

# Independent Compliance Auditor's **Second Report**

Independent Compliance Auditor to FCA US LLC

December 23, 2021



**StoneTurn**

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## I. Executive Summary

### 1. Background

The Independent Compliance Auditor (“ICA,” “we,” or “our”) is pleased to submit this Second Report to FCA US LLC (“FCA”), the United States Department of Justice, and California.<sup>1</sup> Our report arises from the *In Re: Chrysler-Dodge-Jeep EcoDiesel Marketing, Sales Practices and Products Liability Litigation Consent Decree*, No. 3:17-md-02777-EMC (N.D. Cal.), filed January 10, 2019 (“Consent Decree”), which the Court approved and became effective on May 3, 2019 (“Effective Date”). FCA retained StoneTurn as ICA on September 25, 2019.

Besides a civil monetary penalty of \$305 million and other injunctive measures, the Consent Decree requires FCA to adhere to various corporate compliance requirements and retain an Independent Compliance Auditor to oversee compliance with such requirements.<sup>2</sup>

The Consent Decree mandates the ICA to: (1) verify FCA’s compliance with the Corporate Compliance Requirements in Section VI.C of the Consent Decree; and (2) conduct three annual audits that “assess the effectiveness of Defendant’s processes and controls in promoting compliance with United States and California environmental law governing vehicle emissions and certification.”<sup>3</sup> This report relates to our second audit.<sup>4</sup>

We begin with sincere appreciation to the Company for its full cooperation. The ICA engaged with numerous Stellantis personnel, including [REDACTED]

[REDACTED].<sup>5</sup> These individuals demonstrated a commitment to compliance and familiarity with all issues related to our work. The ICA also thanks Vehicle Environmental Compliance Director Cheryl Stark and her team for their assistance in facilitating scores of interviews and producing many hundreds of documents for our review.

### 2. PSA Merger

On January 17, 2021, FCA and Groupe PSA (“PSA”) merged to form Stellantis (“Stellantis” or the “Company”).<sup>6</sup> PSA manufactures vehicles under brands such as Peugeot, Citroen, Opel, and Vauxhall. It sells vehicles in markets outside the United States (“U.S.”) but is not actively pursuing certification of these products in the U.S. While the merger is a significant event for the Company, to date it has minimally impacted the Company’s North America emissions certification and compliance processes. [REDACTED]

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<sup>1</sup> Per Consent Decree ¶8(l), “‘California’ means the People of the State of California, acting by and through the California Attorney General and the California Air Resources Board.”

<sup>2</sup> Consent Decree §§ IV and VI.

<sup>3</sup> Consent Decree ¶64(a).

<sup>4</sup> Consent Decree ¶64(d)(ii) requires the Company to post the ICA’s report on a public website. Any Confidential Business Information or Personally Identifiable Information is redacted by the Company, not the ICA.

<sup>5</sup> Appendix 1 includes a table of acronyms used in this Second Report.

<sup>6</sup> On January 16, 2021, Fiat Chrysler Automobiles N.V. (“FCA N.V.”) completed a 50-50, all-stock merger (the “Merger”) with Peugeot S.A., a French public company (“PSA”), in which PSA merged with and into FCA N.V. FCA N.V. was the surviving entity in the Merger, and the day following the Merger, on January 17, 2021, FCA N.V. changed its name to Stellantis N.V. (“Stellantis”). Annual Report Pursuant to Paragraph 61 of the Consent Decree, June 3, 2021, page 1.

<sup>7</sup> [REDACTED]

[REDACTED]

StoneTurn met with Stellantis executives during our Second Audit to discuss how the merger impacted their role and organizations. We learned that Stellantis is still in the early stages of merging legacy FCA and PSA people, processes, and systems. The combined Company has implemented some changes, while others are still in process. We will continue to assess the impacts of these merger activities during our Third Audit.

