA TO LAUNCH  
1.4-LITER, 16-VALVE FIRE ENGINE

## COMMUNITY

Chrysler Group recognizes that part of being a good corporate citizen is actively working to make a positive, lasting impact on the communities where we operate. This includes creating jobs through our facilities, giving back through employee volunteerism and providing financial support through our charitable initiatives.

Investing in our facilities contributes to local economic vitality and helps restore trust in Chrysler Group. In building a successful enterprise, our investments have resulted in the creation or retention of jobs. In addition to those listed here (see sidebar at left), we have made significant investments to support new vehicle launches at the Jefferson North Assembly Plant (Detroit, Michigan), Brampton Assembly Plant (Ontario, Canada), Windsor Assembly Plant (Ontario, Canada) and Toluca Assembly Plant (Mexico).

While Chrysler Group did not enter any new communities in 2010, an example of the steps we take to ensure we are a positive influence when we do enter new communities can be seen in our entry into Dundee, Michigan. With the opening of our Global Engine Manufacturing Alliance (GEMA) plant in Dundee, we impacted both direct and secondary employment, which is vital to this area. Approximately 600 people are employed at the plant, including Chrysler Group employees and suppliers.

When the GEMA plant was constructed in 2003, a competition was conducted among local universities and colleges to solicit an environmental landscape design for the site of the new facility.

By working with agricultural experts and local officials, GEMA has established more than 100 acres of natural Michigan prairie grassland at the site, including 2,150 trees, 2,900 meters of pedestrian walkway and two pavilions.

Chrysler Group is actively engaged with elected and appointed officials from state and local governmental units in matters concerning the Company and the communities in which we operate. In addition, Chrysler Group executives lend their time and talents by serving on boards of various community institutions and organizations, including the Detroit Science Center, Focus: HOPE, Salvation Army and Habitat for Humanity, to name a few.



Wild Columbine – GEMA Plant

## THE CHRYSLER FOUNDATION

We have a long tradition of providing support for charitable and community-based local and global organizations through The Chrysler Foundation. The Foundation is an independent, 501(c)(3) organization sponsored exclusively by Chrysler Group and is governed by our own Board of Trustees consisting of six corporate executives. Since its inception in 1953, the Foundation has awarded more than \$500 million in charitable grants.

The Chrysler Foundation concentrates its efforts on developing a skilled future workforce; creating responsive, healthy and attractive communities; and encouraging employee volunteerism and community involvement.

In 2010, reflecting the downturn in the economy and the Company's emphasis on restructuring, the Foundation operated on a drastically reduced budget. The Foundation's focus in 2010 was on fulfilling funding obligations made previously and awarding selective grants by invitation only. In 2010, the Foundation granted \$884,340 to fund education, disaster relief and community projects.

### CONTRIBUTING TO EFFORTS IN MEXICO

In 2010, The Chrysler Mexico Foundation made a financial donation to Televisa Green Foundation, a reforestation project in Mexico. Additionally, 200 of Chrysler Mexico's employees participated as volunteers in a tree-planting campaign. Disaster relief funds were also provided in 2010 to assist in the reconstruction of Coahuila, Mexico, after Hurricane Alex.



## INVESTING IN THE WORKFORCE OF TOMORROW

Investing in education and the workforce of tomorrow has always been a priority of The Chrysler Foundation. For 15 years, the Foundation and the Company have supported FIRST Robotics teams at various high schools, both locally and nationally. FIRST Robotics was created in 1992 to engage youth and inspire them to explore and pursue careers in science, technology, engineering and math. By encouraging students' interest in these critical and expanding fields, Chrysler Group is helping to develop an ample pool of skilled technical resources to advance America's legacy as a nation of innovation.

In 2010, we contributed financial support, in addition to the time and talent of our employees who serve as mentors to the students. Those employees not only enjoy a rewarding experience, they also have the opportunity to improve their own leadership, communication and teamwork skills.

