

Year 2014/2015

Start

Magneti Marelli • Sustainability Engine



Connecting with
Stakeholder Networks

**MAGNETI
MARELLI**

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A new Start – Reading guide

This is the third edition of Start, Magneti Marelli's publication on sustainability. The indicators used in this magazine refer to the Guidelines (version G4) of the Global Reporting Initiative (the independent, internationally recognised organisation that defines sustainability reporting rules). This document supplements the official reporting of our activities in the Sustainability Report of the FCA Group, which our company is part of.

There are many new developments this year. The most important is our outward-looking stance: we have defined a structured process of listening and involvement of our stakeholders – such as our first materiality analysis – that has helped us identify the indicators and specific aspects on which to focus our attention, both in terms of goals and concrete actions, as well as with regard to communication.

In the first section of this publication, we provide a first-hand account of the specific issues at play and of how we arrived at selecting them. The subsequent sections are organised according to the three aspects of sustainability (economic, environmental and social) and describe the commitments made by the company, the main projects completed and the results produced.

Start is rooted in a collective account, conceived by the people who work and live within Magneti Marelli. Stories, accounts and interviews will accompany you throughout the document, because we believe that the true protagonists of change are the very people who live it, who make it happen, who experience it every day.

We hope you'll enjoy reading it.

START 03: LISTENING AND PARTICIPATION



PIETRO GORLIER
CEO of Magneti Marelli

Sustainability is primarily made up of concrete activities and results. It is also made up of words, in weighted quantities, which tell their story and share the experience with stakeholders.

And it is along this line of reference that "Start – Sustainability Engine" (now in its third edition) continues its examination of Magneti Marelli's sustainability programme and its account of the commitment undertaken by the company more than six years ago.

I would also like to say a few words to reaffirm that Magneti Marelli's commitment to sustainability is strong and continues to grow with the increased number of initiatives and stakeholders internal and external to the company.

No longer a standalone activity, but one at the core of everything we do, integrated in the company's processes and daily life, as well as a basic requirement imposed by our clients.

The phase in which we are immersed today, permeating and becoming the main theme of the Start 03 edition, is that of an increasingly deeper connection with stakeholders, namely key players such as employees, customers, suppliers, partners, institutions, investors and the community.

One of the key elements that has recently marked the beginning of a new era, with relevant evolutionary dynamics, is the emergence of two-way communication between institutions, organisations, corporations and public administrations. This new engagement model has put all players on the same level, a level characterised by exchange and mutual accountability.

Side by side with the new media and the net, sustainability is one of the areas driving this change, as it is based on engagement and a two-way communication with the company's stakeholders. Stakeholder engagement becomes central for defining an entity's strategic and operational references. Based on my identity, I define myself over time and I improve (my) system based on engaging and listening to the needs and wants of all the players relevant to my business, internally and externally.

The sustainability driver, through the optics of stakeholder engagement, pushes us in a decisive manner towards the harmonious improvement of performance and increased accountability.

Sustainability is certainly one of our main goals, together with economic results and profitability (a necessary precondition for the development of any business structure and corporate initiative), with quality, with innovation and with a focus on technological developments in the automotive sector.

A virtuous cycle of interdependent elements, in reference to which Start strives to provide a relevant and open account.



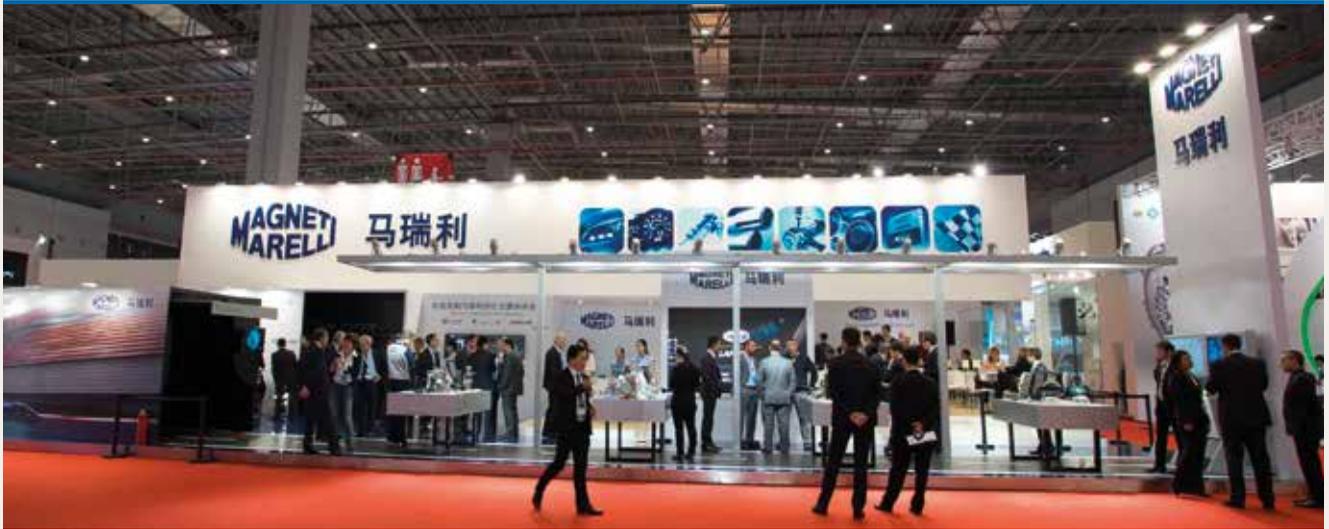


SPOTLIGHT:

“CONNECTING
WITH STAKEHOLDER
NETWORKS”

OUR SHARED SUSTAINABILITY

Listening and inclusiveness are the tools for connecting with stakeholder networks.
Objective: fulfil our mission by creating value.



Since its launch, Magneti Marelli's sustainability programme has followed a rapid development path, which first led us to the introduction of sustainability indicators in the company and, later, to focus more and more on its widespread dissemination across local businesses.

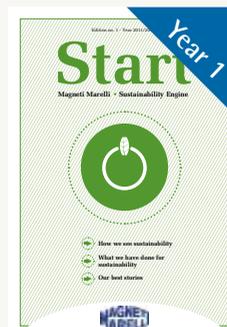
In a complex environment such as the automotive sector, engagement and ongoing dialogue among carmakers, suppliers and end consumers are fundamental and essential to the definition of a medium and long-term sustainability strategy.

The road travelled until today has allowed us to intercept and capture the elements we need in order to develop our sustainability – economic, social and environmental – and to listen to the needs of our stakeholders, bearers of the cultural and geographic diversity that sets us apart.

For us, this represents the engine to drive forward our sustainability efforts and to help bring all the key stakeholders onboard.

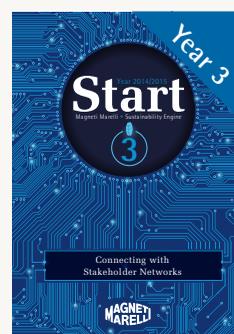
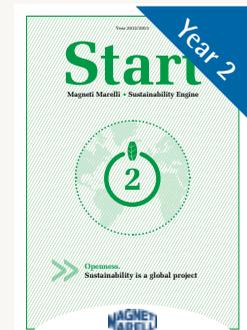
In the following pages you will therefore find a focus on the listening and engagement tools of our stakeholders, on the Sustainability Plan and on the Gap Analysis, which emphasised our level of sustainability and, finally, on our first materiality analysis.

OUR JOURNEY



Phase 1
Introduction of sustainability issues in the company

Phase 2
Initiation of widespread dissemination of sustainability across Magneti Marelli's local businesses



Phase 3
Focus on the engagement of internal and external stakeholders

THE STAKEHOLDERS: A LOOK AT OUR STRATEGIC PARTNERS

Exchanging information, knowledge, goods and services. To develop secure, innovative, ethical solutions. This is precisely why stakeholders are at the core of our work. Because trust is the bond that keeps us together.

Which assets contribute to the creation of value? Physical assets, such as financial capital, but also intangible assets. Among the latter, relational capital represents the closest link to operating results. It produces value because it manages to hold together the goals, expectations and ambitions of different subjects that share a common interest. We have continued exchanges with customers, employees, suppliers and local communities: information, knowledge, skills, goods and services. We consider them "strategic partners" who thanks to their abilities, skills and visions contribute to the creation of value for the company. Our clients encourage us to always give our very best performance, to ensure the highest standards of quality and to nurture a process of continuous innovation; our employees, with their talent and their passion, allow us to keep pace with change; our suppliers support us in building outstanding and secure solutions; governments, institutions and communities in which we operate, help us improve our corporate citizenship role.

If we are unable to continue to engage them over time, we would simply cease to exist. By connecting with them, our sustainability generates more value.

Trust is the bond that keeps us together.

OUR APPROACH

TRUST

WE LISTEN We gather our stakeholders' demands, needs and expectations

WE DEVELOP We define sustainability objectives integrated with our industrial goals

WE TAKE ACTION We establish plans and we implement concrete processes, tools and measures

WE MEASURE We monitor the effects and produce reports for internal and external audiences

WE EVALUATE We share the results and always strive to improve them

WHO ARE OUR STAKEHOLDERS



SUPPLIERS AND PARTNERS

CUSTOMERS

- Business-to-business customers
- Consumers
- Service networks

COMMUNITY

- Local communities
- Non-profit and non-governmental organisations
- Religious, cultural, professional, socio-political, scientific/technological research groups and organisations
- Healthcare system
- Schools and universities
- Journalists and media

INSTITUTIONS

- Governments, local authorities and public administrations
- Regulatory bodies
- European Community Institutions
- Industry associations

ENVIRONMENT

- Environment
- Environmental organisations and institutions
- Industry groups

INVESTORS

- Traditional investors
- Financial community
- Socially responsible investors

EMPLOYEES

- Employees and associates
- Trade unions
- Employees' families
- Corporate professional and team-building organisations

COMMUNICATION: MORE CONNECTED, MORE OPEN

From the web to events, from social media networks to target communities, our commitment is to create a platform to communicate and establish a dialogue with the players with whom we interact on a daily basis.

The diversity of stakeholders with whom we interact, the growing need to tell their stories, to share and to co-design, as well as the two-way communication protocols for exchanging messages, represent the gears of a complex communication system that allows us to listen and to respond. Efficient, open and interactive communication channels make it possible to continue our dialogue and maintain our relationship with stakeholders. With the introduction of such channels, the ability to exchange information, as well as the quality of information, can improve.



With employees

The dialogue with its employees is powered by Magneti Marelli TV, a space for broadcasting the voices of Magneti Marelli's employees around the world, from the monthly newsletters (FCA News at the Group level, Magneti Marelli's Checkstar People and "Prima Vista", as examples of the Aftermarket Automotive Lighting business lines) reporting on the Company's key facts, and from the posters on display in the different plants, which provide information on employee welfare initiatives (preventive medical examinations, family initiatives, car discounts, merchandising, etc.) and at the same time communicate main changes relating to human resources management.

Magneti Marelli people also have a corporate intranet portal at their disposal, a place for storing information



and for sharing knowledge and development, with specific sections dedicated to the news, to the communication of useful workplace tools (policies, rules, training, purchases, transfers) and for understanding the welfare services offered.

Company discussions are also held during the year as part of Internet conventions (both at the departmental and business line levels), where key financial results, general business line trends, the internal organisational situation and any WCM results are presented.



MAGNETI MARELLI TV: MAGNETI MARELLI'S VOICE

Products, people, events, innovation, projects and leisure time: every day, Magneti Marelli TV broadcasts stories to its employees. A "glocal" narrative, which makes room for the stories of each plant around the world without losing sight of the overall picture.

Launched in 2006 as a pilot project in Corbetta, the portal was first implemented across Italy and over the years made its way around the world, reaching the US, Mexico, Germany, Turkey, Brazil, China, France, India, Serbia, the Czech Republic, Poland and Malaysia, thanks to local language subtitles in rotation format.

Input received from colleagues around the world, who have enriched the programmes offered, have been fundamental to the growth of Magneti Marelli TV: traditional recipes from different countries, sporting events, sustainability and Magneti Marelli product innovations are part of the latest content.

A source of daily entertainment, also available on-demand on the intranet portal, which is part of employees' regular workday, disseminating knowledge and participation around corporate facts and successes.





With customers and suppliers

Supplier Conventions provide the opportunity to measure ourselves in relation to our suppliers with the objective to improve together. The main tools for communicating directly with customers are Technology Day and the Auto Shows in which we take part worldwide. These opportunities allow us to keep them updated on the development of our product portfolio and our technological evolution, to demonstrate our performance improvements and to gather new ideas to continue to do so.



With the community

As evidenced by recent developments, social media channels are the ideal tool to communicate with corporate stakeholders. With this in mind, Magneti Marelli has launched "Magneti Marelli Tech and Racing", a social media platform available on Facebook, Twitter and Instagram and targeted to technology and motorsports enthusiasts.

The project has also been enriched by "Laptime Club", Magneti Marelli's online innovation laboratory focused on the Motorsport world, which, through the various social networks, aims to encourage the emergence of new ideas and technological solutions from students, motorsport technology enthusiasts and much more.

With the aim to spread scientific culture to both younger students and university-age students, we have organised school visits and participated in the "Researchers' Nights".

The corporate website (www.magnetimarelli.com), regularly updated with the latest news, events and photos, is the backbone of this structured communication platform and is aimed at all stakeholders.



With distributors and repair shops

Next to the institutional portal, another important point of reference is the After Market segment website (www.magnetimarelli-checkstar.it) and its social media channels with a specific focus on interlocutors operating in the sector (dealers, repair shops and motorists).



SOCIAL MEDIA STATISTICS

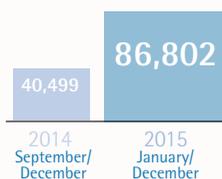
September 2014 / December 2015



127,301 FAN
FROM MORE THAN
40 COUNTRIES

399,829
USERS INVOLVED

GROWTH



TOTAL POSTS VIEWS

9,064,055

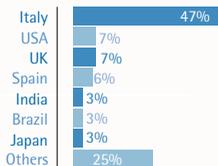
720 POSTS | **5,990 SHARES**

1,594 COMMENTS | **120,416 LIKES**

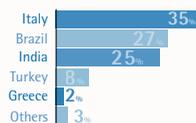


1,000 FOLLOWER

587,530 VIEWS



FAN BASE



49,713 FOLLOWERS

5,000 VIEWS

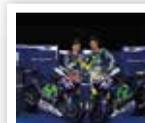


1,600 FOLLOWERS

14,000 LIKES

350 POSTS

561 COMMENTS



206 LIKES



GUARANTEEING CONTINUITY: THE SUSTAINABILITY PLAN

Goals: to keep strategies and targets up to date, while tracking results.
An ongoing process of improvement.



Structuring a plan and a methodological approach, based on the most established international standards, and identifying pilot projects able to trigger mechanisms of internal change, but also to produce immediate results.

There are two levels underpinning our sustainability strategy: a practical one, which provides for the implementation of pilot projects, and a more methodological level which leads to the development of an evolving Plan designed to continually measure

and evaluate the path taken and which updates and redefines goals looking to our best practices.

The Sustainability Operations Committee serves as a point of reference for the implementation of the Plan, representative of the various target corporate areas relating to sustainability issues. Its task is to propose and evaluate the actions to be implemented in different companies and to ensure a structured approach, with an emphasis on exchange and cross-fertilisation.

> Sustainability approaches

GOALS

- To be compliant with international standards and guidelines
- To develop a continuous Magneti Marelli Sustainability Programme
- To coordinate and develop tangible and effective pilot projects

WHERE WE STARTED

- Adoption and implementation of environmental, health and safety, and organisational management systems (ISO 14001, OHSAS 18001, World Class Manufacturing)
- Adoption of personnel management processes
- Monitoring of various KPIs concerning the Environment, Health, Safety, Quality, Energy and People
- Implementation of the FCA Group's sustainability tools (Code of Conduct, Sustainability Guidelines, Policy) and reporting activities support
- Commitment to the social sector with projects characterised by a positive social impact in the communities in which the Group operates

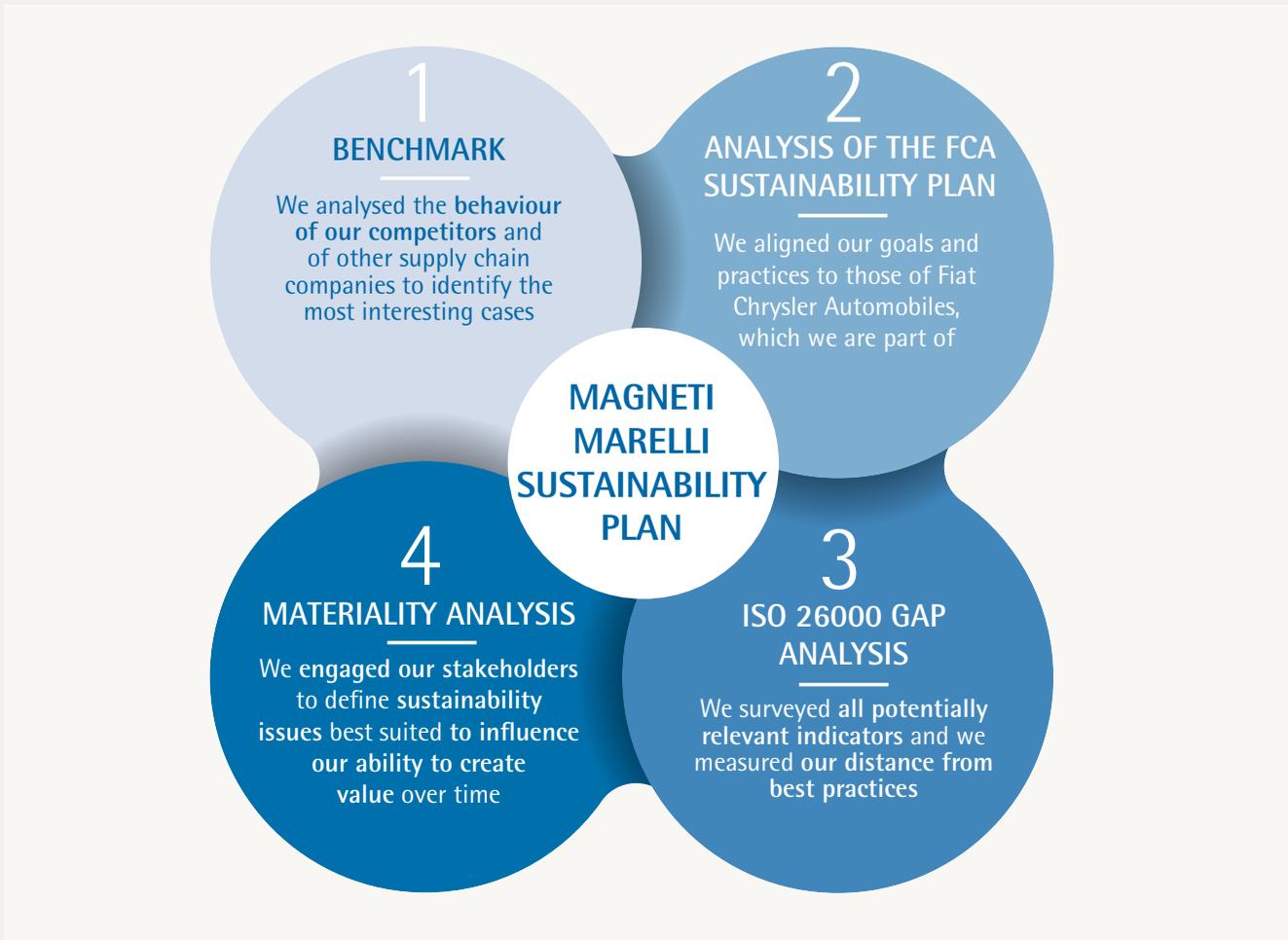
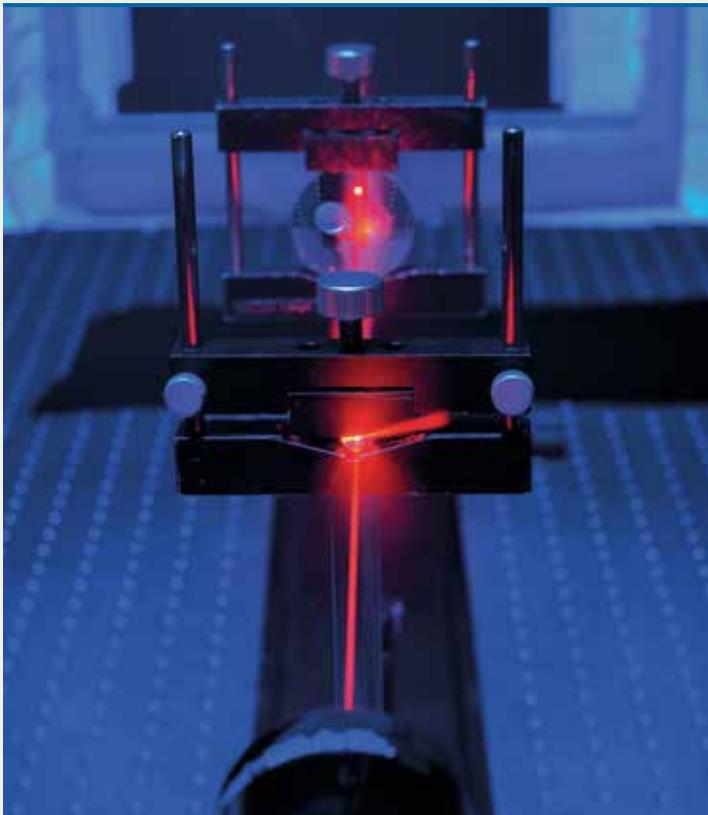
WHERE WE ARE TODAY

