



Pietro de Biasi
Head of Industrial Relations

Mr. Valter Sanches
General Secretary
IndustriALL Global Union

Mr. Luc Triangle
General Secretary
IndustriALL European Trade Union

In cc. To Mr. Maurizio Landini
General Secretary FIOM - CGIL

Mr. Marco Bentivogli
General Secretary FIM - CISL

Mr. Rocco Palombella
General Secretary UILM - UIL

Turin, July 14th, 2017

Ref: **Your letter dated July 14th, 2017**

Dear Sirs,

In response to your letter of July 14th, we regret to tell you that the information you cite relating to the situation and agreements in place at FCA Serbia is, at best, inaccurate.

Accordingly, to put you in the best position to advise and influence the Serbian trade unions participating in the strike, following are our detailed responses to your observations.

As you are probably aware, FCA has adopted the Universal Analysis System (MTM-UAS) developed by the International MTM Directorate (IMD) for measurement of workload and working conditions. That system has been applied rigorously at FCA Serbia and the change in shifts introduced last year has had no impact on working conditions in terms of rest time. In fact, there is no systematic use of overtime as claimed in your letter. Rather, consistent with the very nature of such an instrument, recourse to overtime is an exception. In relation to forklift speed, there are clear rules in place at the factory setting

Fiat Chrysler Automobiles N.V.
Registered Office: Amsterdam, The Netherlands
Amsterdam Chamber of Commerce: 60372958

Corporate Office:
25 St James's Street, London SW1A 1HA
U.K.

Branch:
Via Nizza 250, 10126 Turin, Italy
Tel. +39 011 006 1111, Fax +39 011 006 1219
Turin Companies Register/Tax Code: 97784450013
VAT no.: 11196180019



the speed limit at 5 km/h in operating areas and 10 km/h in all other areas. These limits are carefully monitored and in the past year there have been no related accidents.

In any case, the above complaints have never been seriously raised by the Serbian union during the discussions which have taken place in recent months. Nevertheless, FCA Serbia is willing to undertake a more in-depth technical analysis of work organization with the unions, based on the MTM-UAS method. Obviously, this would be once the minimum conditions for such analysis exist – that is, once the Kragujevac plant has returned to full operation.

In response to the assertion that FCA Serbia has violated the collective contract, we remind you that the primary motivation for the current strike was the demand for an increase in wages, first to 45,000 dinari, then to 50,000 after the strike had begun. In addition to violating the terms of the current collective agreement, that claim has nothing to do with the putative agreement to pay an "efficiency bonus" cited in your letter. This is for the simple reason that such an agreement never existed, as you yourselves can confirm by reading the collective agreement. As such, protesting the non-payment of the bonus through a strike is also not legitimate.

In reality, it was FCA Serbia which, in May this year, proposed discussion on the introduction of a bonus linked to the plant's performance, to be measured at the end of the current year for payment to workers in February 2018, as applicable, based on a model similar to that adopted in Italy and Poland. The negotiating trade union in Serbia (SSMS) is aware of that model. In addition to being incongruent with the logic behind such a compensation scheme, the unexpected request from the union, during the discussion proposed by FCA, for all or part of the bonus to be paid in 2017 was before any agreement had actually been reached.

As such, we maintain that the current strike is not legitimate and ask that you apply moral pressure on the Serbian union to enable a return to a constructive dialogue. In fact, FCA Serbia is, as it always has been, not only determined to conduct FCA Group's business in full compliance with applicable laws and regulations, but also willing and available to explore all possible solutions for the good of workers through a constructive social dialogue with the unions that represent them.

Sincerely,