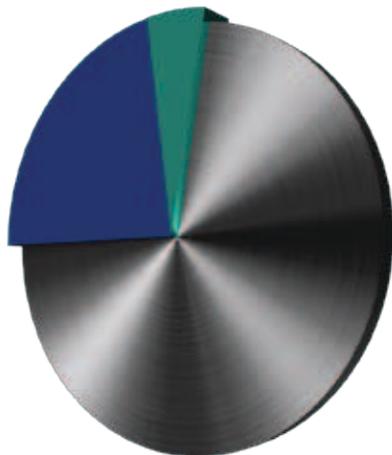
In 2011, Chrysler Group plans to further develop the Company's support of educational programs and initiatives focused on science, technology, engineering and math.



### FIRST ROBOTICS:

- An average team has 25 students
- Chrysler Group sponsored 13% of the teams in Michigan in 2010
- Chrysler Group teams brought home 48 awards in 2010
- According to a 2005 Brandeis University evaluation cited on the First Robotics website, FIRST participants are:
  - › 50% more likely to attend college
  - › Twice as likely to go on to major in science or engineering
  - › Three times as likely to major specifically in engineering

Source: [www.usfirst.org/aboutus/impact](http://www.usfirst.org/aboutus/impact)



### 2010 CHRYSLER FOUNDATION DONATIONS

● Education	72%
● Disaster Relief	23%
● Community	5%

## HELPING VICTIMS OF NATURAL DISASTERS

After several tornadoes devastated areas of northwest Ohio in June 2010, the Chrysler Foundation donated supplies and cash in support of relief efforts to those hardest hit. Ten Ram 2500/3500 heavy-duty pick-up trucks transported generators, wheelbarrows, shovels and other materials to Waterville, Ohio, where they were delivered to ISOH/IMPACT, a community-based charitable organization. The Foundation also donated funds to both Oxfam America and the United States Fund for UNICEF to support earthquake relief and recovery efforts for residents of Haiti.



Ram Truck convoy for Disaster Relief

## SUPPORTING UNITED WAY

Over the years, Chrysler Group has established a long-standing relationship with the United Way, contributing to the agency's efforts in education, income, basic needs, health and much more. Each year, activities are held to educate Chrysler Group employees about the needs in the community. As part of the 2010 United Way kick-off campaign, mission-focused activities were held at the Chrysler Group World Headquarters and Technology Center to build awareness among employees of the issues facing families living under the stress of unemployment and poverty. Through the generosity of Chrysler Group employee pledges, many of which came from our UAW- and CAW-represented workforce, \$4.7 million was donated to the U.S. and Canadian United Way campaigns in 2010.

Chrysler Group employees also engage in various grassroots charitable activities. The Company maintains a database listing local initiatives, and employees are invited to volunteer for these community service projects. Employees have collected and delivered food for community food banks, beautified neighborhoods, joined the fight to save lives by registering for the National Marrow Donor Program, donated generously at company-organized blood drives, participated in charity walks and runs, supported the U.S. Marines' Toys for Tots campaign and more.





WORDS FROM HOME

LETTERS  
• FOR •  
LYRICS



RAM

\*\*\* ramtrucks.com/lettersforlyrics \*\*\*

OUR EMPLOYEES ARE ALSO AN EXTENSION OF CHRYSLER GROUP AND OUR BRANDS. THE CHRYSLER GROUP BRANDS SPONSORED SEVERAL INITIATIVES IN 2010. THESE EFFORTS MADE A POSITIVE IMPACT ON PEOPLE AND COMMUNITIES HERE IN THE UNITED STATES AS WELL AS OVERSEAS.

### HONORING U.S. SOLDIERS

Chrysler Group recognizes the sacrifices made by the men and women in the military who protect our right to freedom each and every day. In support of U.S. troops, the Ram Truck Brand teamed up with Grammy-winning artists, Zac Brown Band, for the Letters for Lyrics program. Those who wrote letters to U.S. soldiers received a special compilation CD featuring songs from Zac Brown Band as well as other artists. In 2010, more than 155,000 letters were sent to U.S. troops stationed overseas.