### 3. Stellantis' North America Emissions Compliance Program

FCA formed Vehicle Environmental Compliance ("VEC") in February 2017. VEC designed and implemented enhancements to the Company's emissions certification and compliance program. In November 2018, the Company finalized an Improvement Plan that was incorporated into the Consent Decree ("Initial Improvement Plan").<sup>9</sup> The Initial Improvement Plan consists of [REDACTED] projects to "further [the Company's] compliance with environmental laws and regulations concerning vehicle emissions and certification."<sup>10</sup> During the Second Audit, we assessed the operating effectiveness of the processes implemented through the Initial Improvement Plan and the effectiveness of Stellantis' response to address findings from our First Audit.

As required by the Consent Decree, the Company conducted three risk assessments to identify and remediate control gaps and weaknesses in its emissions certification and compliance program. [REDACTED]

[REDACTED] (the "Second Improvement Plan"), [REDACTED]

[REDACTED] (the "Third Improvement Plan"). [REDACTED]

[REDACTED] (the "Fourth Improvement Plan").

During the Second Audit and as discussed in this report, StoneTurn evaluated the design and implementation of Second and Third Improvement Plan projects completed before September 30, 2021. Because our term ends in December 2022, we likely will not audit all remaining Third and Fourth Improvement Plan projects.<sup>11</sup>

### 4. ICA's Second Audit

On December 24, 2020, we issued our First Report, including 109 findings and 5 recommendations that Stellantis planned to address through various action plans. This report ("Second Report"), the second of three required reports under the Consent Decree: (1) addresses potential non-compliance with the Consent Decree Section VI.C Corporate Compliance Requirements; (2) makes recommendations for promoting compliance with Consent Decree Section VI.C and United States and California vehicle emissions and certification law (the "Relevant Laws"); and (3) assesses the effectiveness of the Company's measures in promoting compliance with Relevant Laws, including those implemented in response to our First Audit findings and recommendations.<sup>12</sup>

We executed our Second Audit in three phases and reported to the Company preliminary findings at the end of each phase. During the Second Audit, we reported **117** preliminary findings. Stellantis addressed or has plans

<sup>8</sup> [REDACTED]

<sup>9</sup> Consent Decree ¶149(f).

<sup>10</sup> Consent Decree ¶8(zz).

<sup>11</sup> Appendix 4 lists the Improvement Plan projects still in progress.

<sup>12</sup> Consent Decree ¶64(d). We expect Stellantis to address our recommendations within 60 days of receiving the Second Report.

to address **106** and provided information to resolve our concerns for **10** of these preliminary findings.<sup>13</sup> Because Stellantis took or plans to take actions to respond to our most of our findings, we do not include as recommendations the actions we understand the Company already has in process (e.g., Second, Third, and Fourth Improvement Plan projects). This Second Report includes **5** recommendations which are listed in **Appendix 2**. We will continue to assess Stellantis' response to ICA findings and recommendations during the Third Audit.

Throughout this report we identify instances where our findings led us to conclude some of the Company's processes and controls were ineffective. An ineffective process or control does not necessarily indicate the Company has not complied with a law or regulation. Refer to **Section III** for a description of our audit methodology and approach.

## 5. Potential Non-Compliance with the Consent Decree Section VI.C

The Consent Decree requires us to report potential non-compliance with the Section VI.C Corporate Compliance Requirements.<sup>14</sup> During our Second Audit, we did not identify any instances of potential non-compliance with Section VI.C of the Consent Decree.

## 6. The Effectiveness of the Company's Emissions Certification and Compliance Program

Before VEC's formation, many of the Company's emissions compliance-related processes and controls were informal, lacked structure, and did not operate consistently. Some of the activities VEC performs today were managed by Propulsion Systems, and others by a regulatory compliance group. Our First Report concluded that the Company made important strides toward an effective compliance program and the Company needed further improvements to effectively reduce emissions certification and compliance risks. We further explained that the Company would face a heightened risk of non-compliance until it both completed the Second and Third Improvement Plans and consistently followed its new processes.