- Established a Sustainability Committee
- Launched a Sustainability Programme
- Carried out preliminary analysis on the development of the Sustainability Plan: Gap Analysis ISO26000 - Materiality analysis
- Launched pilot projects: LCA - Life Cycle Assessment, Sustainability supply chain.

> 4 questions for developing 4 approaches

In the definition of the plan, we launched four parallel approaches, united by the common goal of coherent positioning. We sought four different answers.

- 1 What are our peers doing?
- 2 How do we integrate ourselves into the FCA sustainability plan?
- 3 How far away are we from best sustainability practices?
- 4 What are the most significant issues for us and for our stakeholders?



BRIDGING DISTANCES: THE ISO 26000 GAP ANALYSIS

Verifying the level of adherence of Magneti Marelli's Sustainability Model against the requirements established by the ISO 26000 Guidelines: this is the objective of the project involving the corporate headquarters and twenty sample plants.

With the wish to increasingly integrate sustainability in the company's business and in our processes, we evaluated our position in relation to different dimensions of corporate sustainability using the ISO 26000 Guidelines. The ISO 26000 Guidelines are a document drawn up by the International Organization for Standardization through a complex multi-stakeholder process, which identifies all major issues associated with social responsibility and classifies them into seven categories. These issues require transparency, responsibility and the involvement of stakeholders. This process therefore makes it possible, one the side, to verify the level of application of the sustainability model adopted by Magneti Marelli with the requirements of the ISO 26000 Guidelines, and on the other, to identify possible sustainability projects to implement and the relative action priorities.

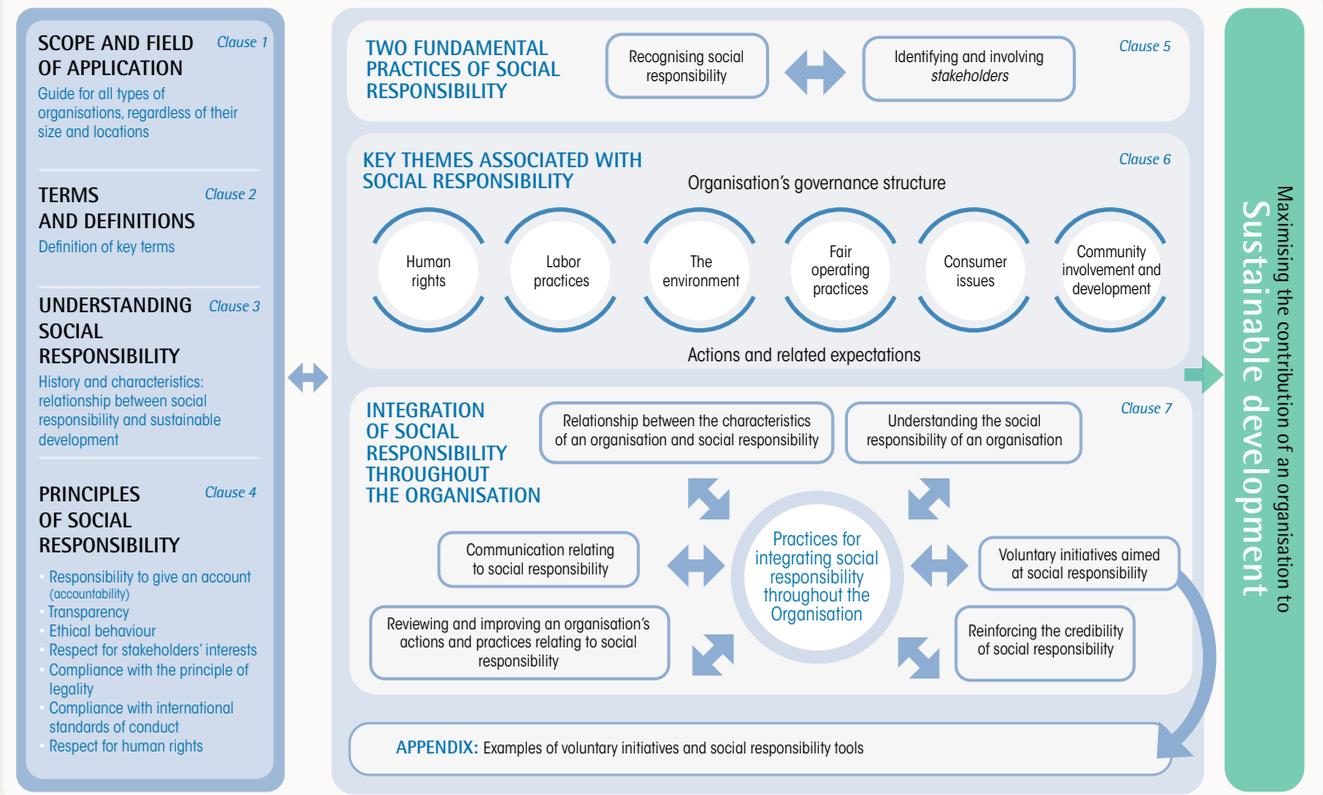
The analysis was initially focused on the corporate Headquarters in Corbetta and was subsequently extended to twenty locations worldwide. The plants were selected based on nine specific criteria: type of pro-

duction, business line, country/region, business line turnover, plant turnover, number of plants per business line, certifications (ISO 14001, ISO 50001, ISO TS 16949, OHSAS 18001), inclusion of World Class Manufacturing (and the relative classification), ISO 26000 requirements and country of concern (high or low risk according to the Worldwide Governance Indicators classification).

The first step of the analysis was a self-assessment questionnaire, which made it possible to focus on the consistency of each of the indicators contained in the seven areas with respect to Magneti Marelli's business, according to a significance-based logic. The subsequent on-site audit, carried out by an independent third party with expertise in sustainability (SGS), made it possible to verify what had been stated and what is actually included in policies and in the strategies adopted by the corporate headquarters. The results of the analysis served to define priority areas and to identify existing gaps in relation to best practices, thus leading to concrete actions and points for improvement.



THE ISO 26000 DIAGRAM



> Gap analysis process phases

There are four phases that allowed us to determine our distance from the requirements set out by the ISO 26000 Guidelines and to enable growth processes:

- 1 Internal due diligence through a self-assessment questionnaire
- 2 On-site audit carried out by an external auditor
- 3 Definition of priorities
- 4 Identification of strengths and definition of ideas for improvement

In particular, the last of these activities highlighted the quality of business practices in the products and customer relations area, helping to identify very concrete sustainability projects and actions on two key fronts: on the one hand, the systematisation and enhancement of community-focused social initiatives; on the other, the recognition of the value of diversity within the organisation.



NEXT STEPS

- > Developing actions to improve positioning with respect to areas that have proved to be the most critical
- > Monitoring the results of implemented actions
- > Continuing the extension of the analysis of the remaining plants



LESSONS LEARNED

- > The fundamental nature of the involvement and close collaboration of colleagues from local branches as holders of key information on sustainability activities and practices, not visible in the corporate headquarters
- > The importance of the different types of cultural and geographical sensitivity, with added value to the implementation of sustainability projects
- > Acquisition of a holistic view of sustainability and of corporate social responsibility with regard to environmental, ethical and social aspects

WHAT ARE THE KEY ISSUES? MATERIALITY HAS THE ANSWERS

Identifying key issues for the organisation and verifying their impact on stakeholders.

This is what is referred to as **materiality analysis**: a process that facilitates the creation of value over time.

How to focus Magneti Marelli's efforts identifying and designing actions to be taken in the short and medium term? And how to pinpoint the issues on which to then report in terms of communication to stakeholders?

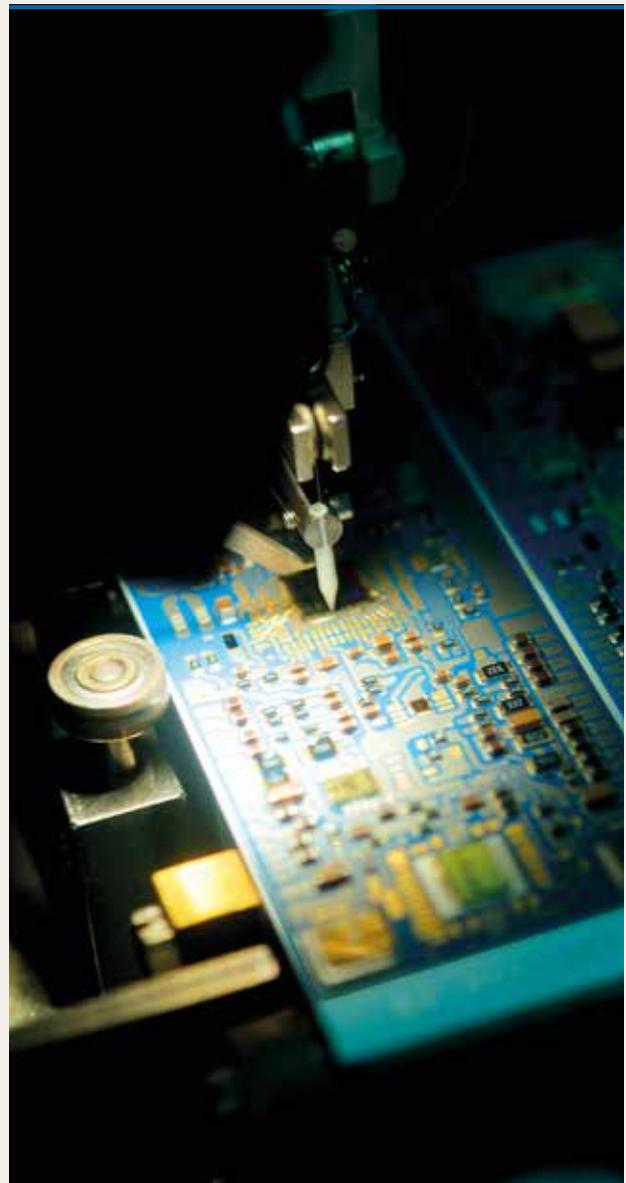
The answer is materiality analysis, a process that allows organisations to identify materials indicators for the business, in other words those able to influence, positively or negatively the enterprise's ability to create value over time.

The more players internal and external to the company are involved in the process of defining the indicators, the more accurate, solid and integrated the analysis results.

With this in mind, we launched two parallel initiatives: an internal investigation, and a solicitation of stakeholders who, with their sensitivity and points of view, completed the knowledge that the company already has of the context in which it moves and in which it will operate in the future.

The process of listening to outside parties allowed us not only to broaden our perspective to new and different prospects, but also to strengthen our relationship with the stakeholders, making them feel part of a shared journey.

Intersecting the issues identified, through a structured approach, Magneti Marelli has developed its materiality analysis according to a priority-based logic.



> We thus identified the key indicators: a 5 step process

- 1 We began by **mapping indicators** found in leading international guidelines and industry standards (GRI-G4 Global Reporting Initiative, ISO 26000, Global Compact)
- 2 We **contextualised the indicators** in relation to the **Automotive** sector, through a benchmarking process conducted on 16 Magneti Marelli peers, taking into consideration official sustainability tools and documents

These first two phases allowed us to identify relevant indicators on which the subsequent analyses were centred.



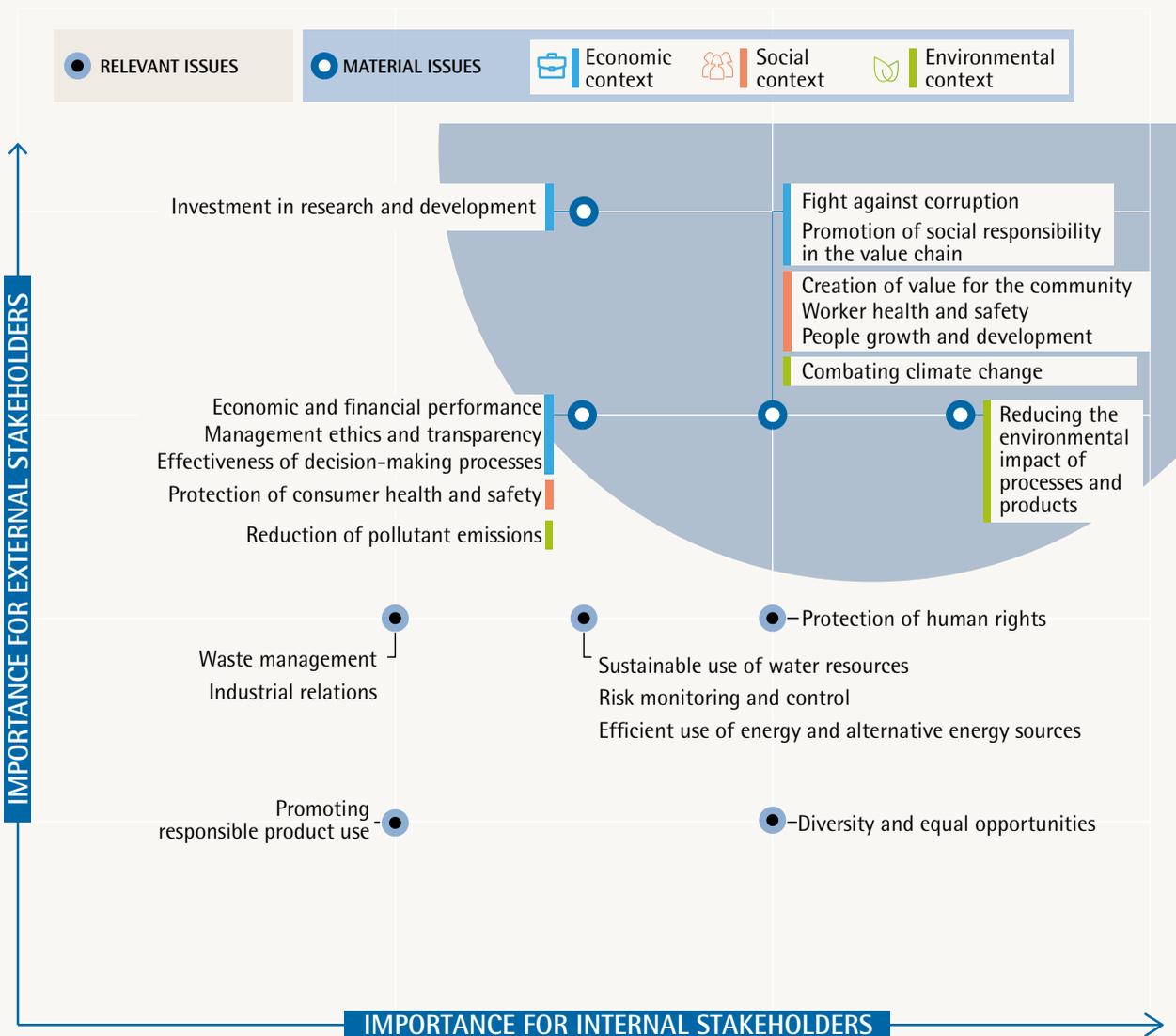
3 We analysed the specific industry scenario, public opinion and the pressures on Magneti Marelli, which on the one hand provided evidence of political, economic and social phenomena able to impact Magneti Marelli's strategies, and on the other helped identify critical issues for the company through analysis of media and web press coverage.

4 We analysed the code of conduct and company Policies, which provided proof of the enterprise's value commitments the relative internal management practices.

5 **Stakeholder engagement:**

- **Internal**
We involved Business Area Managers who helped define the relevance of sustainability indicators within the company
- **External**
We identified and listened to our key stakeholders and with them we compared notes on key indicators, collecting ideas, insights and opinions

THE SUSTAINABILITY MATRIX



2014-2015 KEY FACTS

BOLOGNA IS SMOKE FREE



An anti-smoking project was launched in the Powertrain plant in Bologna: a real help for the employees who wish to quit smoking. A first seminar, held in December 2014, helped more than 70% of the participants to give up cigarettes. A second seminar, held in February 2015, increased the success rate to 80%. To support the initiative, outdoor plant spaces designated for smoking were also rearranged.

IN THE NAME OF RESEARCH, WITH THE SANT'ANNA SCHOOL OF ADVANCED STUDIES



Sant'Anna School of Advanced Studies and Magneti Marelli have partnered in the name of research, technology transfers and education. This is the first agreement concluded by the important university with a company in the automotive industry.