### MAKING MOBILITY POSSIBLE

Chrysler Group is dedicated to developing products uniquely suited for all of our customers. To help those with permanent disabilities enjoy the freedom of mobility, Chrysler Group's Automobility Program provides up to \$1,000 in cash reimbursement on mobility upgrades for new Chrysler, Jeep, Dodge and Ram vehicles. Chrysler Group was the first company in the automotive industry to help lighten the financial burden on customers of adaptive equipment that helps customers enter, exit and/or operate a vehicle.

### SPONSORING THE 2010 MILLION DOLLAR CHALLENGE

Just as Chrysler Group products are designed to provide freedom and enhance the lives of those who own them, the Challenged Athletes Foundation (CAF) provides individuals who have physical challenges with greater independence and quality of life. The CAF is a world leader in encouraging active lifestyles through physical fitness and competitive athletics. Each year CAF holds the Million Dollar Challenge to raise money for handcycles, racing chairs, sports chairs and sports prosthetics that encourage participation in sports. The Dodge brand was named the official vehicle of the 2010 Million Dollar Challenge in addition to the 2010 San Diego Triathlon Challenge.

### ALIGNING THE STARS FOR HAITIAN RELIEF

Teaming up with Stars for a Cause, the Chrysler brand handed over the keys of a Chrysler 300 for auction, with the proceeds going to the American Red Cross Haiti relief efforts. The car was signed by hundreds of celebrities.







## APPENDIX

Further Details and GRI Index

## FURTHER DETAILS

### ENVIRONMENT

#### OZONE-DEPLETING SUBSTANCES

EN19

Chrysler Group has strong internal policies and procedures to manage ozone-depleting substances and to ensure that releases are minimal. Leaks, when they occur, are identified and addressed by technicians certified to handle ozone-depleting substances. Equipment that is taken out of service is emptied of these substances using registered equipment in order to prevent an accidental release to the atmosphere. The substances are then stored for future use or sent off-site for reuse/recycling. Records are maintained of service on equipment containing ozone-depleting substances. Based on these records, the overall emissions of such substances are not considered a material aspect of Chrysler's activities.

#### SPILLS

EN23

In 2010, Chrysler reported two spills from our operations. The Brampton Assembly Plant in Ontario, Canada, reported a 125-milliliter mercury spill from out-of-service equipment. The mercury was contained to the plant pavement, physically and chemically cleaned, containerized and shipped off-site for disposal. The site was then inspected by the regional government authority and found to be satisfactory.

At the Center Line National Parts Distribution Center in Michigan, freshly painted parking curbs were exposed to heavy rain before the latex paint was fully dried. When some of the latex paint ran into the storm sewer, a passerby notified police. The facility's personnel initiated and completed cleanup and recovery actions.

#### MONETARY VALUE OF FINES AND SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

EN28

To our knowledge, in 2010, Chrysler Group had no known environmental fines, no non-monetary sanctions for noncompliance of environmental laws and regulations, and no cases brought through dispute-resolution mechanisms.

#### TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

EN30

Waste disposal, emissions treatment, remediation costs	\$25,621,916
Prevention and environmental management costs	\$10,671,222

### LABOR PRACTICES, HUMAN RIGHTS AND SOCIETY

#### TOTAL WORKFORCE BY EMPLOYMENT TYPE, CONTRACT AND REGION

LA1

COUNTRY	HOURLY	SALARIED-REPRESENTED	SALARIED	TOTAL EMPLOYEES	EMPLOYMENT BY REGION
U.S.	22,450	2,794	8,378	33,622	66.9%
Canada	7,620	111	644	8,375	16.6%
Mexico	5,622	0	1,303	6,925	13.8%
Rest of World	866	0	476	1,342	2.7%
TOTAL	36,558	2,905	10,801	50,264	100.0%

Note: YE 2010 total count excludes hourly temporary part-time employees (1,359). Rest of World allocation: 73% Venezuela; 9% China; 8% India; 8% Europe and 2% other. Hourly and salaried-represented employees are covered by collective bargaining agreements.