The Company continued to enhance the effectiveness of the program after our December 2020 First Report. It completed 7 Improvement Plans, closed 98 of our First and Second Audit findings, and addressed or started to address our 5 First Audit recommendations.<sup>15</sup> And more enhancements are in progress. As of December 2021, 13 Improvement Plan projects are ongoing and the Company shared plans to address 127 of the ICA's 128 open First and Second Audit findings. **Appendix 6** lists open ICA findings and **Appendix 7** lists ICA findings the Company addressed. While the Company's efforts since our First Report further reduced its overall risk of non-compliance, ongoing remediation in certain key areas must be completed and embedded in day-to-day operations. Key areas with open remediation include AECD processes and the control environment, which are discussed more below.

Our Second Audit concentrated on five "focus areas" ("ICA Focus Areas" or "Focus Areas") that are important to the Company's compliance with the Relevant Laws: (1) AECD processes; (2) control environment; (3) software and calibration change management; (4) risk assessment and monitoring; and (5) emissions

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<sup>13</sup> [REDACTED]

<sup>14</sup> Consent Decree ¶64(d).

<sup>15</sup> **Appendix 3** includes the Company's response to our First Audit recommendations.



compliance governance.<sup>16</sup> As of October 25, 2021, there were 15 open Critical ICA findings related to the Focus Areas. There are no open Critical ICA findings related to non-Focus Areas.<sup>17</sup>

Below are our summary observations regarding the Focus Areas and the effectiveness of Stellantis' measures in promoting compliance with the Relevant Laws.

### AECD Processes

An Auxiliary Emission Control Device ("AECD") is "any element of design which senses temperature, vehicle speed, engine RPM, transmission gear, manifold vacuum, or any other parameter for the purpose of activating, modulating, delaying, or deactivating the operation of any part of the mission control system." AECDs that "reduc[e] the effectiveness of the emission control system under conditions which may be reasonably encountered in normal vehicle operation and use" without an acceptable rationale are defeat devices.<sup>18</sup> The Company implemented several Improvement Plans to address shortcomings in the processes for preventing defeat devices and identifying, reviewing, approving, and disclosing AECDs.

- ***Stellantis' AECD review processes reduce the risk that the Company implements a defeat device in vehicle software.***

As part of the Initial Improvement Plan and in response to the events that gave rise to the Consent Decree, the Company enhanced its AECD review processes. Since our First Audit, the Company further improved its processes for identifying, reviewing, approving, and disclosing AECDs and preventing defeat devices. These enhancements include

[REDACTED] . The AECD Working Group [REDACTED] . During the Second Audit, we evaluated the engineering and AECD Working Group processes [REDACTED] . We found these processes are designed and operating effectively to reduce the risk that the Company does not identify an AECD or implements a defeat device in vehicle software.

- [REDACTED]
- [REDACTED]

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<sup>16</sup> Although many of the processes implemented through the Improvement Plans relate to these Focus Areas, we also assessed the effectiveness of other processes deemed important to Stellantis' compliance with the Relevant Laws (i.e., other processes implemented through the Improvement Plans).

<sup>17</sup> We rate our open findings as "Critical," "Moderate," or "Low." Critical findings are those related to a non-existent control or major deficiency in controls where a critical risk is not addressed, or where controls do not operate as intended (e.g., a critical process is not followed). Moderate findings relate to instances where controls are in places with some deficiencies (e.g., sometimes unclear or inconsistent documentation). Low findings represent non-significant deficiencies (e.g., documentation gaps that can be explained) or instances where controls are operating as intended a majority of the time. We do not close a finding until we assess the effectiveness of the Company's response. Therefore, there are open findings for which the Company implemented a response that we will evaluate in the Third Audit.

<sup>18</sup> There are permitted regulatory rationales for why an AECD that reduces the effectiveness of the emission control system is not a defeat device. 40 CFR § 86.1803-01.



[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]. There is less risk that the final disclosures are not complete and accurate because the information is reviewed under the enhanced process before the final disclosures are made. [REDACTED]

**Recommendation 6:** If Stellantis continues to [REDACTED], it should first improve the process to ensure completeness and accuracy of the initial disclosure. This should include: (1) appropriate identification of and input from key stakeholders; and (2) clear and robust documentation of key conclusions.