The agreement has made it possible to strengthen Magneti Marelli's competitive offer and technologies, while enhancing transversal skills.

“VOCÊ ATENTO“ FOR ADDED SAFETY



Magneti Marelli has launched a Campaign for safety in the workplace. The campaign is aimed at employees operating in Magneti Marelli's Brazilian plants.

Objectives: promoting safe and correct behaviour, strengthening risk assessment, improving signage and creating an occupational safety guide aimed at all employees worldwide, to make them aware of relative risks and to put them in a position to overcome them.

How to attain these objectives? Disseminating information about safety in the workplace through monthly articles and at the same time directly involving employees through on-the-job training.

REDUCING FOOD WASTE



In the year of the great international exhibition dedicated to the theme "Feeding the Planet, Energy for Life", Magneti Marelli promoted in one of its facilities in China an initiative aimed at raising awareness of the issues of reducing food waste and protecting the environment, in conjunction with the World Food Day.

Employees who ended meals with an "empty plate" were rewarded with a carton of milk. The initiative involved nearly 700 employees and made it possible to save approximately 130 kg of food.

HOW TO SOLVE THE WATER CRISIS IN BRAZIL?



Analysing the water crisis, sharing best water management practices and projects to raise awareness among employees and the community: these are the issues central to the debate on the scarcity of water resources in Brazil, which saw the participation of Magneti Marelli together with all

large firms operating in the country. Magneti Marelli presented the "Seven Steps to Save Water" project, at the plant in Hortolândia and based on the WCM methodology, and the "Counting drops operation" campaign, a photo contest on the measures taken in homes to save water.

MAGNETI MARELLI AT EXPO MILAN 2015



The 105 cars that Fiat Chrysler Automobiles made available for the car sharing service used by numerous international delegations present in Milan on the occasion of the Expo, were equipped with the Magneti Marelli telematic T-BOX.

The Magneti Marelli T-BOX is the beating heart of the car sharing service for which the cars are intended: the telematic box makes it possible to communicate with the service centre in order to locate the vehicle, to open and close doors, to authenticate the user via an App and to read the data available on the on-board network, guaranteeing real-time information about the status of the car.

This technology opens the door to new mobility paradigms, in line with criteria focused on safety and security, sustainability and legislative trends (eCall).

MAGNETI MARELLI IN THE OPEN AUTOMOTIVE ALLIANCE



Magneti Marelli has become part of the "Open Automotive Alliance", an alliance of leaders in the technology sector and the automotive industry, which aims to make Android solutions available on board cars. Apps and services on the dashboard display provide the driver the information needed while driving, in a more secure and intuitive way.

Magneti Marelli aims to develop the Android experience for automotive infotainment systems, making this feature available by 2016.

BIODIVERSITY PROTECTION AT THE "LA MANDRIA" PARK



Since 2014, Magneti Marelli has been supporting the regional park of "La Mandria" (Piedmont) with a redevelopment project of the "Strada dell'Uno" tree-lined road with the goal of reopening it to users. In 2014/2015, Magneti Marelli began an assessment of the conservation status of the plants present along the road.

In early 2016, the safety and security of the plants was ensured, with the pruning of English Oaks at risk of falling and the removal of a number of red oaks considered unstable. To maintain the landscape of the road, new English Oaks were planted.

2015, A YEAR OF RECOGNITION



Magneti Marelli Automotive Lighting received two major awards at the "Red Dot Award 2015": the "Red Dot Best of the Best" award for the high quality of design and for the innovative project of the Full LED intelligent headlamp developed with Audi and the "Red Dot" award for the quality of the design of the taillight prototype using the OLED technology.

Magneti Marelli Automotive Lighting North America won the "Recognition of Excellence" awarded by FCA's Electrical Purchasing sector to its best suppliers.

In India, the Automated Manual Transmission (AMT) technology was recognised with the major "Technology of the year 2015" award, while in China, Magneti Marelli Exhaust Systems in Changsha won the "Best Supplier Quality Award" awarded by GAC-Fiat to its best suppliers.

SUSTAINABILITY HIGHLIGHTS

+4%
ENERGY FROM SUSTAINABLE SOURCES 
IN 2015

SINCE 2014: **STRENGTHENED INTERNATIONAL EXPANSION**
WITH JOINT VENTURE IN INDIA, CHINA AND KOREA

MAGNETI'S MARELLI
1ST MATERIALITY ANALYSIS
COMPLETED IN 2015

IN 2014
MAGNETI MARELLI'S
1ST HACKATHON
FOCUSED ON TECHNOLOGICAL INNOVATION

APPROX. **3.6**
 **MILLION EURO**
INVESTED IN TRAINING
IN 2015

+12%
REVENUES
REPORTED IN 2015 

THE **LED "E-LIGHT"**
TECHNOLOGY
RECOGNISED
 BY THE EUROPEAN UNION
AS AN **ECO-INNOVATION**
FOR **CARS** IN 2014

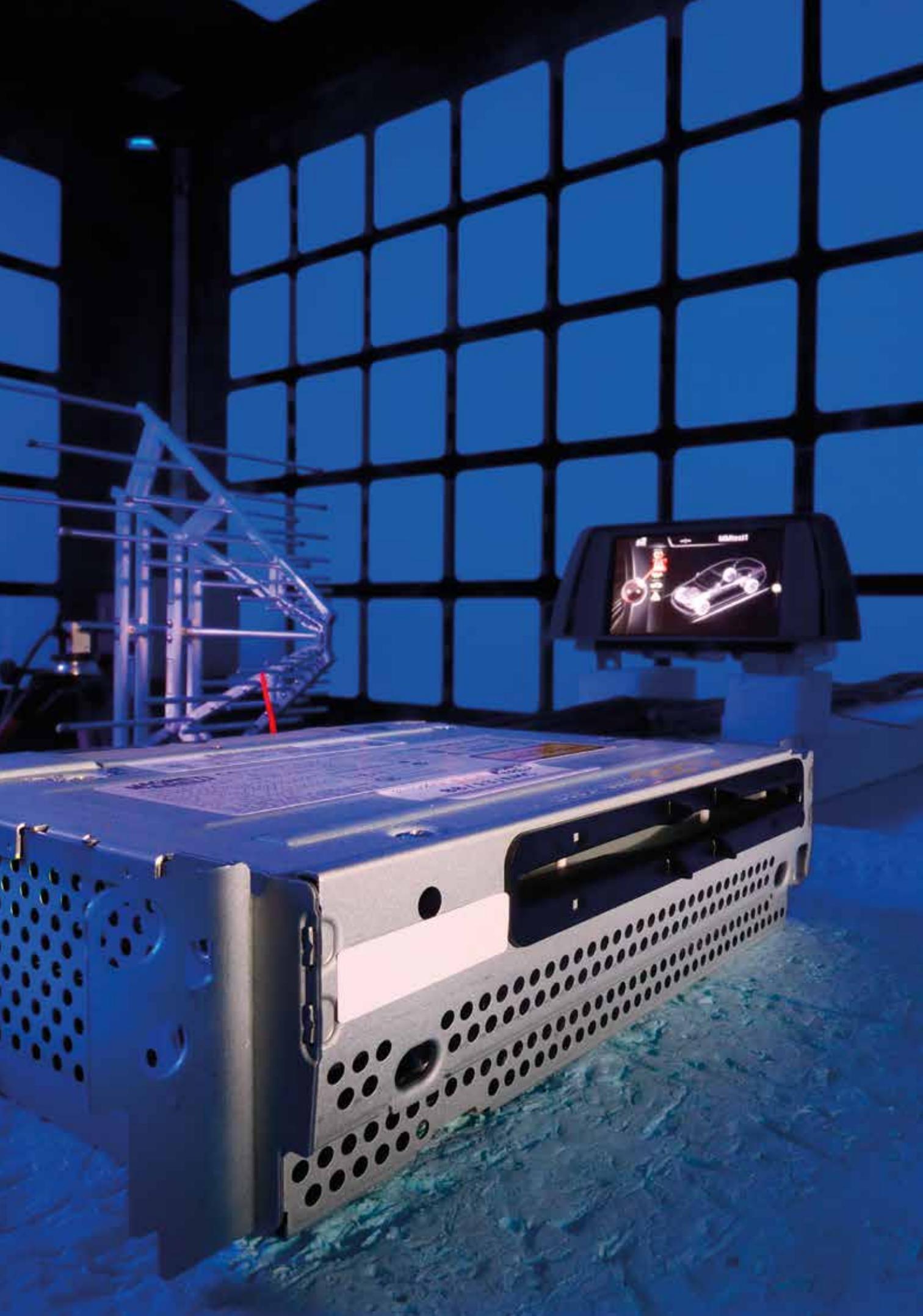
SINCE 2014 **NEW PLANT**
IN INDIA for
 **ENGINE CONTROL SYSTEM FOR 2-WHEEL VEHICLES**

+6% 
EMPLOYEES
IN 2015

IN 2015
-0.6%
INJURIES 
FREQUENCY INDEX **-4%**

more than
550,000
HOURS  of
TRAINING COMPLETED
IN 2015

IN 2014: **LAUNCH** of the
CSR COMMITTEE FOR SOCIAL DEVELOPMENT IN INDIA







ECONOMIC CONTEXT

OUR ECONOMIC PERFORMANCE

A financially sound and ethically responsible company. Magneti Marelli's global development strategy relies on technology, innovation and culture associated with sustainability. Three essential elements for sound economic growth.

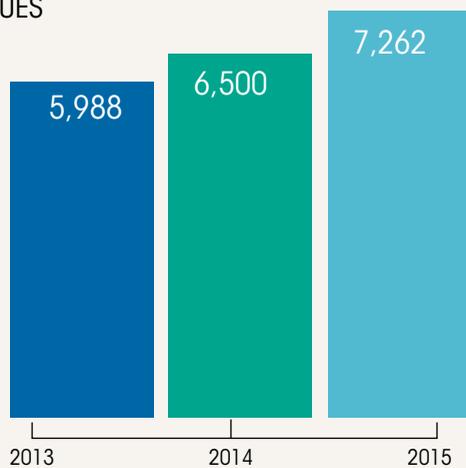
COMPANY SIZE

(M€)

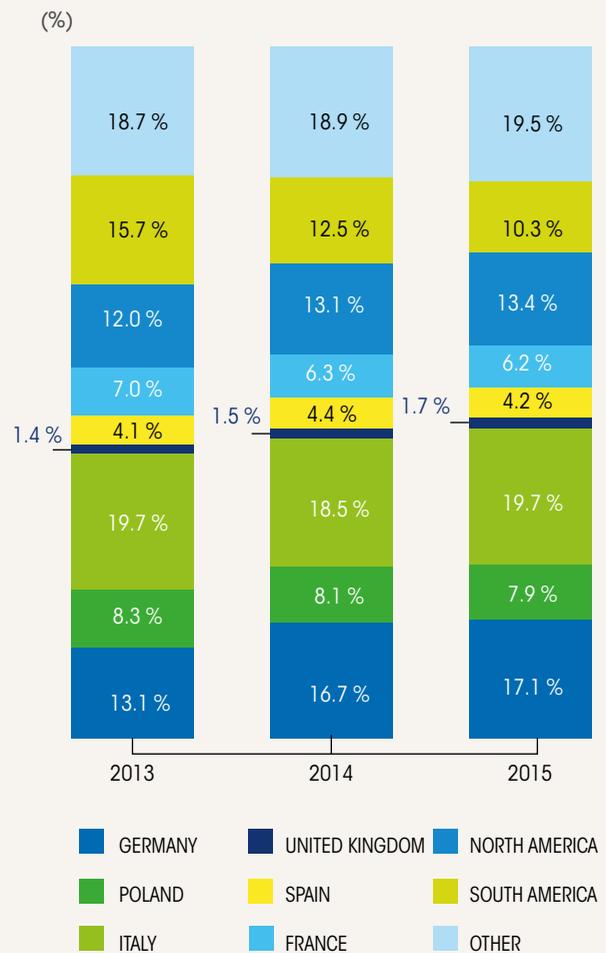
	2013	2014	2015
NET REVENUES	5,988	6,500	7,262
EBIT ADJUSTED	169	229	321

NET REVENUES

(M€)

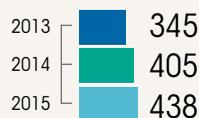


TARGET MARKETS

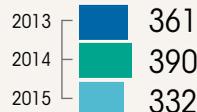


TOTAL TANGIBLE AND INTANGIBLE INVESTMENTS

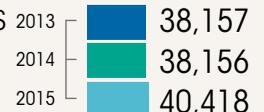
(with indirect impact on sustainability)



TOTAL R&D EXPENDITURE



EMPLOYEES



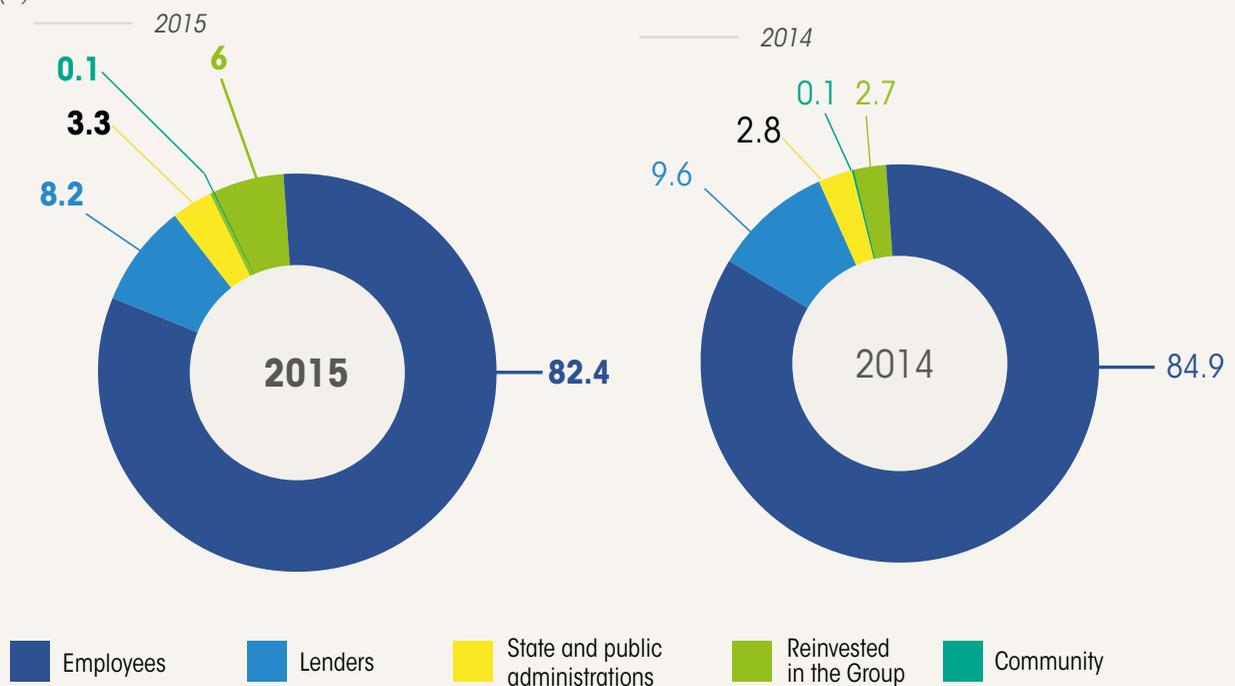
ADDED VALUE CALCULATION

(M€)

	2015	2014
REVENUES	+ 7,262	+ 6,500
OTHER INCOME	+ 262	+ 113
ECONOMIC VALUE PRODUCED DIRECTLY	7,524	6,613
MATERIALS COSTS	- 5,243	- 4,636
AMORTISATION/DEPRECIATION	- 440	- 419
OTHER EXPENSES	- 106	- 75
ADDED VALUE	1,736	1,483

DISTRIBUTION OF THE ADDED VALUE

(%)



(M€)

	Employees	Lenders	State and public administrations	Reinvested in the Group	Community
2015	1,429	143	58	104	1
2014	1,260	142	41	40	1

ECONOMIC SUSTAINABILITY: OPTIMISING THE SYSTEM WITH A VIEW TO THE CUSTOMER

Reducing waste within the scope of process, relations and production management is a crucial driver for Magneti Marelli.

Sustainable development implies achieving a quality of life that can be maintained for several generations, as it is equitable from a social point of view, sustainable from an environmental point of view and efficient in economic terms. This is the conviction that guides Magneti Marelli's activities and operations.

"Economic efficiency, which in our Company is expressed through optimisation, the efforts to reduce waste and to ensure safety along three main directions: processes, people and products", comments Riccardo Codecasa, Chief Financial Officer of Magneti Marelli.

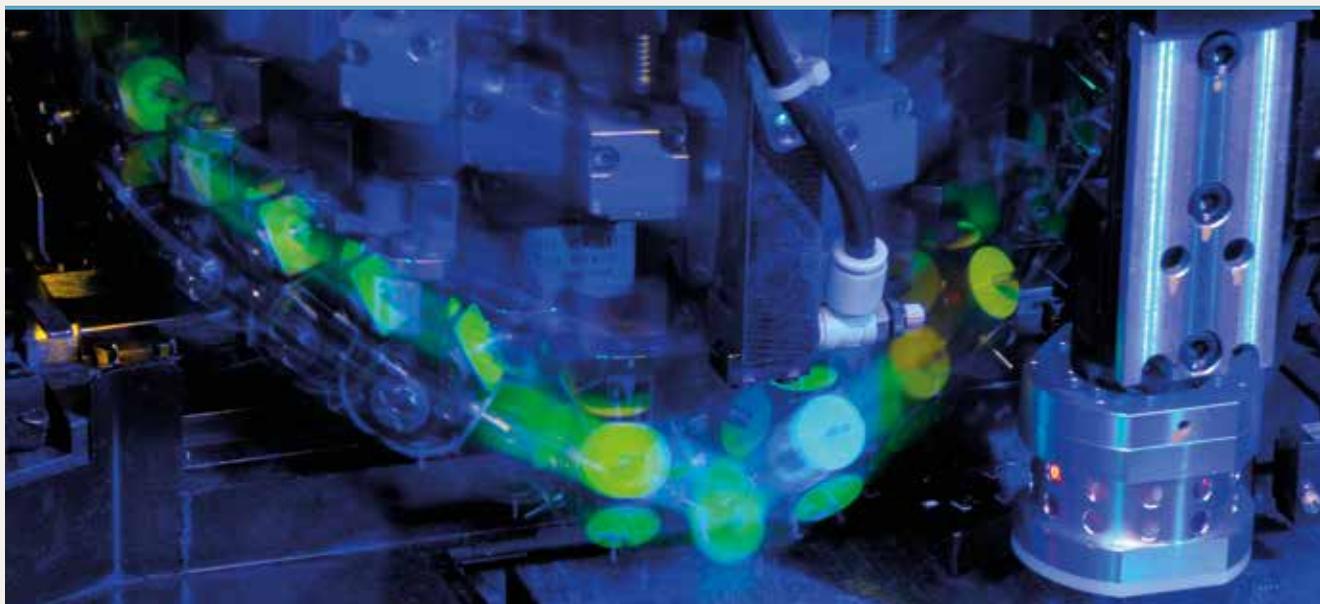
"Thanks to World Class Manufacturing – the structured and integrated production system which has enveloped our plant processes for years, from safety to the environment, from maintenance to logistics and quality, with the aim to improve productive performance – we encourage and involve our people to keep an 'unconventional' outlook towards industrial processes, to seek out all risks and opportunities and to generate cost savings". Recently, the WCM logic has also been extended to the Innovation sphere, through the adoption of the

World Class Engineering methodology in the Company's Research and Development centres.