#### TURNOVER BY AGE, GENDER AND REGION

LA2

##### 2010 TURNOVER BY AGE

AGE RANGE	<30	30-50	>50	TOTAL
Turnover Count	53	649	641	1,343
Turnover Rate	7.2%	2.3%	4.6%	3.1%

##### 2010 TURNOVER BY REGION

REGION	U.S.	CANADA	MEXICO	TOTAL
Turnover Count	1,039	136	168	1,343
Turnover Rate	3.4%	1.7%	3.5%	3.1%

##### 2010 TURNOVER BY GENDER

GENDER	MALE	FEMALE	TOTAL
Turnover Count	1,141	202	1,343
Turnover Rate	3.2%	2.8%	3.1%

Notes: Turnover rate is defined as full-time employees in the U.S., Canada and Mexico who were employed by the Company on January 1, 2010 and were no longer with the Company as of December 31, 2010. Turnover count is comprised of employees who left the Company voluntarily, were dismissed, retired or died. It excludes hourly temporary part-time employees and Rest of World employees.

## EMPLOYEE TRAINING AND TRAINING ON HUMAN RIGHTS

LA10, HR3

EMPLOYMENT CATEGORY	TOTAL EMPLOYEES	TOTAL HOURS OF TRAINING	HOURS OF TRAINING COVERING HUMAN RIGHTS	AVERAGE HOURS OF TRAINING PER EMPLOYEE	% OF U.S. & CANADA EMPLOYEES RECEIVING TRAINING COVERING HUMAN RIGHTS
Hourly	35,692	387,151	9,671	10.8	11.9
Salaried-Represented	2,905	39,138	254	13.5	5.8
Salaried	10,325	150,641	7,236	14.6	14.5
Total	48,922	576,390	17,161	11.8	12.0

Total count excludes hourly temporary part-time employees and Rest of World employees. Data reflects training records entered into the Company's Learning Management System (LMS). It is not inclusive of all training conducted in 2010. Mexico operations conducted aspects of human rights training that is not captured in the above data.

## EMPLOYEES RECEIVING PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

LA12

	TOTAL EMPLOYEES	EMPLOYEES RECEIVING ASSESSMENT	% OF WORKFORCE RECEIVING ASSESSMENT
Employees	50,264	12,614	25%

Based on Performance and Leadership Management (PLM) assessment guidelines, not all of the 2010 year-end population was eligible to receive a PLM assessment. 100% of those eligible received feedback on their PLM assessment. Hourly employees are covered under collective bargaining agreements and are not part of the PLM process.

## HOURLY WORKFORCE AGE DISTRIBUTION

AGE	COUNT	%
Up to age 29	2,827	8
Ages 30-39	7,849	22
Ages 40-49	13,989	38
Ages 50-59	9,582	26
Ages 60+	1,445	4
Not categorized*	866	2
TOTAL	36,558	100
Average Age		41

\*Not categorized represents Rest of World employees on local country payrolls. Total count excludes hourly temporary part-time employees.

## SALARIED WORKFORCE AGE DISTRIBUTION

LA13

AGE	COUNT	%
Up to age 29	802	6
Ages 30-39	2,606	19
Ages 40-49	5,271	38
Ages 50-59	4,215	31
Ages 60+	542	4
Not categorized*	270	2
TOTAL	13,706	100
Average Age		45

\*Not categorized represents Rest of World employees on local country payrolls. Includes salaried and salaried-represented employees.

## SIGNIFICANT FINES AND SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS

S08

To our knowledge, all fines and non-monetary sanctions for alleged non-compliance with laws were identified and none were deemed significant (over \$1,000) or resulted in national or international dispute resolution.