- [REDACTED]

Stellantis made significant enhancements to its processes for AECD identification, review, approval, and disclosure in response to our First Audit and findings from Stellantis A&C. However, gaps remain in the design and operating effectiveness of these enhanced processes. [REDACTED],

- [REDACTED]

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19 [REDACTED]

20 [REDACTED]

21 40 CFR § 86.1843-01(f).

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

•

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In response to some of these issues and our First Audit recommendation, we understand the Company is [REDACTED].<sup>25</sup> This should reduce the risk that the Company over relies on key personnel in the final steps of the governance process to identify issues and mitigate potential shortcomings in technical capabilities earlier in the review process. We will assess the effectiveness of these quality assurance reviews during our Third Audit.

- ***Software and calibration engineers responsible for identifying and disclosing AECDs are familiar with AECD process requirements and demonstrate a commitment to compliance.***

During the Second Audit, we met with more than 25 software and calibration engineers responsible for identifying and disclosing AECDs related to Stellantis' internally and externally developed control modules. These engineers demonstrated familiarity and understanding of the AECD process and training requirements and consistently identified the appropriate technical resources to consult. Further, these individuals explained how they fostered a speak up culture within their teams and noted the appropriate channels for raising concerns.

### **Control Environment**

The control environment is “the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization...[and] comprises the integrity and ethical values of the organization.”<sup>26</sup> Control environment encompasses tone at the top, senior management and board oversight, organizational structures and reporting lines, culture of integrity, “speak up,” accountability, discipline and rewards, and policies and procedures. The control environment has a pervasive impact across the organization and sets the standards of conduct for all employees.<sup>27</sup> During the Second Audit, we assessed the effectiveness of the Company's control environment as it relates to the emissions certification and compliance program.

- ***The new Improvement Plans demonstrate the Company's commitment to improving its emissions certification and compliance program.***

Stellantis continued to demonstrate a commitment to compliance by initiating the Second, Third, and Fourth Improvement Plans.

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<sup>25</sup> In the First Report, we recommended that the Company “review existing processes to identify and implement enhancements (e.g., awareness training, quality assurance reviews) that will help ensure employees follow defined processes and build a culture of compliance. Independent Compliance Auditor's First Annual Report, December 24, 2020, page 11.

<sup>26</sup> Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) – Internal Control – Integrated Framework (2013), Chapter 5. Stellantis' internal control system is based on the COSO framework.

<sup>27</sup> Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) – Internal Control – Integrated Framework (2013), Chapter 5.

We spoke with several key executives about compliance under new Stellantis management. They described Stellantis management’s commitment to compliance including an emphasis on “speak up” in communicating formally and informally to their teams.

The Company also deserves credit for acting immediately and proactively to address preliminary findings we shared during the First and Second Audits. Management consistently dedicates significant time and resources to identify and remediate emissions certification and compliance control gaps and weaknesses, including the annual risk assessment process required by the Consent Decree.

- *The merger delayed certain enhancements to the Company’s control environment.*

After the 2019 and 2020 Annual Assessments, the Company developed [REDACTED]. The Company explained it delayed implementing some of these initiatives. For example, Stellantis [REDACTED]

We met with [REDACTED] is attentive to these issues and has already made progress on some of the delayed items. The Global Ethics and Compliance Committee recently [REDACTED]

We will continue to assess the impact of the merger on the Company’s ethics and compliance program and overall control environment during our Third Audit.

- [REDACTED]

[REDACTED]

[REDACTED]

We will continue to assess the impact of these reporting line changes on the stature and effectiveness of the overall emissions compliance program during the Third Audit.

## Software and Calibration Change Management

Stellantis has several processes designed to ensure software and calibration changes are reviewed for emissions and AECD impact prior to implementation in production vehicles. The Improvement Plans enhanced processes for reviewing and approving software or calibration changes made: (1) late in the product development cycle (i.e., after software and calibration are supposed to be locked for production); and (2) after production has started (i.e., running changes) and vehicles are in the field after model year production has ended (i.e., field fixes). The Improvement Plans do not address other processes for calibrating software features that meet scheduled production timing. We will review these more routine processes for calibrating software features during the Third Audit.