"Our customers" continues Codecasa, "are increasingly more aware and conscious of the issue of sustainability, and together we have committed to partnerships led by the highest standards of ethics, quality, innovation and sustainability. Our technology solutions in all areas of application aim to ensure efficiency, safety and to contribute to sustainable mobility".

"Economic efficiency" Codecasa concludes, "is also expressed by management and the relations with people – whether internal stakeholders, clients or suppliers – and in building healthy relationships, ethical and focused on the long term...In recent years we have concentrated on business ethics training (corruption and anti-trust) because we believe that increased awareness is essential for preventing the onset of critical situations".

The following pages provide an in-depth look at these issues, together with an account of our most recent testimony of activities carried out.



IMPROVING TOGETHER WITH OUR SUPPLIERS

One of our goals is to strengthen supplier engagement in order to measure their sustainability. The Supply Chain Programme is the project that allows us to achieve this.

Magneti Marelli's supplier base is broad and diverse. We have collaborated with approximately 7,000 organisations worldwide, including smaller enterprises. Our current supplier selection process is based on a specific performance indicator. As articulated by Mario Guarino, head of the company's Supplier Quality business area: "This indicator allows us to evaluate the suppliers who, depending on the results of the assessment, are categorised into three levels (red, yellow and green "labels"). In case of a red label, the supplier is not able to submit any new proposals until the situation that has determined this outcome has been addressed. Thus, we are working on a mechanism that also focuses on the sustainability performance of suppliers, with the aim to increase the quality of our partnerships".

"Our supply chain – concludes Guarino – plays a key role in strengthening Magneti Marelli's social responsibility. For this reason, we launched the Supply Chain Programme, a pilot project that allows us to improve sustainability performance together with our suppliers".



WHAT DO WE ASK OF OUR SUPPLIERS

To respect our Code of Conduct and to maintain their focus on the following areas:

HUMAN RIGHTS AND WORKING CONDITIONS

- Refusal of forced or child labour
- Recognition of the right to freedom of association
- Protection of health and safety
- Guarantee of equal opportunities
- Fair working conditions
- Employees' right to receive training and education
- Layoff practices

ENVIRONMENT

- Optimisation of the use of resources
- Design and development of environmentally friendly products
- Responsible waste management
- Elimination of potentially dangerous substances from the production process
- Use of an eco-friendly logistics system
- Environmental Management System certification

BUSINESS ETHICS

- High standards of integrity, honesty and fairness
- Corruption and money laundering ban





> The Supply Chain Programme

The Supply Chain Programme is a project that facilitates the evaluation of the actual degree of supplier sustainability. Business ethics and corruption, respect for human rights and working conditions, employee health and safety, environmental protection, supply chain management and finally, investments made to benefit the community: these are the areas on which we benchmarked our suppliers through a Sustainability Self-Assessment Questionnaire (SAQ).

Launched as a worldwide pilot project in 2012, during the initial phase the SAQ involved 90 suppliers, with a participation rate of 80%. Areas with regard to which no issues were identified are those related to corruption, human rights and training, while non-compliance focused on supply chain management and the protection of health and safety. In particular, as far as our suppliers are concerned, areas for improvement emerged with respect to the inclusion of environmental, social and health and safety aspects in the selection of suppliers (or Magneti Marelli's subcontractors).

Over the past two years, the project continued with audits of a supplier group selected based on the results of the SAQ. The sample was represented by five suppliers who had obtained higher scores and five who had obtained lower scores.

With the support of independent auditors, it was possible to investigate and verify the accuracy and correctness of the answers provided. The evaluation phase was followed by the definition of improvement action plans: initiatives designed to strengthen the sustainability profile of suppliers and to align it with that of Magneti Marelli.

The Supply Chain Programme is an ambitious challenge that will involve an increasing number of suppliers, allowing us to reduce risk and to increase competitiveness.



LESSON LEARNED

> Varying degrees of awareness regarding sustainability on the part of suppliers and of the Magneti Marelli business areas involved in the project

> The important role, and therefore the importance of the involvement in the field, of Supplier Development Engineers – staff internal to the Supplier Quality business area and present in different countries – during the audit and the follow-up.

Strengths: their established relationships with suppliers and awareness of the different types of cultural and geographic sensitivity



CHECK LIST

- ✓ We sent a self-assessment questionnaire to 90 suppliers, representing 38% of total supplier revenues. The participation rate was 80%.
- ✓ We compiled a classification of the Top 5/Worst 5 suppliers on the basis of the responses received, by country and type of commodity.
- ✓ We carried out specific audits on the Top 5/Worst 5 suppliers, to verify the accuracy and correctness of the information provided.
- ✓ We identified and mapped the main areas that showed room for improvement, with different weights.
- ✓ We implemented specific plans and improvement actions to bridge the gap and increase the sustainability of suppliers.
- ✓ We verified the implementation of improvement plans.
- ✓ We involved a new panel of suppliers.

NEXT STEP

- Launching new audits
- Organising internal training on auditing techniques and new survey tools adopted by Magneti Marelli (self-assessment questionnaire and checklist)

LISTENING TO OUR SUPPLIERS



"INTEGRATING SUSTAINABILITY INTO PROCESSES TO IMPROVE PERFORMANCE"

Here is Metalfer Polonia's experience as explained by Grzegorz Pasierbek (Quality Manager).

> [How, and in what form, does Magneti Marelli contribute to the growth and development of Metalfer Polonia's business?](#)

"The high standards required by Magneti Marelli concern not only product quality, but also aspects related to occupational safety, environmental protection and employment protection.

This has driven Metalfer Polonia to develop and improve its business activities and to reaffirm its position on the market, becoming increasingly more competitive.

Thanks to this, today, Metalfer Polonia has a better reputation in terms of employment in the local labour market".

> [How and to what extent does Magneti Marelli act as a stimulus for Metalfer in developing an innovation process, and in what ways does it contribute?](#)

"Magneti Marelli's new high-tech projects have pushed Metalfer Polonia to acquire new and innovative machinery and to embrace modern hi-tech tools. They have also pushed the company to align itself to its new needs and to equip itself with measuring and control tools.

Metalfer Polonia also introduced best practices for reducing noise and environmental pollution".

> [What are the main characteristics that differentiate Magneti Marelli from other clients?](#)

"Magneti Marelli has always clearly defined the rules of collaboration. The introduction of the Supplier Portal has also made it possible to adopt innovative solutions focused on logistics and quality management. Another very important point for Magneti Marelli is that suppliers have good human resources management and work environment practices, while paying close attention to compliance with the applicable laws in force".

> [What are, in your opinion, the prospects of the sector for the coming years?](#)

"Thanks to the strengthening of our market position and compliance with the high standard required, both related to working conditions as well as with regard to environmental protection, our business will be substantially stable and will be in a position to undergo further development".



"DRIVING DISCUSSION TO INNOVATE TOGETHER"

Listening to our suppliers. Here is IDI CI Europe's account as explained by Cyril Demoulin (Quality/IMS Manager).

> [What kind of relationship do you have with Magneti Marelli?](#)

"We have been collaborating with Magneti Marelli for over 20 years. We are the leading supplier of thermosetting compounds for headlamps.

The outstanding mechanical properties and temperature resistance confer our products an interesting technical approach for such applications in the automotive sector".

> [On what type of environmental and social issues does Magneti Marelli focus in the relationship with its suppliers?](#)

"IDI CI Europe is ISO/TS 16949, ISO 9001, ISO 14001 and OH SAS 18001 certified and has an integrated management system in place. Our Quality, Safety, Health and Environment Policy conform with Magneti Marelli's requirements. Thanks to our customers' specific requests, including those of Magneti Marelli, in 2015 we launched an EcoVadis assessment with a silver level.

All these certifications demonstrate IDI CI Europe's ability to respond to the challenges of the future".

> [How do you contribute to innovation in Magneti Marelli and how does Magneti Marelli contribute to your innovation?](#)

"On an annual basis, and thanks to the good relationship maintained with Magneti Marelli's Purchasing Department (as well as with the Production department, when applicable), IDI CI Europe offers an update for the company's entire production line.

The meetings organised with the technicians of the different teams help us identify, when possible, new and innovative solutions for the automotive industry".

FOCUS ON INNOVATION BY ENGAGING OUR STAKEHOLDERS

Exploring the new avenues of innovation, leaving behind more traditional paths and opening the company to collective intelligence: this is our new challenge.

The objective we set for ourselves in recent years is to strengthen and accelerate our innovative capacity and, at the same time, to contribute to the development of young people by giving them the opportunity to offer a concrete contribution to research.

We this in mind, we continued our collaborations with universities and research institutes, complementing more consolidated methodologies with new tools to engage students, injecting our laboratories with the knowledge and experience of young and passionate engines.

Our challenge is to grasp and anticipate big changes that are affecting the automotive market in order to prepare answers that look to the future.

> The relationship with universities

In 2015, we continued our partnerships with universities, which open the door to dialogue and discussion, bridging the gap between basic research and business needs.

Among these, some of our main efforts are centred on the J-RAUM labs (Joint Research Area University Magneti Marelli), joint working spaces where Magneti Marelli technicians, academics, students (thesis students and fellows) and research assistants collaborate on issues concerning innovation.

Our partnership with the University of Florence has been critical to the development of the Life Cycle Assessment, methodology for evaluating the environmental impact of products or processes, through the analysis of their life cycle. Another important experience is the Vislab, Parma University spin off with innovative projects on the subject of automatic driving.

These are important partnerships that allow Magneti Marelli to attract talent and develop new technical solutions, and allow university students to move closer to the working world.

The collaboration with industrial companies throughout the territory is crucial to strengthening activities, both within the education sphere, as well as in terms of research inspired by industrial interests. The Politecnico di Torino and Magneti Marelli have engaged in numerous international activities where both parties operate (China, United States, etc.).

Prof. Giampiero Cabodi
Politecnico di Torino

over
54
partnerships
initiated > worldwide for
the actualisation
of joint projects

In Italy, the relationship between companies and universities is very detached. There is a bias on the part of the business world, in particular in terms of the types of research projects and timelines. With Magneti Marelli, the collaboration has always been positive on both sides, with the availability of resources and an alignment of objectives. This, coupled with the great interest expressed by Magneti Marelli's managerial and departmental levels, has helped to maintain the focus on common activities.

Prof. Massimo Delogu
Università di Firenze



LESSON LEARNED

- > Access to continuous "front end" research information, in order to be able to take advantage of new technological opportunities in a timely manner
- > The opportunity for Magneti Marelli to introduce itself to students, who will soon enter the working world
- > The ability to assess the skills and aptitudes of future graduates "on the job"



> Open innovation

Today, the dynamics of innovation also take into account the concepts of community, online platforms and hackathons (technological marathons where experts arriving from different worlds collaborate and design solutions).

Magneti Marelli has embraced these new dynamics. These new developments also apply to technological areas of the automotive and motorsport sectors. The intent is to aggregate interest and stimulate original ideas to "put on board" of cars of the future.

In 2014, Magneti Marelli held its first hackathon, a competition between four university teams, which

in 8 hours put together a prototype of a technological solution in the motorsport field.

Another new development is the establishment of the LapTime Club community, Magneti Marelli Motorsport's online innovation lab, which through the aggregation of social networks aims to stimulate the generation of new ideas and technological solutions, turning to an audience of University students and motorsport technology enthusiasts. The community is animated by a multitude of motorsport technicians, professionals, technology, electronics and creativity enthusiasts and university students.

All in the name of a common challenge: to contribute to the actualisation of advanced technological solutions.



LESSON LEARNED

> Opportunity to explore new technological innovation approaches, including in the automotive field, thanks to new relationship paradigms

> New ways to engage universities and younger generations, who will be tomorrow's engineers and technicians.



"HACKATHON: THE COMPANY'S INTEREST IN TODAY'S YOUTH"

The experience of the Politecnico di Milano Team Engineering, design and computer science students working together to design and build an instrument panel for motorsport cars in eight hours. The challenge launched by Magneti Marelli at the Bologna Motor Show saw university talents from four universities (Bologna, Brescia, Milan and Turin) go head to head. The winner was the Politecnico di Milano team, which came up with a decisively alternative approach and original solution, with a winning combination of graphics, software and design.

This was an experience which, for Magneti Marelli, represents another step along the road leading the way to a new way of innovating.

Politecnico di Milano 2014 Hackathon winning team Alberto Taraborrelli, Stefano Giubilini, Matteo Moro and Attilio Trovato

> [What was the creative process behind the prototype?](#)

"It was immediately clear that Magneti Marelli wanted an

idea, an innovative product. That's why we worked trying to integrate the dashboard with the pilot and the pilot's life parameters. We also thought of something that could have a life of its own, so not strictly tied to the vehicle. The work on the graphics design side was important: the colours, the shapes and the outlines had to make an impact. We took a chance trying to create a product that could also be admired."

> [What is your opinion of this open-minded approach that Magneti Marelli has towards innovation and youth?](#)

"We perceived a strong interest on the part of the company towards young people, who are the future. This is demonstrated by the average age of those working in Magneti Marelli's R&D area, which is very young (around 32-34 years old), and this implies a strong investment in their training."

> [What do you think of companies engaging today's youth?](#)

"This allows young professionals to more easily integrate into the working world and to pursue a career. Finding people who want to get involved and to get their hands dirty, can only lead to benefits for the companies that embrace this open approach."





"MAGNETI MARELLI'S INNOVATION: THE AUTOMOTIVE LIGHTING EXAMPLE"

Andrea Stella's account

Automotive Lighting R&D Manager

> [What are the main activities carried out by the Innovation team, which you manage?](#)

"As Automotive Lighting's Innovation team we are working on the Technological evolution of lighting solutions for cars, in order to maintain the appeal of our products in the future and, at the same time, to ensure both safety and comfort during night-time traffic. We are responsible for technical feasibility, but we also need to follow and anticipate market trends, as was the case, for example, with daytime LEDs: a technological product, but also a very fashionable one."

> [Sustainability means looking after the expectations and the needs of stakeholders, and integrating them into the company's business and operations. How does the innovation team fit within this framework?](#)

"In Automotive Lighting, innovation is the driver of new ideas for future lighting solutions. Within this framework, the issue of sustainability covers different areas, with a particular focus on the environment and safety.

As far as the first is concerned, we have been working for many years to optimise the energy consumption of lighting solutions without compromising performance.

As Automotive Lighting we developed 'E-Light', a low-beam LED lighting module able to guarantee a saving of 1 g of CO₂/km compared to traditional lighting solutions. The European Commission has recognised this system as an 'Eco-Innovation' provided for by the European Parliament with a special law.

The second main area of sustainable innovation relates to safety. The quality and intensity of light emission plays an increasingly active role in improving safety during the night, not only to guarantee the driver's right to visibility under all driving conditions, but also to protect other road users, such as pedestrians, cyclists and other drivers"

> [Who are the main stakeholders of the Innovation and Research and Development business areas? How do you relate to them?](#)

"In the automotive lighting area, carmakers play a very proactive role in driving forward innovation. Our role is to satisfy their demands in terms of technological progress, without overlooking end

customers. For this reason Automotive Lighting always listens very carefully to consumer opinions.

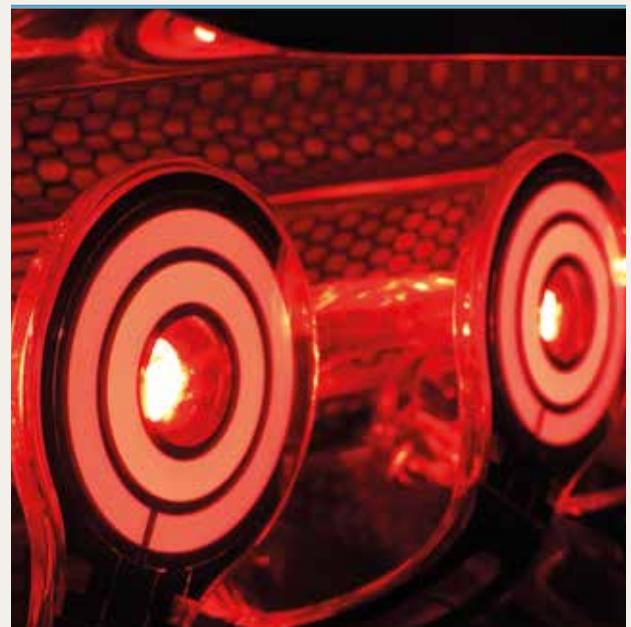
Our role is to manage the more technical and specialised requirements imposed by car manufacturers and to integrate the customers' input into our products as much as possible."

> [What are the key drivers of Research and Development activities today and what will be the main developments that you expect will take place over the next few years?](#)

"The introduction of LEDs in automotive lighting systems was the first significant step in the direction of energy savings in automotive lighting, thanks to the high efficiency of these light sources. The development work carried out on the use of LEDs will continue to undergo major evolutions, particularly with regard to the electronic control of the systems.

We are also constantly working on new generations of ADB systems (Adaptive Driving Beam) based on the high resolution of the camera control, which provide increased flexibility combined with new safety features, such as guidelines on the road surface and communication to pedestrians.

The next challenge for the automotive lighting industry will be the introduction of autonomous driving and, within this context, a new interpretation of lighting systems"



ACCIDENTS, DEFECTS, OUTAGES AND STOCK: APPROACHING ZERO WITH WCM

Anticipating the needs of carmakers and optimising production policies and product strategies: this is how Magneti Marelli operates to maintain a competitive edge in the marketplace.

Continuous innovation of production processes, to reduce waste, increase product quality and respond with flexibility and promptness to increasingly diverse requests: this is the objective of the WCM (World Class Manufacturing) approach that Magneti Marelli has implemented in its plants.

Over the past three years, Magneti Marelli's commitment has focused on deploying all WCM processes in all plants, thanks to three key drivers: integration of the various WCM players, with the definition of a common language, of a constant alignment and with teamwork and collaboration; knowledge sharing to ensure play-

ers have the necessary skills, with technical training, effective management of knowledge, benchmarking activities and sharing of best practices; and leadership to guarantee the right approach to the specific expertise, guiding people within a WCM perspective.