## PRODUCT RESPONSIBILITY

### HEALTH AND SAFETY ASSESSMENTS OF PRODUCTS AND SERVICES

PR1

	YES	NO	PRODUCTS COVERED
Development of product concept	✓		100%
R&D	✓		100%
Certification	✓		100%
Manufacturing and production	✓		100%
Marketing and promotion	✓		100%
Storage distribution and supply	N/A	N/A	N/A*
Use and service	✓		100%
Disposal, reuse or recycling	✓		100%

\*This is not in Chrysler Group's scope of control.

### PRODUCT AND SERVICE INFORMATION

PR3

Chrysler Group vehicles contain information about using our products. Informational, cautionary and warning messaging, whether required by regulation or provided voluntarily, is a constant consideration to help ensure the proper use of Chrysler Group cars and trucks. Throughout the Company, label provision and implementation is subject to a number of corporate process requirements and standards to ensure applicability, accuracy and consistency. This process is managed for each product within the CPCP (the Chrysler Product Creation Process).

Information provided with our products informs users on matters such as the proper use of active/passive safety features (e.g., seat belts, airbags, child seating), the vehicle's environmental impact (how driving behaviors can impact fuel economy and emissions), and responsible disposal of maintenance materials (e.g., fluids, filters). The information is presented on labels which are part of the vehicle, and in detail in the innovative User's Guide and DVD in all Chrysler Group products. We do not provide users with information about the sourcing of components.

### MARKETING COMMUNICATIONS

PR6

Marketing communication material goes through product and legal review of text, imagery and offers in accordance with Chrysler Group's internal procedure to assure that statements and representations made in advertising are accurate and properly substantiated. When we communicate with customers over the phone, we employ systems and processes to ensure we are in compliance with industry regulations. We allow customers the opportunity to "opt out" of receiving email marketing messages. We communicate how we collect, use and disclose customer information to customers through our Privacy Policy, which is posted on all of our branded websites. Chrysler Group (in the United States) voluntarily participates in the advertising industry self-regulatory program regarding online behavioral advertising and we use Evidon's AdChoices technology tools to assist us with compliance to the self-regulatory principles by enabling customers with the ability to review our practices and give them the choice to opt out of behavioral targeting.

### COMPLIANCE

In 2010, there were three on-board diagnostics findings of deficiency by the California Air Resources Board that resulted in fines. We are not aware of any incidents of non-compliance with regulations resulting in a warning or incidents of non-compliance with voluntary codes.

PR2

We are not aware of any incidents of non-compliance with voluntary codes, with regulations resulting in fine or penalty or with regulations resulting in a warning.

PR4

We are not aware of any of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

PR9

# GLOBAL REPORTING INITIATIVE INDEX

## APPLICATION LEVEL CHECK



**Global Reporting Initiative™**

### Statement GRI Application Level Check

GRI hereby states that **Chrysler Group LLC** has presented its report "Chrysler Group LLC 2010 Sustainability" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 23 September 2011



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



**GRI REPORT  
GRI CHECKED**

The Global Reporting initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.  
[www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 9 September 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