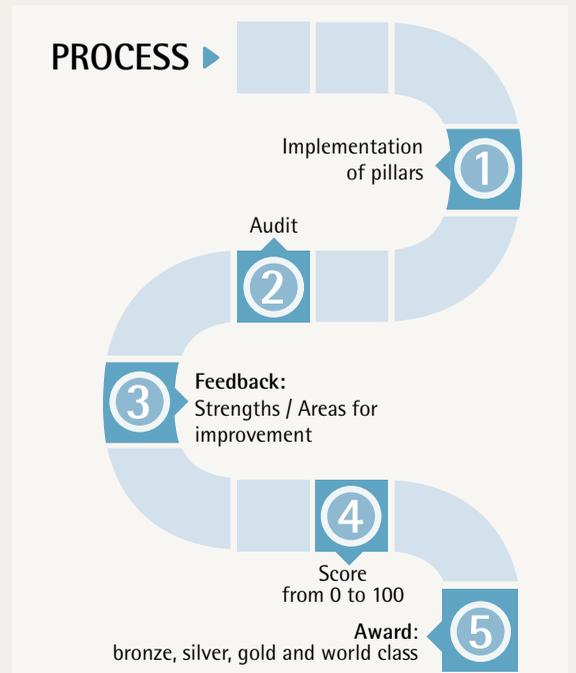
Training workshops and benchmarking days between technicians and specialists contribute to the dissemination of best practice across the company. Between October and November, Turkey, Italy and China have hosted such initiatives thanks to which the EHS – WCM – Manufacturing Engineering community saw itself reinforced.

WCM cover **74** plants worldwide

GOALS → **0** zero > ACCIDENTS, DEFECTS, OUTAGES, STOCK

ALL LINES OF BUSINESS

TECHNICAL PILLAR	10	MANAGERIAL PILLAR
production management aspects		production improvement processes
SAFETY		MANAGEMENT COMMITMENT
COST DEPLOYMENT		CLARITY OF OBJECTIVES
FOCUSSED IMPROVEMENT		ROUTE MAP OF WCM
AUTONOMOUS MAINTENANCE		ALLOCATION OF HIGHLY MOTIVATED PEOPLE
PROFESSIONAL MAINTENANCE		COMMITMENT OF ORGANIZATION
QUALITY CONTROL		COMPETENCE OF ORGANIZATION
LOGISTIC CUSTOMER SERVICES		TIME AND BUDGET
EARLY EQUIPMENT MANAGEMENT		LEVEL OF DETAIL
PEOPLE DEVELOPMENT		LEVEL OF EXPANSION
ENVIRONMENT		MOTIVATION OF OPERATORS



IdeaCreation

To encourage the participation of employees in the analysis of problems and the development of solutions, Magneti Marelli launched the Idea Creation programme, based on which the company collected ideas and suggestions from employees from all plants. In 2015, approximately 250 thousand suggestions were submitted.

FROM TURKEY TO MEXICO, VIA ITALY: WCM HIGHLIGHTS

WORKPLACE HEALTH AND SAFETY

SAFETY CAPTAIN PROJECT



WHERE

Bursa (Automotive Lighting) - Turkey

WHAT

The “Safety Captain“ monitored and reported potentially unsafe behaviours and actions with the aim of promoting awareness on safety issues.

RESULTS

365 unsafe conditions and **835** unsafe actions identified

ENVIRONMENTAL, HEALTH & SAFETY WEEK



WHERE

Juarez (Automotive Lighting) - Mexico

WHAT

The goal of the event was to reinforce the culture on issues related to safety, raising the awareness of the employees and their families with an ad hoc contest.

RESULTS

1,200 ideas collected on safety issues

1,500 employees recognised for responding correctly to the quizzes

ENVIRONMENT

BRIQUETTING PROJECT



WHERE

Sulmona (Suspension Systems) - Italy

WHAT

“Briquetting Project“ is a project for the qualification of metal shavings as a product: following a technical analysis, a volume reduction system was installed in order to give shavings the right shape so the product can be used directly at the foundry. The shavings obtained were therefore reintroduced into the production cycle, obtaining excellent results in economic terms, as well as with regard to the reduction of waste production.

RESULTS

from 2013 to 2014

reduction of waste **12%**

Consistent increase of shavings intended for recycling

OPTIMISATION OF THE BRUSHING CYCLE



WHERE

Bari (Powertrain) - Italy

WHAT

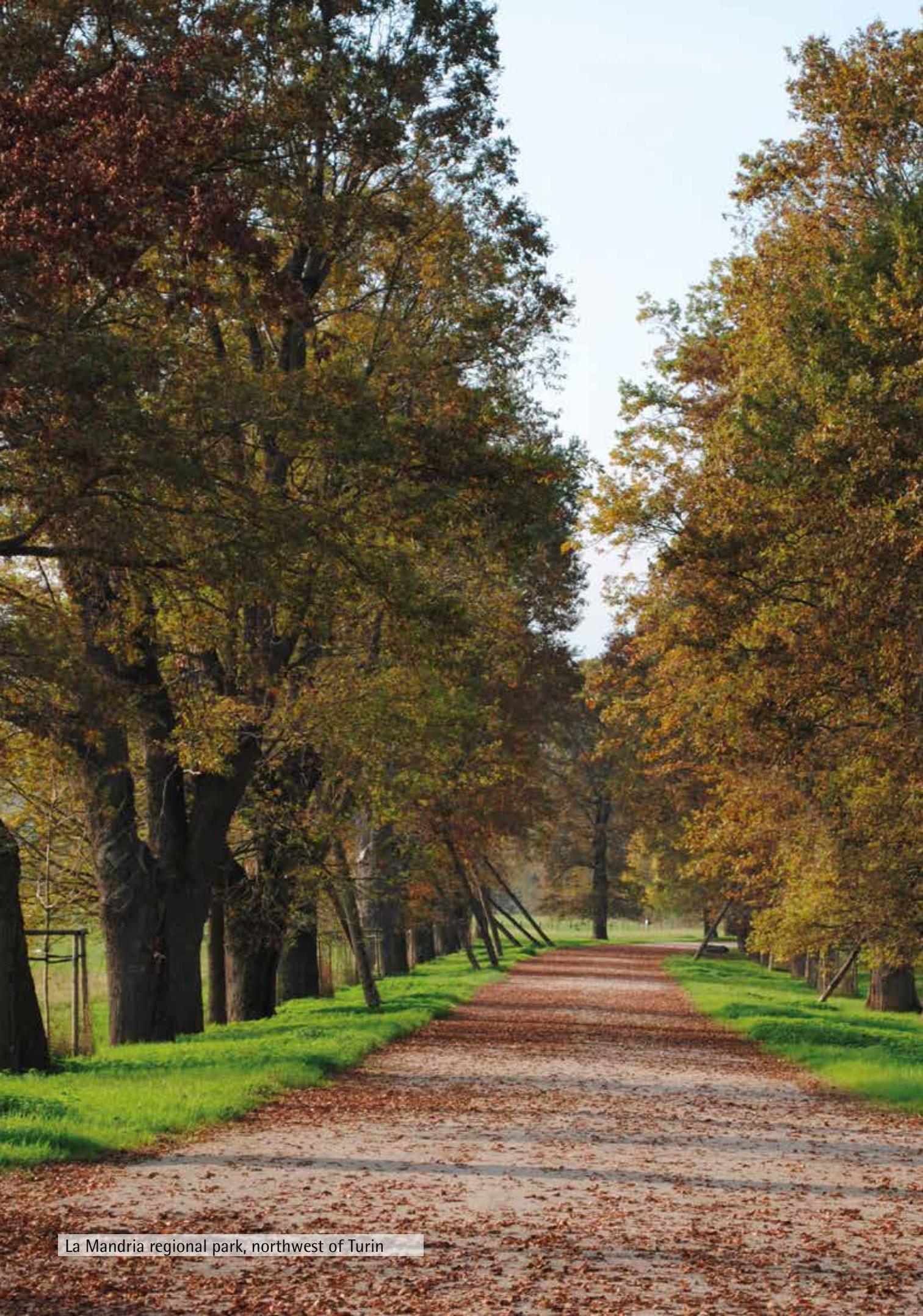
The brushing cycle was associated with a high consumption of water due to water overflow. The change implemented to the machine, through a new automated cycle and the introduction of a drainage point, made it possible to reduce the use of water, of chemicals used and of sludge produced. The new washing process is specific to each product and allows for a further reduction of the overall impact.

RESULTS

4,860 m³ of water saved every year

-45,000€ spent thanks to:

- lack of need to purchase drinking water and chemical agents
- less wastewater treated



La Mandria regional park, northwest of Turin



ENVIRONMENTAL CONTEXT

WATER, WASTE AND ENERGY: OUR ENVIRONMENTAL PERFORMANCE

Attention to resources and renewable sources, consumption savings, management of production waste: our priority is preserving and respecting the health of the planet. As part of every daily activity.

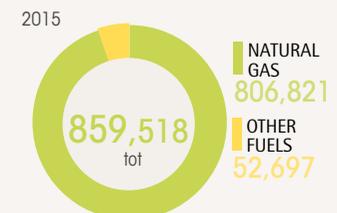
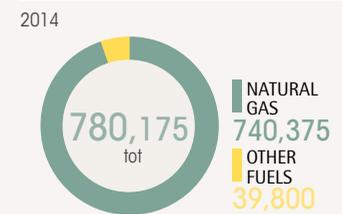
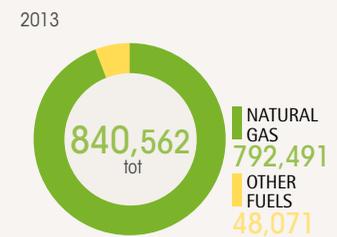
2013 - 2014 - 2015 Data

WASTE GENERATION AND MANAGEMENT (ton)

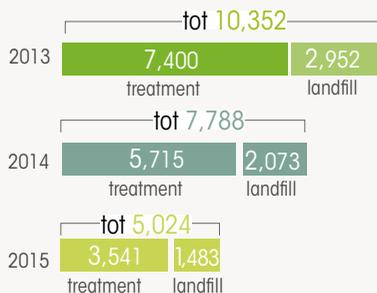
	2013	2014	2015
Hazardous waste generated	53,620	54,636	60,075
Non-hazardous waste generated	8,877	8,351	7,770
Total waste generated	62,497	62,987	67,845
- of which packaging	10,196	13,550	17,761



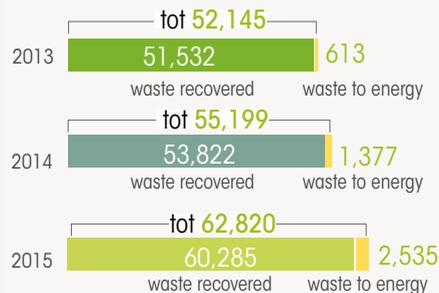
INDIRECT ENERGY CONSUMPTION BY SOURCE (GJ)



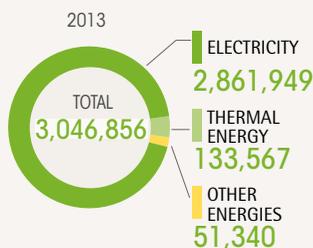
WASTE DISPOSED (ton)



WASTE RECOVERED (ton)

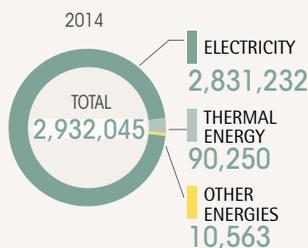


INDIRECT ENERGY CONSUMPTION BY SOURCE (GJ)



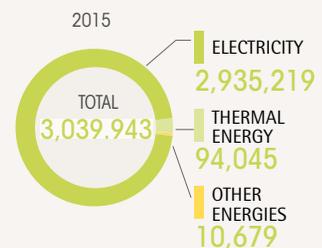
ELECTRICITY	renewable	695,909
	non-renewable	2,166,039
THERMAL ENERGY	renewable	5,219
	non-renewable	128,349
OTHER ENERGIES	renewable	-
	non-renewable	51,340

23% FROM RENEWABLE SOURCES



ELECTRICITY	renewable	676,174
	non-renewable	2,155,058
THERMAL ENERGY	renewable	3,813
	non-renewable	86,437
OTHER ENERGIES	renewable	-
	non-renewable	10,563

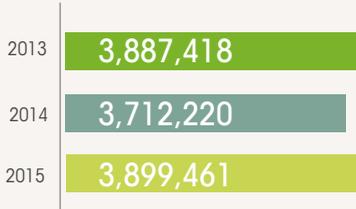
23,2% FROM RENEWABLE SOURCES



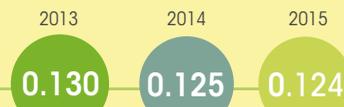
ELECTRICITY	renewable	783,386
	non-renewable	2,151,834
THERMAL ENERGY	renewable	3,660
	non-renewable	90,385
OTHER ENERGIES	renewable	-
	non-renewable	10,679

25,9% FROM RENEWABLE SOURCES

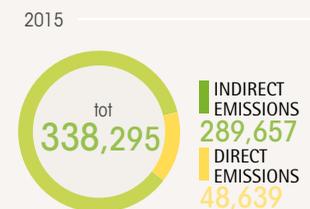
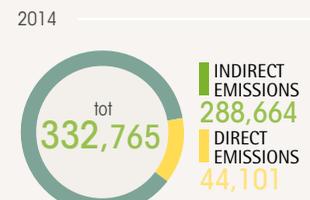
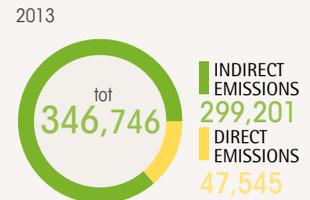
TOTAL ENERGY CONSUMED (GJ)



ENERGY CONSUMPTION (GJ/Good Hour Produced)**



DIRECT AND INDIRECT EMISSIONS OF CO₂ (tCO₂)



WATER WITHDRAWALS (millions m³)

	2013	2014	2015
Aqueducts	1,568	1,545	1,553
Wells	669	646	535
Surface waters	339	241	216
Other	1	3	-
TOTAL WITHDRAWALS	2,577	2,435	2,304

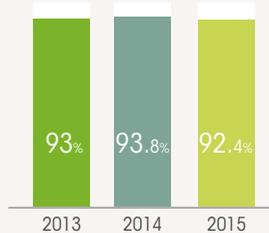
WATER WITHDRAWALS* (m³/Good Hour Produced)**



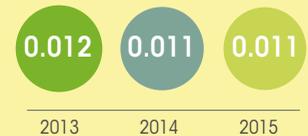
DISCHARGES (millions m³)

	2013	2014	2015
Surface waters	82	138	177
Public sewers	913	901	1,334
Other destinations	89	83	74
TOTAL EFFLUENTS	1,084	1,122	1,585

RECYCLED WATER (%)



DIRECT AND INDIRECT EMISSIONS OF CO₂* (tCO₂/Good Hour Produced)**



OZONE DEPLETING SUBSTANCES (kg)

	2013	2014	2015
CFC	38	1	0
HCFC	3,571	1,949	1,111
HALON	34	0	0
Other fully halogenated CFCS	1	0	0
TOTAL	3,644	1,950	1,111

OTHER SIGNIFICANT ENVIRONMENTAL EMISSIONS

	2013	2014	2015
Volatile Organic Compounds (COV) (g/m ²)	48.3	41.2	29.1
Nitrogen oxides (NOx) (t)	98.3	92.2	100.3
Sulphur oxides (SOx) (t)	0.72	0.74	0.69
Dust (t)	0.06	0.06	0.06

* 2013 and 2014 data were realigned with the 2015 perimeter.

** Good Hour Produced refers to the sum of the labour hours required to produce a single good piece.

ENVIRONMENTAL SUSTAINABILITY: CONTINUOUS IMPROVEMENT OF KPIs AND SHARING OF BEST PRACTICES

The environment and energy efficiency in industrial processes: these are the main challenges also affecting the automotive industry. The Environment, Health and Safety area drives this challenge.

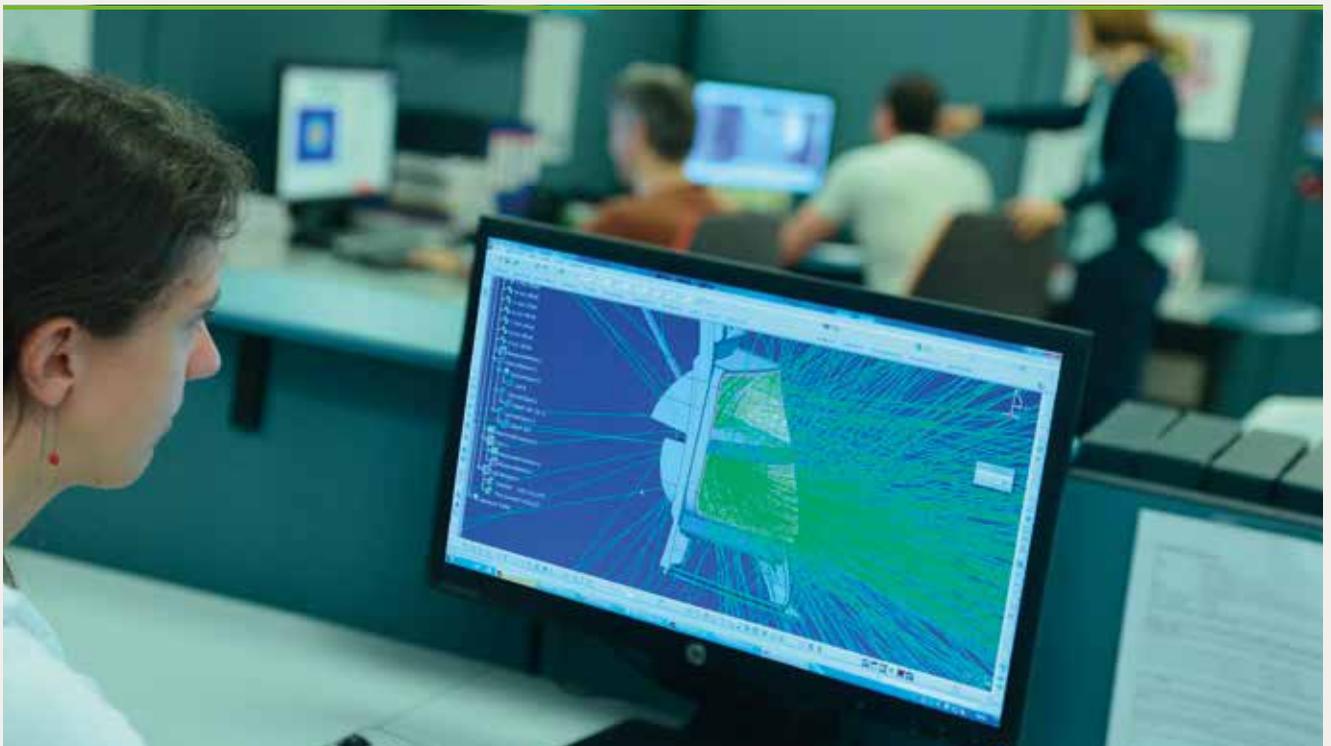
“Improving energy efficiency and environmental protection parameters in our plants and industrial processes requires agility and perseverance”, comments Edmondo Castiglioni, Director of Magneti Marelli's Environment, Health and Safety (EHS) area.

“Today”, explains Castiglioni, “98% of our plants are ISO 14001 certified, the international certification for environmental management systems, and in 2015 we initiated all actions necessary to adapt our operations to the ISO 14001/2015 standard update, which involves the alignment to the new standard by 2018. Our goal is to adapt all plants one year early so they will be ready by 2017”.

The Electronics plant in Corbetta has obtained the new certification, and in 2016, works will get underway for all other plants.

Employee awareness has grown thanks to awareness-raising initiatives launched during the International Environment and Safety Days held and to EHS workshops periodically organised to raise awareness of best practices, engaging employees from the dedicated areas. On the other hand, the EHS Leadership Award, a competition launched worldwide at the Group level with the aim to reward the best projects in the environment, energy and health and safety areas, served as an opportunity to strengthen internal engagement, to benchmark the positive experiences of different plants and to propose initiatives and ideas aimed at improving sustainability.

Within this context focused on continuous improvement, central initiatives come together and can be compared with local ones, fostering and encouraging change”.

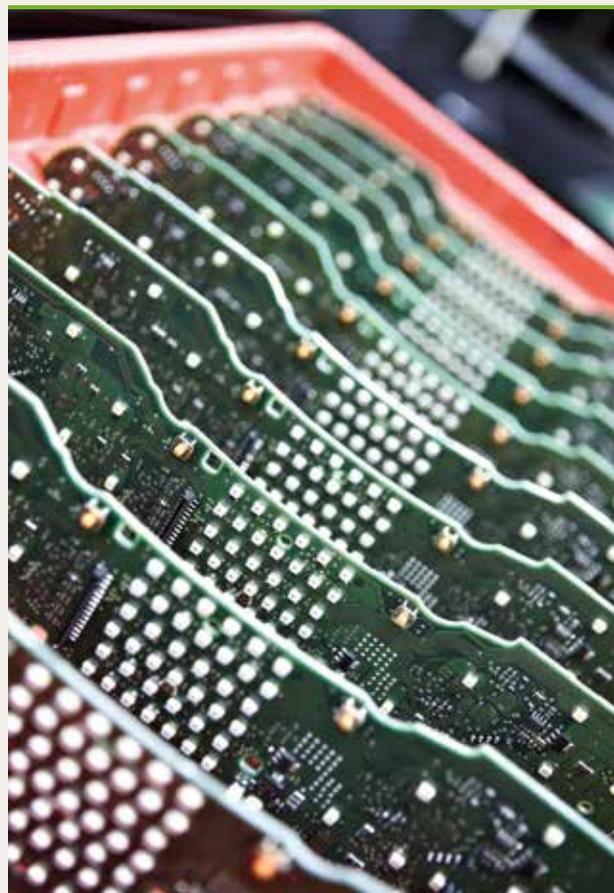


LIFE CYCLE ASSESSMENT: AN EXPANDING PROJECT

It is known as the Life Cycle Assessment, and it is a process that helps us improve the environmental and energy performance of what we produce. Here are the latest developments.

How does one assess the interactions and impacts that a product or process have on the environment, taking into account the entire life cycle? The answer is the Life Cycle Assessment (LCA) process, a methodology for evaluating how each individual components of a product has weighed and will weigh on the environment, from the time the composing materials are extracted or processed, until the product will end up in a landfill or will be recycled. This is possible thanks to specific indicators, such as the **Global Warming Potential** and **Eco-toxicity** categories, which make it possible to assess the environmental impact across different matrices. The overall impact (environmental, economic, social) to the component life cycle emerges from the integration of the LCA results with the technical and economic feasibility study.

The launch of the project in 2012 involved three business lines – Powertrain (**air intake manifold**), Suspension Systems (**suspension arm**) and Automotive Lighting (**headlamp**), to then over the years extend to include the Exhaust Systems (**cold-end exhaust system**) and Plastic Components and Modules (**fuel tank**) business lines.

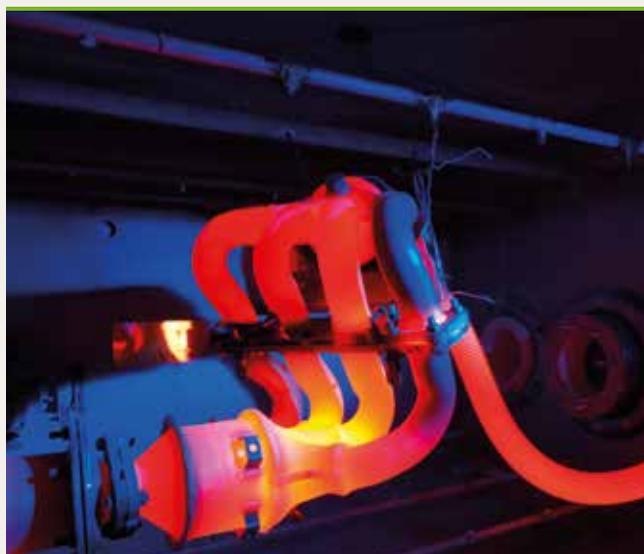


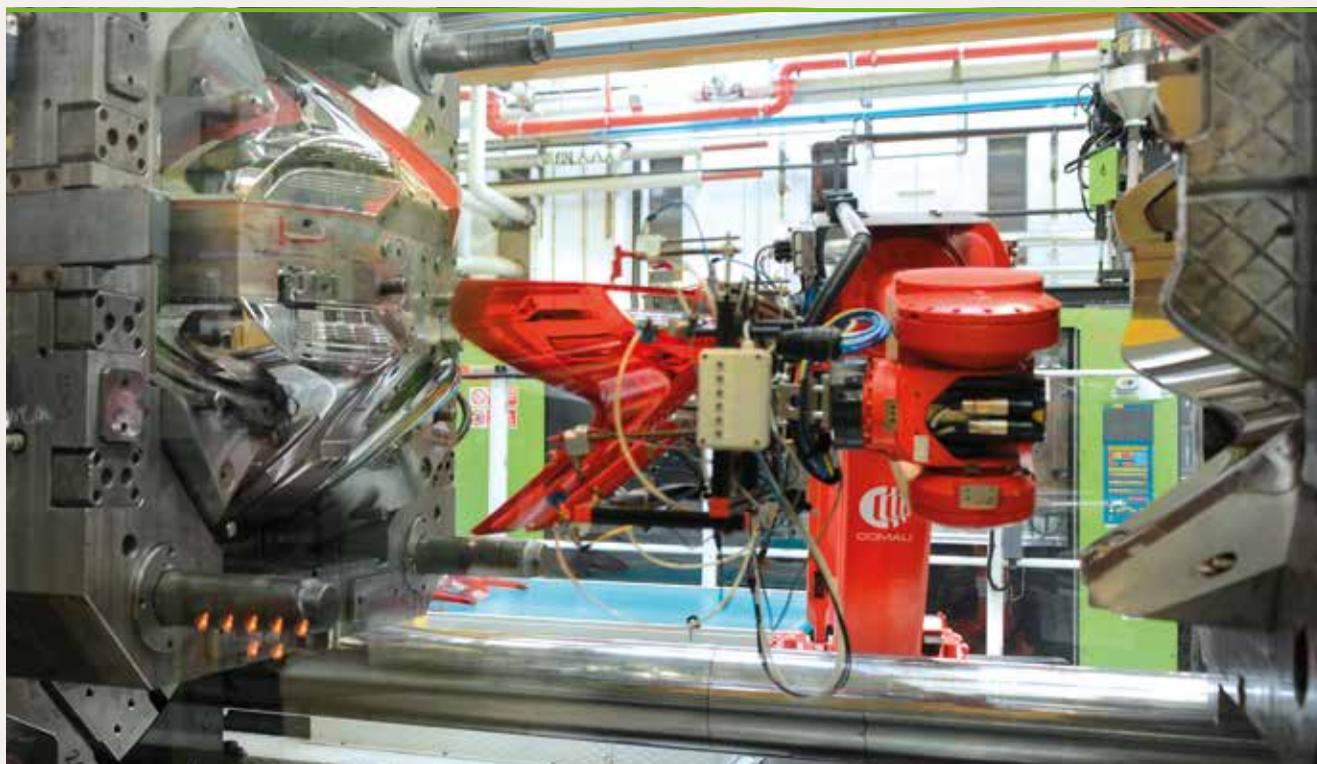
The project continued to grow, and in 2015 the comparative studies between traditional and innovative solutions focused on:

- the throttle body (Powertrain)
- the dashboard (Plastic Components and Modules)
- the front suspension arm (Suspension Systems)

These studies have confirmed that during the life cycle of a component, the most significant impacts derive from the extraction and use phases. Particular attention was then given to the end-of-life phase, with the aim to better understand the cycle of discarded materials.

As strategic partners, the involvement of suppliers was considerably high in these projects. Their role was not simply limited to data collection, but also focused on building a closer cooperation aimed at establishing a common LCA approach.





>>> This activity allows us to take into account the points of view and expectations of all stakeholders and to offer training opportunities for new generations, as evidenced by the launch of a PhD programme in collaboration with the University of Bologna in 2015.

The Life Cycle Assessment in Magneti Marelli point at a very large enterprise in which to develop research. The perception of certain products and processes has in fact changed, which at first glance seemed more sustainable from an environmental point of view, but that in reality did not prove to be as such. With this in mind, we will continue to analyse all business processes, increasing our knowledge of ourselves and of the effects of our activities.

The goal in the medium to long term is to implement a Life Cycle Thinking approach, with an increasing focus on the environmental footprint of our products.



CHECK LIST

- ✓ We extended the project to business lines not yet involved to this point
- ✓ We increased the number of components analysed
- ✓ We began collaborating with the Supply Chain business area with a focus on the involvement of suppliers and subcontractors to deepen the analysis of buy processes
- ✓ We set up a PhD to develop a database of substances and processes typical of Magneti Marelli

NEXT STEP

- Continued economic assessments associated with each LCA study, according to the criteria defined by the Life Cycle Costing criteria
- Involvement in a Social LCA (study of the social impacts) pilot project
- Increased focus on the Life Cycle Thinking approach



THE SUSPENSION ARM STUDY

The study of environmental impacts related to the reduction of the weight of suspension system components is one of the many studies conducted by Magneti Marelli within the scope of LCA. The comparative analysis carried out on the suspension arm identified has allowed us to identify, among different materials, the one that guarantees a greater reduction in CO₂ emissions. The standard steel component was then compared with a solution in primary aluminium and with a composite solution. Primary aluminium is produced directly from Bauxite, while that obtained from recast aluminium scraps is referred to as secondary.

A lighter suspension arm, through the use of innovative materials, helps reduce the overall CO₂ emissions of the vehicle during its use, while maintaining the technical standards required by car manufacturers.

TECHNICAL DATA	STANDARD SOLUTION	FIRST SCENARIO	SECOND SCENARIO
Material	steel	primary aluminium	composite
Weight (kg)	19	-17.63%	-50.74%

Among the many ideas for improvement, it is worth noting that the extraction of primary aluminium is an activity characterised by a high environmental impact and which therefore, looking towards the future, can be replaced by secondary aluminium, with the introduction of an additional innovation.

This finding is transversal in nature as primary aluminium is present in many of Magneti Marelli's products. Looking ahead, the overall improvement potential can therefore be considered quite significant.



LESSON LEARNED

- > The LCA project is directing Magneti Marelli towards a new awareness focused on the environment and on the effects that our procedures entail. A complex process that is gradually spreading throughout the company.

Other important feedback includes:

- > A precious collaboration with universities was initiated, which has fostered a good matching between methodology and industrial processes
- > The LCA project allowed us to become part of a structured community that goes beyond the automotive industry and which pays great attention to environmental issues and on how to best manage them
- > Interest in Magneti Marelli's project was demonstrated by both scientific communities, as well as by component manufacturers (e.g. suppliers)

TECH HIGHLIGHTS

Technology innovation for sustainable and safe mobility: here are Magneti Marelli's latest technological evolutions.

> AUTOMOTIVE LIGHTING



E-LIGHT HEADLAMP

Using less energy to light up the road and guaranteeing increased safety. The LED low beam

E-Light consumes 11 Watts against the 68 Watts consumed by a normal a low beam halogen light and offers superior performance in terms of lighting capacity.

E-Light helps reduce CO₂ emissions produced by cars, moving towards meeting the objective set out by European legislation which by 2020 calls for a limit of 95g CO₂/km for newly registered cars. The innovative technology was officially recognised as an Eco-Innovations in the automotive industry by the European Union.

LASER HEADLAMP

The optional high-beam laser module, integrated with the full-LED technology, produces a high intensity light beam, thanks to an approach focused on the highest levels of precision. A phosphorous converter transforms the white light beam with a "temperature" of 5,500 Kelvin providing the ideal conditions for night vision. The laser module is activated automatically when the vehicle exceeds a speed of 60 km/h and, compared to the LED technology, doubles the beam.

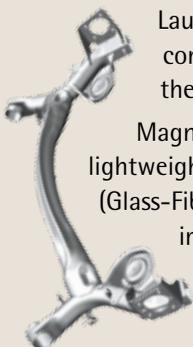


What are the advantages of the E-Light technology?

- It guarantees certified energy savings
- It allows carmakers to obtain a credit of 1g CO₂/km for each vehicle that adopts this solution
- It provides greater flexibility in the design of the vehicle in terms of CO₂
- It increases vehicle safety and reliability and reduces power consumption
- It contributes to the final design of the car adapting to the new lines

> SUSPENSION SYSTEMS

ADI MATERIALS AND LCA



Launched in 2014, the ADI (Austempered Ductile Iron) materials project aims to reduce the weight of components such as arms and stub axles used in suspension systems by 20%, with the goal to apply these materials to other product components.

Magneti Marelli is committed to developing other innovations that will make it possible to produce new lightweight materials for suspension components, such as CFRP (Carbon Fibre-Reinforced Polymer) or GFRP (Glass-Fibre-Reinforced Plastic). In reducing the total weight of vehicles, materials of this type can lead to important improvements (up to 50% compared to conventional materials).

To better analyse the application of these new materials and their relative environmental impacts, comparative Life Cycle Assessment studies have been carried out.

> POWERTRAIN

HY-KERS

Based on the experience gained in the motorsport world, the KERS (Kinetic Energy Recovery System) technology was introduced for the first time in a standard production model with the HY-KERS hybrid system used by Ferrari. The HY-KERS system is composed of a Ferrari gasoline-powered combustion engine and the electrical part developed with Magneti Marelli. The latter reduces the amount of gasoline burned during combustion thanks to the two electric motors. The first recovers kinetic energy during braking, storing it in the lithium batteries and thus enabling the power over-boost; the second, set in motion by the combustion engine, generates electricity required for a constant charging level of the lithium batteries. It also provides energy for standard vehicle use (lights, etc.).

Magneti Marelli also develops hybrid low voltage solutions (for example, the "48 Volt", compact solution with under 16 kW of power). This solution is extremely flexible and easily adaptable to internal combustion engines. For example, the solution can be installed as a Start&Stop system, without the need for substantial changes.



What are the potentials of the HY-KERS system?

- The application of technologies and know-how derived from the Formula 1 world
- 40% emissions reduction

LOW-VOLTAGE HYBRID DRIVE

Another technological declination is the "48 volt" hybrid system that combines two Magneti Marelli innovations: the electro-actuated transmission and the KERS technology. The solution connects an electric motor generator to a robotized gearbox.

The electric motor produces torque when changing gears and at the same time helps reduce fuel consumption.

> ELECTRONIC SYSTEMS

AMOLED

The AMOLED is a display created using organic compounds that directly emit RGB light (red, green, blue) and that help reduce the weight and power consumption of the display.

Thanks to the prevalent use of glass, the AMOLED has a slimmer structure than a TFT screen, which is made of glass and other metal and plastic components.

The innovation in the automotive sector focuses on ways to make this technology compatible with temperature and duration conditions typical of the standard use of a vehicle.

The next step is to find solutions for the integration and management and the algorithms to ensure the perfect operation of the AMOLED display.



What are the advantages of the AMOLED display?

- It guarantees energy and weight savings
- It improves the perceived quality of information thanks to an excellent contrast of the display
- It ensures improved recyclability thanks to the use of fewer materials





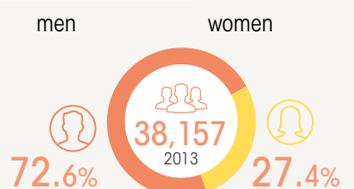
SOCIAL CONTEXT

OUR SOCIAL PERFORMANCE

Magneti Marelli is attentive to the needs of the company and of the local communities in which it operates. The company promotes economic development both locally and globally, to improve the quality of life and to create job opportunities.