## STANDARD DISCLOSURES: PROFILE

		COVERAGE	REFERENCE
<b>STRATEGY AND ANALYSIS</b>			
1.1	Statement from the CEO	●	04
1.2	Key impacts, risks and opportunities	●	Impacts: 04, 06, 08, 16-20 Risks: 18, 75, 82, 84, Form 10 p. 29-51 Opportunities: 04, 16-20
<b>ORGANIZATIONAL PROFILE</b>			
2.1	Name of organization	●	08
2.2	Primary brands, products and/or services	●	06-09
2.3	Operational structure	●	08
2.4	Location of organization's headquarters	●	08
2.5	Countries where the organization operates	●	08-09
2.6	Nature of ownership and legal form	●	10
2.7	Markets served	●	08-09
2.8	Scale of the reporting organization	●	07-08
2.9	Significant changes	●	08, 10
2.10	Awards received	●	11
<b>REPORT PARAMETERS</b>			
3.1	Reporting period	●	03
3.2	Date of most previous report	●	03
3.3	Reporting cycle	●	03
3.4	Contact point for questions regarding the report	●	03
3.5	Process for defining report content	●	03, 16-17
3.6	Boundary of the report	●	03
3.7	Limitations on the scope or boundary of the report	●	03
3.8	Reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	●	03
3.9	Data measurement techniques and the bases of calculations	●	03
3.10	Restatements of information provided in earlier reports	●	03
3.11	Significant changes from previous reporting periods	●	03
3.12	Table identifying the location of the Standard Disclosures in the report	●	99-103
3.13	External assurance	●	03
<b>GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>			
4.1	Governance structure	●	12-13
4.2	Executive powers of the Chairman	●	12-13
4.3	Independent and/or non-executive board members	●	12-13
4.4	Mechanisms for shareholders and employees to provide recommendations	●	12-13
4.5	Linkage between compensation for executives and organization's performance	●	FORM 10 p. 121-122, 144-145
4.6	Processes in place to avoid conflicts of interest	●	14, FORM 10 p. 148
4.7	Qualifications and expertise of board members	●	12, 13, FORM 10 p. 114-119
4.8	Mission, values, codes of conduct and principles	●	04, 14-15, 19, 69, 73-75
4.9	Procedures for overseeing the organization's identification and management of economic, environmental and social performance	●	14, 16, 73-75
4.10	Processes for evaluating the Board of Directors' performance	○	Proprietary
4.11	Explanation of whether and how the precautionary approach or principles <sup>1</sup> is addressed	●	14, 16, 20, 26-36, 46-51, 53-60
4.12	Externally developed economic, environmental and social charters or principles <sup>1</sup>	●	75, 84
4.13	Memberships in associations	●	10
4.14	List of stakeholder groups engaged by organization	●	17
4.15	Basis for identification and selection of stakeholders	●	17
4.16	Approaches to stakeholder engagement	●	17
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics	●	16-17

<sup>1</sup>Endorsement of externally developed economic and environmental charters and principles is currently under evaluation.

## STANDARD DISCLOSURES: PERFORMANCE INDICATORS

		COVERAGE	REFERENCE
<b>ENVIRONMENTAL</b>			
INDICATOR	DESCRIPTION		
	MANAGEMENT APPROACH		20, 24-37, 46, 48-51, 53-54, 56, 58-60, 62-65
EN1	Materials used by weight or volume <sup>1</sup>	●	37
EN2	Percentage of materials used that are recycled input materials	●	37
EN3	Direct energy consumption by source	●	55
EN4	Indirect energy consumption by source	●	55
EN5	Energy saved due to conservation; efficiency, improvements	○	
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services	○	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	○	
EN8	Total water withdrawal by source	●	59
EN9	Water sources significantly affected by withdrawal of water	○	
EN10	Percentage and total volume of water recycled and reused	○	
EN11	Location and size of land owned, leased, managed in protected areas and areas of high biodiversity value	●	62
EN12	Description of significant impacts on biodiversity	●	62-63
EN13	Habitats protected or restored	○	
EN14	Strategies for managing impacts on biodiversity	○	
EN15	Number of IUCN Red List species and national conservation list species	○	
EN16	Greenhouse gas emissions	●	55
EN17	Other indirect greenhouse gas emissions <sup>2</sup>	●	64, 65
EN18	Initiatives to reduce greenhouse gas emissions	○	
EN19	Emissions of ozone-depleting substances	●	96
EN20	Other air emissions	●	56
EN21	Water discharge <sup>2</sup>	●	59
EN22	Total waste by type and disposal method	●	60
EN23	Total number and volume of significant spills	●	96
EN24	Hazardous waste	○	
EN25	Biodiversity and habitats affected by the organization's discharges	○	
EN26	Initiatives to mitigate environmental impacts of products and services	●	26-30, 35-37
EN27	Percentage of products sold and their packaging materials <sup>1</sup>	●	36-37
EN28	Monetary value of fines and sanctions for non-compliance with environmental laws and regulations	●	96
EN29	Environmental impacts of transport	○	
EN30	Environmental protection expenditures and investments	●	46, 96

<sup>1</sup>Data not available for all vehicles; reporting based on one representative vehicle. Expected availability in 2014.