2013-2014-2015 Data

EMPLOYEES (n)



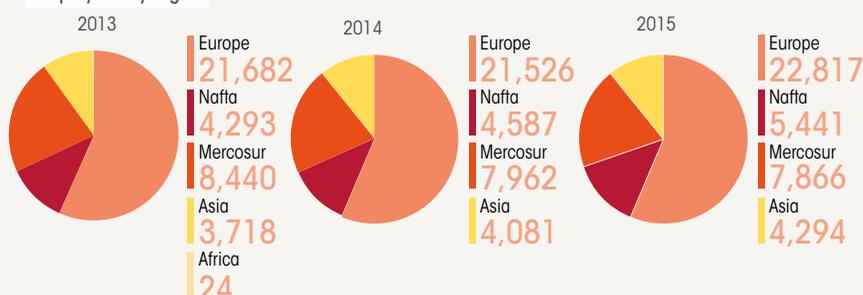
EMPLOYEES BY AGE GROUP (n)

	2013	2014	2015
Up to 30 years	8,868	11,368	11,022
from 31 to 40 years	12,951	12,736	13,602
from 41 to 50 years	9,238	9,290	10,250
Over 50 years	7,100	4,762	5,544

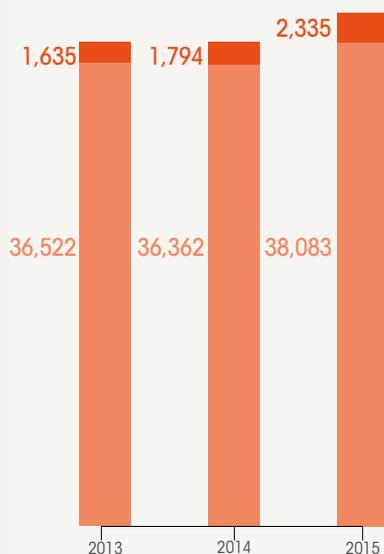
AVERAGE AGE (years)



Employees by region



EMPLOYEES BY TYPE OF CONTRACT



FIXED TERM

	2013	2014	2015
Europe	1,199	1,385	1,975
Nafta	-	1	1
Mercosur	171	195	191
Asia	265	213	168
TOTAL	1,635	1,794	2,335

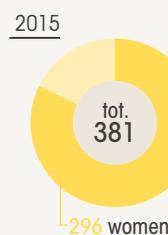
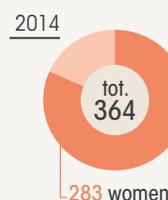
PERMANENT

	2013	2014	2015
Europe	20,483	20,141	20,842
Nafta	4,293	4,586	5,440
Mercosur	8,269	7,767	7,675
Asia	3,453	3,868	4,126
Africa	24	-	-
TOTAL	36,522	36,362	38,083

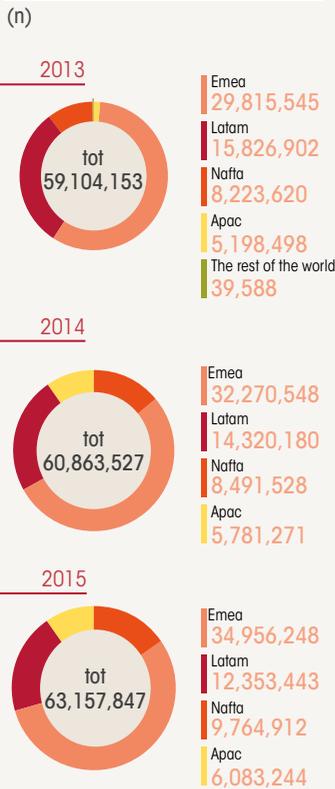
PART TIME

	2013	2014	2015
Europe	293	363	379
Nafta	2	1	1
Mercosur	-	-	1
Asia	-	-	0
TOTAL	295	364	381

PART-TIME CONTRACTS



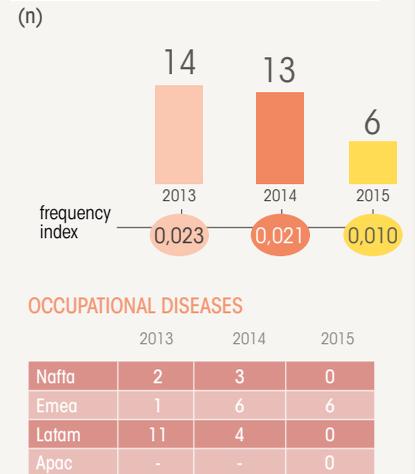
TOTAL HOURS WORKED



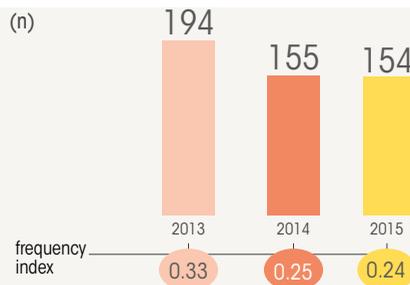
PROFESSIONAL CATEGORY



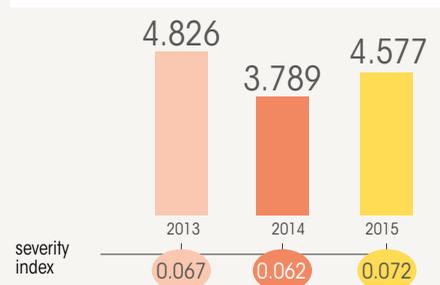
OCCUPATIONAL DISEASES



INJURIES WITH DURATION > 3 DAYS



DAYS OF ABSENCE DUE TO INJURY



TALENT ATTRACTION

	2013	2014	2015
No. hires of new graduates	389	324	466
No. internships and traineeships	1.088	1.066	1.256
No. study grants awarded	176	291	228
Value of study grants awarded	31.882	187.518	197.829

INJURIES

	2013	2014	2015
Nafta	3	7	9
Emea	104	91	98
Latam	84	55	42
Apac	3	2	5

FREQUENCY INDEX

	2013	2014	2015
Nafta	0.04	0.08	0.09
Emea	0.35	0.28	0.28
Latam	0.53	0.38	0.34
Apac	0.06	0.03	0.08

DAYS OF ABSENCE DUE TO INJURY

	2013	2014	2015
Nafta	45	121	484
Emea	3,347	2,966	3,431
Latam	1,400	661	556
Apac	34	41	106

SEVERITY INDEX

	2013	2014	2015
Nafta	0.01	0.01	0.05
Emea	0.11	0.09	0.10
Latam	0.09	0.05	0.05
Apac	0.01	0.01	0.02

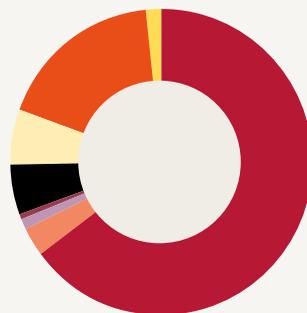
COMMUNITY INVESTMENTS

(2015 Data)

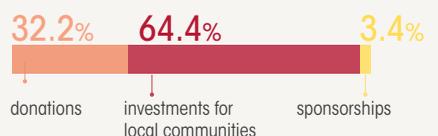
1,279,314 € TOTAL EUROS INVESTED INTO THE COMMUNITY

GEOGRAPHIC SCOPE

- BRAZIL • 829,843
- INDIA • 225,641
- ITALY • 76,474
- UNITED STATES • 66,520
- CZECH REPUBLIC • 40,456
- REST OF THE WORLD • 20,574
- GERMANY • 12,900
- POLAND • 6,905



TYPE OF INTERVENTION



AREA OF INTERVENTION

70.1%	Education and youth
2.6%	Health
2.9%	Environment
6.1%	Arts/culture
17.6%	Social welfare
0.6%	Other types of support

EMPLOYEES. LISTENING AND PAYING ATTENTION TO OUR PRIMARY STAKEHOLDER

For Magneti Marelli, growing together with our collaborators is a basic requirement for talking about sustainability. With this in mind, we are committed to receiving all the possible feedback, ensuring a safe working environment, positive and inspiring.



Participation in the Great Place to Work initiative

In September 2015 Magneti Marelli carried out its third annual People Survey, conducted in collaboration with Great Place to Work and involving more than 34,500 employees worldwide.

Compared to the past editions of the survey, the overall response rate once again improved, proving to be substantially aligned with the benchmark of the 25 best multinational working environments identified by the Great Place to Work organisation.

Moreover, this analysis shows that the Trust Index of employees towards the company has doubled compared to that recorded in 2013.

Following the Survey, in early 2016, local working groups were identified that have seen employees actively collaborating on specific improvement plans.



We take care of our employees

Magneti Marelli is concretely committed to its operations, with activities and projects in plants around the world, from Italy to Brazil, via China, Slovakia, Malaysia and Poland. Since 2008, a Management System for Health and Safety at Work has in fact been gradually implemented across all Magneti Marelli plants, according to the OHSAS 18001 standard, a set of shared rules that regulate prevention and protection risk models, with the aim to prevent accidents and thus reduce the number of injuries. The certification of the plants in fact serves as a confirmation of the company's increasing sensitivity to the need to reduce and prevent risks, with a focus on continuous improvement.

INDIA, A MODEL FOR INTERACTING WITH THE TERRITORY

A strong focus on education, attention to the health of communities, and support for local projects. This is how Magneti Marelli operates in India. With a detailed CSR (Corporate social responsibility) Policy.

India, a country that while recording a strong growth – with an annual growth rate of 7.3%, inflation that continues to fall, together with the unemployment rate (8.5%), and constant technology development (source: Mercati Esteri - 2015) – still has some significant areas where poverty is a reality. Nutrition, malnutrition, lack of education, and lack of infrastructure are some of the key problems affecting the most disadvantaged part of the population.

India is an important country for Magneti Marelli's business. From 2007 to 2014, in fact, the full industrial perimeter was replicated with the opening of ten plants - six in the North (in Manesar and in the Haryana area), three operating in Central India (in Pune) and one in the South (in Chennai).

Many of the activities that Magneti Marelli carries out in India were initiated thanks to the establishment of joint ventures.

For example, the one between Magneti Marelli, Suzuki Motor Corporation and Maruti Suzuki India Limited, MMPIL (Magneti Marelli Powertrain Limited).

Every year we invest 2% of the average profits for the last three years, to develop the territory in which we operate and to provide support to the people who inhabit it. To optimise our intervention, we created a dedicated CSR Committee.



MMPIL is subject to the provisions of the Indian State. Active companies must invest 2% of average profits for the last three years to develop the territory in which they operate and to provide support to the people who inhabit it (Companies Act, 2013).

With the aim to comply with the Government's request, Magneti Marelli created a special CSR Committee, which aims to support community investment projects.

The Committee supports the Board in defining and monitoring the investments. The CSR Policy, drafted in 2014 by the CSR Committee, monitors the areas of intervention, drawing inspiration

from general guidelines defining Magneti Marelli's priorities:

- promotion of education and schooling to encourage the professional development of people and their employment opportunities;
- protection of the health and satisfaction of social needs with concrete projects.

By following a logic focused on proximity and interaction with the territories in which Magneti Marelli's plants are located, we concentrated the activities in the area of New Delhi in the States of Haryana, Maharashtra and Tamil Nadu.

>>



>>
> **We promote education and schooling**

Education is a key factor for the development of a country. Nelson Mandela defined it as "the most powerful weapon which you can use to change the world". Education is in fact the key factor that allows everyone to develop their skills. For this reason, it has a clear impact on the improvement of general social conditions.

Today in India, especially in rural areas, part of the population has great difficulty gaining access to schooling. Continuing to guarantee this represents an opportunity to improve the development of talent.

With this in mind, since 2014 Magneti Marelli has launched several initiatives targeting young people and their training. In particular, collaborations were launched with: **CESVI**, which opened protected centres where orphaned children in difficulty find support and education; **Muskaan Kids & Faculty**, engaged in projects aimed at people with disabilities; **Bread Team**, which works with children living in landfills; **Gairatpur Kids & Faculty**, whose activities are focused on children in inland rural areas; **Kamalini Kids & Faculty**, focussed on young girls; and **DB Children & Management**, which looks to provide professional opportunities to deserving poor children.

We work with young people, adolescents and children. The general objective is to provide the tools to support children in developing their talents and training them to allow them to enter into the labour market.

> **We promote the health of communities**

Magneti Marelli collaborates with Indian organisations to implement initiatives aimed at improving the health of local communities: with the Red Cross to launch blood donation camps, with **ICS** to start a cancer awareness and prevention campaign, with the **CMO Team** in Gurgaon to help eradicate polio, an acute viral infectious disease that affects the spinal cord and brain and is commonly referred to as infantile paralysis, and with **MLNS** to help with the rehabilitation of victims of

CSR initiatives have given hope for continuity in the training of hundreds of poor students who come from the most vulnerable part of North Indian society. The partnership between BREAD and MMPIL is truly fruitful, productive and humble, and is heading in the right direction. "Empowerment through education" is the current necessity. Thanks to everyone from the MMPIL family.

Fr. JoSoN Tharakan John -
Managing Trustee - Board for Research
Education and Development (BREAD)

acid attacks.

Magneti Marelli's support to health promotion is also achieved through the partnership with the non-profit organisation **Holy Family**.

At Holy Family, we offer support for the purchase of diagnostic machinery and equipment necessary to improve the quality of the health service offered. Recently, we contributed to the purchase of an endoscopy machine, needed to improve the effectiveness of surgical and paediatric care. Holy Family is also working to open an Oncology Centre.

Protecting children in India: the CESVI Houses of Smiles

Supporting the Houses of Smiles educational centres established by the CESVI organisation: this is Magneti Marelli's strongest commitment in India.

"Magneti Marelli's approach is based on a strategic vision, on a rational choice", explains **Giangi Milesi**, CESVI President, "it is not a philanthropic activity driven by love, rather there is the desire to develop ties to countries where the company operates. The non-occasional nature of support given and the foresight to integrate investments into existing projects are also very important".

Since 2013, Magneti Marelli has been supporting two Houses of Smiles in India: the **Nambikkai House** and the **Ananda House**, both entrusted to local associations.

Secure and protected places, where orphans or children in difficulty, deprived of basic needs such as education, nutrition and family support, are offered much needed tools and knowledge.

Today the Houses host 43 boys and girls, between 6 and 18 years of age, and the number continues to grow.

The proximity to the villages helps maintain the bond with families, developing and restoring hope to the whole community.

This year, Magneti Marelli's collaboration with CESVI, started in 2007, has made it possible to carry out activities related to the protection, care and support of exceptionally vulnerable children during their educational, personal and professional growth.

> Projects focused on local development

For Magneti Marelli, corporate citizenship represents the incentive through which it is possible to strengthen social relations built over time. It is essential to understand the needs of the people and of the territory and to take action to improve their conditions. The commitment across the territory was strengthened by close cooperation with local institutions.

In 2014, Magneti Marelli promoted the construction of a sports field, while in Bas Lambi in the Gurgaon district of the Haryana state in northern India, where two of our factories are located (Powertrain and Suspensions), two public schools were equipped with toilet facilities. Concrete projects and initiatives with a strong impact on people, to provide the necessary push for the sustainable growth of the company and of the community involved.



Stabilimento di Manesar, India

MMPIL's interest has restored confidence not only to residents of the local village but also to small businesses that now look with confidence to the new opportunities that lie ahead for the future. We are pleased that MMPIL's management has decided to support the community through development projects, thus contributing to the enhancement of existing public services.

Pradeep Yadav
Head of the elected village body



LESSON LEARNED

- > It is essential to have a CSR and local sustainability contact to ensure regular dialogue and who can become a spokesman between the company and local communities, taking into account the expectations of the community
- > It is beneficial to develop the impact of Magneti Marelli's social investments by establishing a rationalisation process focused on the intervention areas and measurement of tangible results



CHECK LIST

- ✓ We established the CSR Committee India and adopted the CSR Policy
- ✓ We invested 2% of the company's profits in local development projects

NEXT STEP

- Definition of Group guidelines for community investments
- Creation of local procedures
- Setting up an investments measurement method

THE EVOLUTION OF THE TRAINING PROJECT IN BRAZIL

We encourage the sharing of knowledge among our employees and the communities in which we operate: stories that intertwine and enrich each other.

Training is the professional education project adopted by Magneti Marelli in Brazil that puts the company's employees in the teacher's seat. These are genuine "volunteer teachers" who accompany classes of young students along a professional training path, transferring know-how and passion.

The employees' commitment towards the community and the relative territories represent a hallmark of Magneti Marelli. Today, the Training Project has nearly 400 volunteer teachers. The goal is to share their know-how with the local youth.

The project aims to improve the lives of children and young people living in highly disadvantaged conditions. The strengths of the volunteering initiative are the sensitivity of the employees, their knowledge and the time made available.

This virtuous cycle helps increase knowledge and creates fertile ground for new employment opportunities. In recent years, the Training Project has consolidated its actions on a solid foundation, and today it makes it possible to:

- disseminate technical and professional skills;
- raise awareness on issues related to hygiene, health and safety;
- work on communication and interpersonal skills;
- launch integration activities (music, theatre, gardening and sign language).



THE TRAINING PROJECT: A GROWTH OPPORTUNITY

Fabio Santos' account
(Quality area) – Volunteer teacher in Mauà.

> [When did you decide to join the Training Project?](#)

"I joined the project as a volunteer teacher in 2013, invited by a colleague"

> [What do you do within the project?](#)

"I am a teacher and I therefore provide students with the adequate tools for their professional growth. Later, I also began contributing to coordination activities of the school located in the Mauà plant"

> [What have you got back from this experience? Has it enriched you?](#)

"Thanks to the opportunity of being a volunteer teacher, I went back to study to improve the knowledge to share with the young students. Thus, Training brought me back to studying and now I have completed a course in Technology and Quality Management. I also started a postgraduate course in Integrated Quality Engineering and a language course"

> [In your opinion, what impact does the project have on Magneti Marelli?](#)

"When teachers and volunteers work together, the company's management commits itself to the project and a common goal is reached. In this way, the effect can be positive. For starters, one of the first benefits relates to the young students' CVs: having studied and worked in a multinational company is quite significant"

> [How will the project evolve in the future?](#)

"Today, Magneti Marelli's Training Project is about to launch a new school in the Pernambuco plant. This expansion project is positive: motivated people work in the new plant and, of course, it will be a great reward to have the Training Project there to witness the transformation"



PROMOTING INTERNATIONAL PEOPLE GROWTH

Career opportunities that go beyond national boundaries: this is what Magneti Marelli offers with exchange programmes around the world. Our goal is to encourage the professional and personal growth of our employees.

Magneti Marelli's people have been able to make the most of the opportunities that only a large multinational company can offer. Moving to gain a deeper knowledge of the company of which you are an integral part, while also learning to rediscover yourself. There are three main reasons why Magneti Marelli has chosen to strengthen these occasions. First and foremost, exchange programmes make it possible to ensure the mobility of the company's know-how between different countries, contributing to the development of abilities and skills in other areas. At the same time, the people acquire new skills which they then have the opportunity to disburse in their countries of origin, in the development of new products and processes. Finally, we believe that international experience is very important for the personal development of the individual. Experiencing new cultures, new environments and new work methodologies brings added value. For this reason, we have provided ad hoc programs to facilitate exchanges between colleagues, even very far apart, and tools to mitigate the possible effects of this radical change.



BROADENING OUR HORIZONS TO GROW PROFESSIONALLY

Luigi Lubrano's account
(Managing Director) - Magneti Marelli China.

> What's the advantage of being part of an international group such as Magneti Marelli?

"The big advantage is linked to the high technology image that this company has in the automotive industry. The challenges we face in the different markets give us an important visibility, and our customers recognise Magneti Marelli's expertise, technical know-how, and innovative approach to the automotive market"

> What prompted you to change country and career?

"I accepted this offer to transfer abroad for two main reasons: first of all, for the opportunity to reconfigure my role within the organisation. Then, to make a switch from the R&D sector, to which I had dedicated my entire career covering various roles, to P&L management, which can give me the opportunity to take on new challenges"

> What positive and negative challenges did you face?

"All challenges are an opportunity to assess an individual's ability to find solutions. If I look back to the last two years, I can confirm that I was able to handle the initial difficulty of integrating my management style with the Chinese culture and with the OEM approach, which are completely different from the European and American approach. The positive experience is connected to the great opportunities that the Chinese market is offering a company such as Magneti Marelli, in terms of business"

> Does this kind of opportunity contribute to Magneti Marelli's growth?

"In general, the transfer to another country gives you the opportunity to enhance your multicultural approach and management skills. These types of characteristics are increasingly important in the global market.

Managers who are able to seize these opportunities can help prepare and guide Magneti Marelli towards new challenges"

WE TRAIN PEOPLE AND RENEW OUR KNOW-HOW

Cultivating talent and strengthening skills: Magneti Marelli's constant attention to fuel the growth of its employees and of the whole company.