<sup>2</sup>Data not currently available. Expected availability in 2014

### COVERAGE GUIDE

- Fully Disclosed
- Partially Disclosed
- Not Disclosed

		COVERAGE	REFERENCE
<b>HUMAN RIGHTS</b>			
INDICATOR	DESCRIPTION		
	MANAGEMENT APPROACH		68-75, 81, 84, 96
HR1	Agreements that include human rights clauses	○	Proprietary
HR2	Suppliers and contractors that have undergone screening on human rights	◐	84
HR3	Total hours of employee training on human rights	●	97
HR4	Incidents of discrimination and actions taken	○	Proprietary
HR5	Risks to the right to exercise freedom of association and collective bargaining	●	72, 75
HR6	Operations identified as having a high risk of incidents of child labor	●	75
HR7	Operations identified as having a high risk of incidents of forced or compulsory labor	●	75
HR8	Security personnel trained on human rights	○	
HR9	Violations of the rights of indigenous people	○	
<b>LABOR PRACTICES</b>			
INDICATOR	DESCRIPTION		
	MANAGEMENT APPROACH		20, 68-75, 77-82, 96-97
LA1	Total workforce by employment type, contract and region	●	96
LA2	Turnover by age, gender and region	●	96
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	○	
LA4	Percentage of employees covered by collective bargaining agreements	●	72
LA5	Minimum notice period(s) for operational changes	●	70
LA6	Percentage of total workforce represented in health and safety committees	●	78
LA7	Injuries and occupational diseases	◐	79
LA8	Education, training and risk-control programs in place to assist employees and their families regarding serious diseases	●	80
LA9	Health and safety topics covered in agreements with trade unions	●	78
LA10	Employee training	●	97
LA11	Programs for skills management and lifelong learning	○	
LA12	Employees receiving performance and career development reviews	●	68, 97
LA13	Breakdown of employees per category according to gender and other indicators of diversity.	●	12, 73, 97
LA14	Ratio of basic salary of men to women	○	Proprietary
<b>SOCIETY</b>			
INDICATOR	DESCRIPTION		
	MANAGEMENT APPROACH		14-15, 20, 80, 88-93, 97-98
SO1	Management of impacts on communities	●	70, 88
SO2	Monitoring of the risk of corruption	◐	14
SO3	Employees trained on anti-corruption policies and procedures	●	14
SO4	Actions taken in response to incidents of corruption	●	14
SO5	Position on public policy and lobbying	●	15
SO6	Contributions to political parties	○	
SO7	Legal actions for anti-competitive behavior, anti-trust	○	
SO8	Significant fines and sanctions for non-compliance with laws and regulations	●	97

		COVERAGE	REFERENCE
<b>PRODUCT RESPONSIBILITY</b>			
INDICATOR	DESCRIPTION		
	MANAGEMENT APPROACH		31-34, 36, 98
PR1	Health and safety impact assessments of products and services	●	31-34, 98
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The most current version of the Chrysler Group Form 10 can be found at Chrysler Group website at: [www.chryslergroupplc.com/en-us/investor/sec](http://www.chryslergroupplc.com/en-us/investor/sec). Form 10 page references in this report refer to Amendment No. 4 to Form 10, dated May 9, 2011.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	<b>G3 Profile Disclosures</b>	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as Requirements for Level B	Report Externally Assured
	<b>G3 Management Approach Disclosures</b>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environment.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environment, Human Rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	



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