Knowledge and talent should be encouraged. Magneti Marelli's commitment to the development and growth of human capital stems from this awareness. In 2015, the company invested nearly 3.7 million Euro in training, involving more than 31,000 participants and providing over approximately 560,000 hours of education: important numbers that highlight the importance of people for Magneti Marelli. Each business line has specific training processes designed to satisfy real business needs. Some of the programmes are centrally managed, particularly those related to the growth of the so-called "talents" and the growth of the leadership capacity, centred both on the development of more technical skills, as well as on the professional development of the individual. World-wide training activities are carried out through the online platform and focus on issues deemed essential by Magneti Marelli and on which it is necessary to transmit a unique message in all countries where the company operates (Values, Code of Conduct, Anti-Corruption Code).

TALENT PROGRAMME

Hiring, developing and retaining talent: these are the main objectives of the "Talent Program" launched by Magneti Marelli, with the desire to provide elements helpful for motivating people to make a difference and to intensify their positive approach and their commitment.

9 training programmes launched

4 Mentoring Projects

Global, India, China, NAFTA basic and advanced

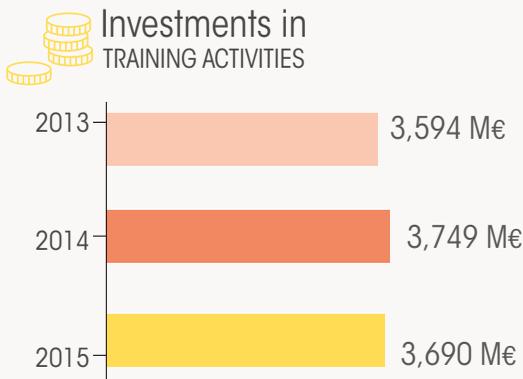
143 people involved

39 mentors available to

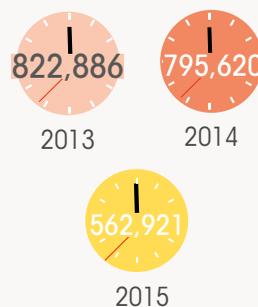
7 countries

66 individuals

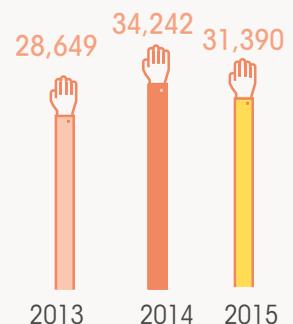
TRAINING



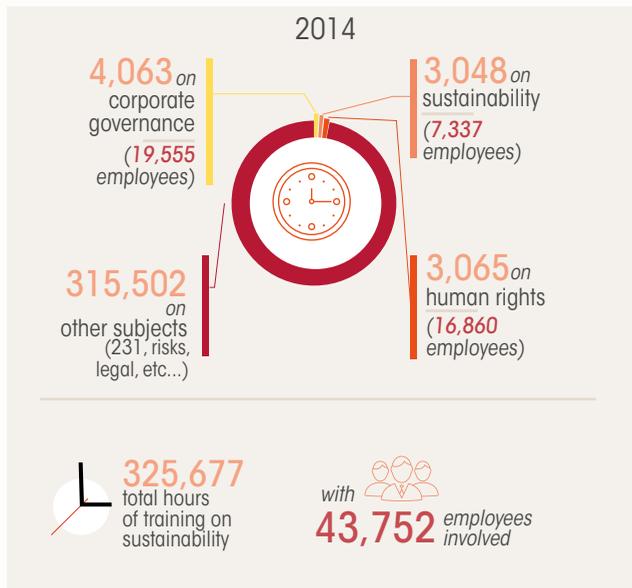
Hours of training



Participation



HOURS OF TRAINING ON SUSTAINABILITY



> Business ethics training

"Our work is focused on prevention and consulting", explains Tereza Cristina Gomez Sanches Perez, from Magneti Marelli's Legal Office. "Our internal lawyers are available to clarify any doubts that may come up because our business activities aim to prevent damages rather than having to address those that have already occurred".

The behaviour of the individual is at the very centre of legal education actions. Through this approach targeted at management, Magneti Marelli in fact aims to increase awareness of the risks of antitrust and corruption and to transmit the awareness of the risks which an employee may encounter during normal working activities. The intent is to clarify the correct ways to deal with such risks, together with the behaviours expected under these circumstances.

At the same time, full information is given concerning the tools and channels available to request opinions and recommendations and to report situations characterised by lack of transparency.

"I believe that antitrust and corruption are very important for any business", explains Marcio Pires Adriani Damazio, Magneti Marelli LATAM Human Resources Director. "My expectations on this project are high because people's behaviour reflects both on the image of the company's future, as well as on the internal corporate environment".

"OK STAGE" FOR MAGNETI MARELLI



Magneti Marelli has become part of the network of companies established by the "Republic of Interns", which meet the precise requirements for the

protection and training of interns.

The Republic of Interns is an editorial initiative and a newspaper founded in 2009 which, over the years, has become the national reference point on the theme of internships.

Requirements for companies include, among others, an appropriate payback for the level of specialisation, transparent communication on the number of interns present and the percentage of young individuals who at the end of the internship experience are integrated into the company.

Magneti Marelli received the "OK Stage" approval seal for 2015. The company, in fact, adheres to the Charter of rights of the intern and registers a recruitment rate at the end of the internship of at least 30%, almost three times higher than the national average of 12%.

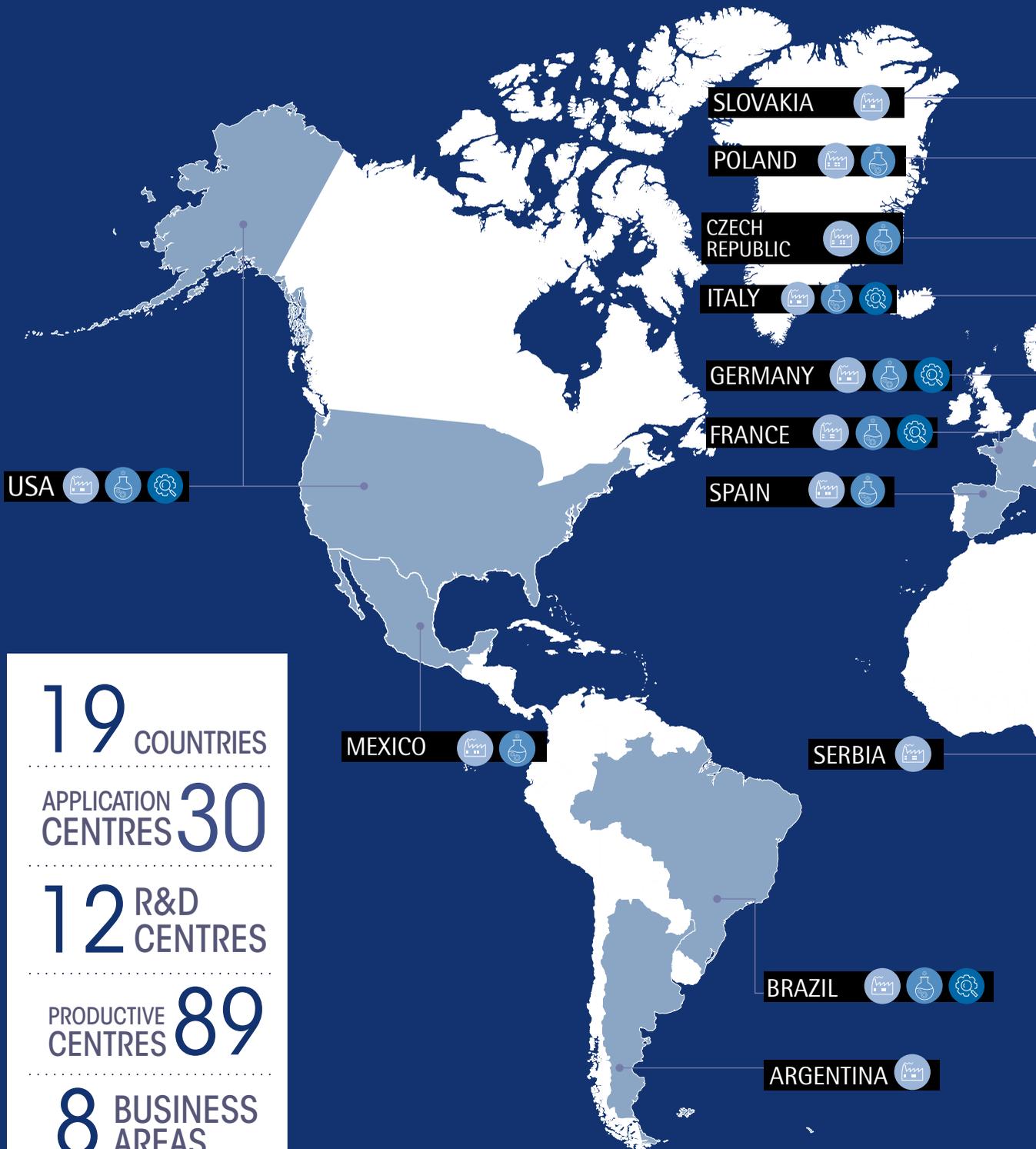




**WHO
WE ARE**

MAGNETI MARELLI AROUND THE WORLD

Magneti Marelli's global approach to business favours and strengthens integration and the dynamics focused on exchange, in the various countries where the company operates.



19 COUNTRIES

APPLICATION CENTRES **30**

12 R&D CENTRES

PRODUCTIVE CENTRES **89**

8 BUSINESS AREAS



PRODUCTION SITE



APPLICATION CENTRE



R&D CENTRES

DATA AS AT 31/12/2015

NET REVENUES

7,262

millions of euro

INVESTMENTS IN TANGIBLE AND INTANGIBLE ASSETS*

(with indirect impact on sustainability)
*excluding capitalised R&D

438

millions of euro

TOTAL EXPENDITURE IN R&D

332

millions of euro

EMPLOYEES

40,418



OUR HISTORY

1919

MAGNETI MARELLI IS FOUNDED



The demand for magnets and electrical components for mobility increases: Fiat and Ercole Marelli equally subscribe the share capital

amounting to 7 million lire and found Magneti Marelli.

1891-1915

THE BEGINNING



The Ercole Marelli company is founded, specialised in the production of motors and electrical appliances.

In 1915, the first Italian experiments in the field of ignition magnets for internal combustion engines begin. The ignition magnet is the device that provides power to the spark plugs, in an era in which cars had no electrical equipment on board.

THE 20s/30s

RESPONDING TO SOCIAL NEEDS

Production of professional radios products for terrestrial telecommunication, aeronautical and naval telecommunications, and radio links.

The Radiomarelli brand is launched for the production of radio and television equipment.

Magneti Marelli's research and scientific laboratories take advantage of the collaboration with Enrico Fermi.

The first experimental system for television broadcasts is designed and built.



Magneti Marelli founds FIVRE (Fabbrica Italiana Valvole Radio Elettiche - Italian factory for electrical radio valves) for the production of radio and television components.

Business activities are strengthened and diversified: magnets for cars, motorcycles, industrial engines, racing engines and electrical equipment.

THE 40s/50s

PROTAGONIST OF THE COUNTRY'S DEVELOPMENT

Electrical equipment and mobile transceiver systems are produced for the Army, Air Force and Naval sectors; telephone radio links, telegraphic transmitters and short/medium wave stations are produced for the Ministry of Communications. In 1947, Magneti Marelli is listed on the Milan Stock Exchange.



RAI partners with Magneti Marelli to build infrastructure, transmitters, receivers and signal amplifiers - first for radio and then for television - as well as for the production of shooting equipment.

Mass production of Radiomarelli televisions begins.

ARCHIVIO STORICO

MAGNETI MARELLI

DAL 1919

Established in 2008, the archive is the symbol of industrial heritage left behind by Magneti Marelli in over 95 years of history.

The preserved heritage is at the disposal of the community, through activities focused on reception, training, development and in-depth studies of social issues.

The historical materials of the archive continue to grow.

TODAY THE ARCHIVE CONTAINS

20,000 PHOTOS | **500** VIDEOS



OVER **2,000**



DOCUMENTS SUCH AS COMPANY MAGAZINES, BROCHURES, ADVERTISEMENTS AND PRESS RELEASES



a **TECHNICAL ARCHIVE**

with over **1000** DOCUMENTS INCLUDING PRODUCT CATALOGUES MANUALS AND TECHNICAL DRAWINGS

THE 70s/80s

BETWEEN RESEARCH AND EXPANSION

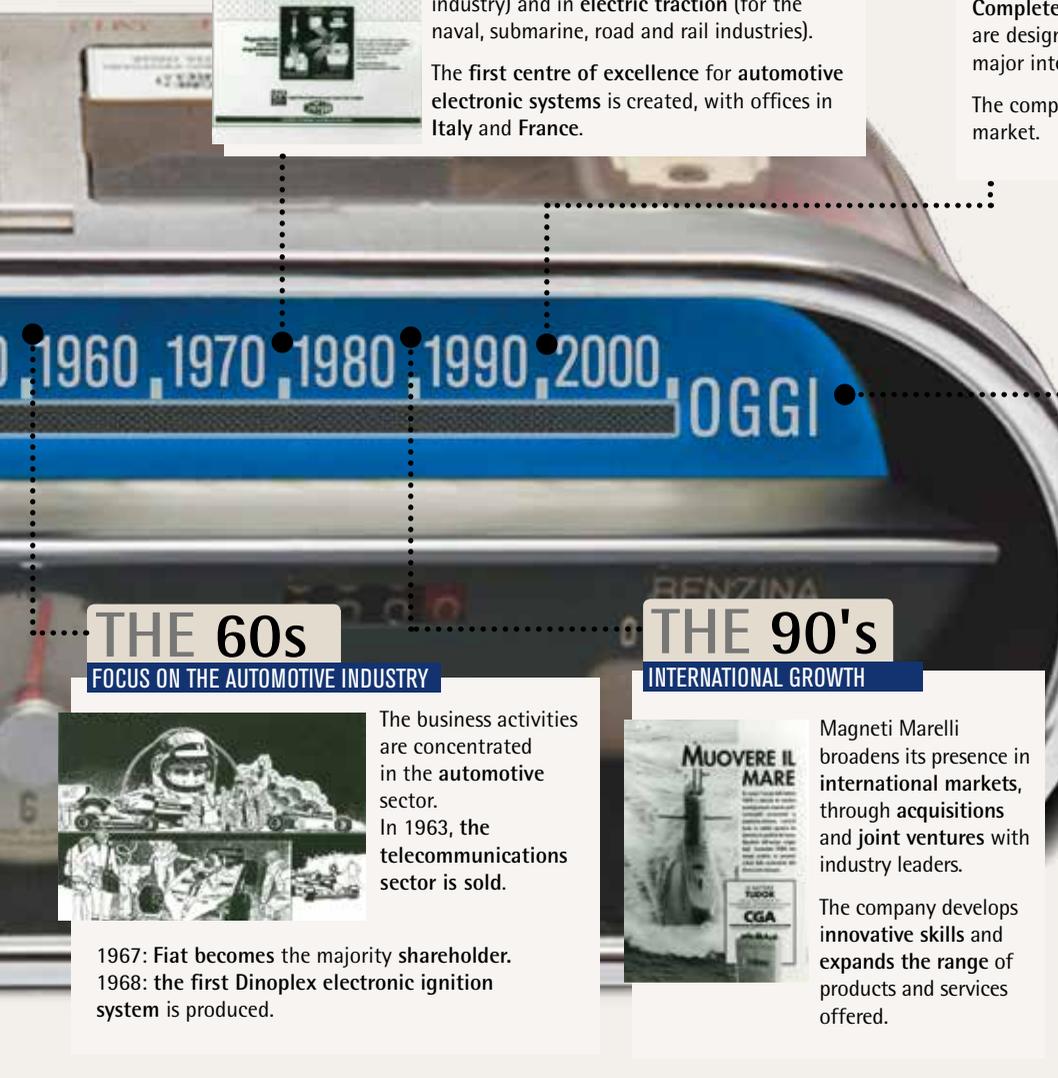


Magneti Marelli lands in Brazil. Magneti Marelli has become the reference point in Italy in the batteries and accumulators sector (for the automotive industry) and in electric traction (for the naval, submarine, road and rail industries). The first centre of excellence for automotive electronic systems is created, with offices in Italy and France.

THE 00s

FOCUS AND POSITIONING

Complete automotive systems are designed and produced for major international carmakers. The company leaves the stock market.



TODAY

INNOVATION AND SUSTAINABILITY AT THE CORE OF THE BUSINESS

Magneti Marelli aims to provide answers for the automotive industry to the challenges of the future. In particular: **environmental sustainability, safety and connected cars.**



International expansion is strengthened with strategic joint ventures.

THE 60s

FOCUS ON THE AUTOMOTIVE INDUSTRY



The business activities are concentrated in the automotive sector. In 1963, the telecommunications sector is sold.

1967: Fiat becomes the majority shareholder. 1968: the first Dinoplex electronic ignition system is produced.

THE 90's

INTERNATIONAL GROWTH



Magneti Marelli broadens its presence in international markets, through acquisitions and joint ventures with industry leaders.

The company develops innovative skills and expands the range of products and services offered.

Magneti Marelli has always been deeply rooted and close to the places where it operates. This has made it possible to also accomplish many developments in areas not closely linked to the automotive industry. In fact, there has always been a remarkable bond between social needs and production. For example, applications in various areas were examined to meet the demands of social life: notable examples include video surveillance systems in stations and squares, telecommunication applications for the education sector, medicine, ambient music and radio broadcasting.

Gian Luca Fontana
Magneti Marelli Historical Archives Curator
Corporate Communications

a PERSONNEL ARCHIVE



STORES REGISTERS, GENERAL MEETINGS REPORTS AND FINANCIAL STATEMENTS

SELECTION OF PRODUCTS



(MAGNETS, COILS, CONTROL UNITS, SPARK PLUGS, HEADLAMPS, CARBURETTORS, ETC.)

OF WHICH NEARLY

80 INSTRUMENT CLUSTERS FROM THE 20s TO TODAY

OUR BUSINESS LINES



AUTOMOTIVE LIGHTING

Research, development and production of automotive lighting solutions.



POWERTRAIN

Production of components for engines and transmissions for cars, motorcycles, and commercial vehicles.



SUSPENSION SYSTEMS AND SHOCK ABSORBERS

Design and production of suspension modules and components and shock absorbers for a wide range of applications with a focus on weight reduction.



ELECTRONIC SYSTEMS

Research, development and production of instrument panels, displays, and infotainment and telematics solutions.



EXHAUST SYSTEMS

Development and production of exhaust systems using advanced technologies in terms of performance and quality.



PLASTIC COMPONENTS AND MODULES

Design, development and production of complex systems made of plastic.



AFTER MARKET PARTS & SERVICES

Spare parts, motorists assistance services and training and technical know-how for the Independent Aftermarket.



MOTORSPORT

Research, development of electronic and electro-mechanical systems for two-wheel and four-wheel racing vehicles.



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Start

Magneti Marelli • Sustainability Engine

3rd Edition – Year 2014/2015

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