- ***The Company implemented key enhancements to its processes for reviewing software and calibration changes late in the development process.***

Through a Second Improvement Plan project, Stellantis implemented improved processes for reviewing software and calibration changes proposed late in the development process. [REDACTED]

[REDACTED] We reviewed the effectiveness of the processes for reviewing late software and calibration changes during the first phase of our Second Audit. Based on our feedback, Stellantis implemented additional improvements. We will continue to review the effectiveness of these processes, including how the Company mitigates the compliance risk [REDACTED]

Additionally, we understand Stellantis has separate processes for validating that late software changes perform as intended once implemented in production software. We will include these processes in our review.

- ***The Company's reviews of running changes and field fixes remain ineffective.***

During our First Audit we identified shortcomings in the running change and field fix certification review process, including ineffective and undocumented reviews of software and calibration changes by Propulsion Systems and TSRC personnel. In 2021, the Company developed process changes to better facilitate and document the reviews. We found the process changes were designed effectively, but still observed deficiencies in the Company's execution of the process. [REDACTED]

We will continue to evaluate the effectiveness of the running change and field fix review process in our Third Audit.

## Risk Assessment and Monitoring

In our First Report, we emphasized the importance of effective risk assessment in an overall compliance program. Consent Decree ¶53 requires the Company to implement the key elements of an effective risk assessment: "(1) identify compliance risks relating to emissions and certification processes; (2) assign a risk rating based on probability and significance; (3) link existing policies, processes and controls [the Company] rel[ies] on to detect and prevent noncompliance ("risk response"); (4) assess residual risk based on the design and operating effectiveness of [the Company's] risk response; and (5) develop a plan and reasonable timeline to implement and improve controls to mitigate any unacceptable levels of residual risk."

During our Second Audit, we assessed the effectiveness of Stellantis' second annual emissions compliance risk assessment.

- *The Company significantly enhanced its emissions compliance risk assessment process but needs to make further improvements to increase accuracy of residual risk ratings.*

Our First Report listed several shortcomings with the Company's first emissions certification and compliance risk assessment, conducted in 2019. Stellantis addressed many of these shortcomings through improvements to the 2020 risk assessment process, [REDACTED]

Before the third annual risk assessment in 2021, the ICA provided additional feedback which Stellantis considered when enhancing the 2021 process. For example, [REDACTED]

Despite the improvements to the 2021 risk assessment process, there are indications the Company still underrates key risks. [REDACTED]

In the 2021 risk assessment [REDACTED] to review and challenge preliminary risk ratings. The ICA observed active participation in these review sessions, but some of the reviewers did not understand the differences between inherent and residual risk, and may have overrated the effectiveness of controls in some instances.

**Recommendation 7:** In VEC's future risk assessments, Stellantis should require another function with risk and control expertise (e.g., A&C, Enterprise Risk Management) to perform a quality assurance review over the reasonableness of risk and management effectiveness ratings.

- *In response to our First Audit findings, Stellantis Audit & Compliance improved the quality of its emissions compliance audits* [REDACTED]

In our First Audit, we identified weaknesses in A&C's audit planning and execution. During the Second Audit, we found A&C significantly enhanced the quality of its emissions compliance audits and remediated the issues we identified. However, [REDACTED]

[REDACTED]

- **Stellantis recently completed its first holistic assessment of ethics and compliance risks.**

The Consent Decree requires the Company to annually assess “compliance risks relating to emissions and certification processes.” Stellantis meets this requirement [REDACTED]

[REDACTED] . We have not assessed this process, but will do so during our Third Audit.

**Emissions Compliance Governance**

The Company implemented formal governance structures to oversee the emissions compliance program and remedial actions implemented through Improvement Plan projects.

- **Stellantis senior management remains engaged in emissions compliance oversight.**

The Company established two key governance committees to oversee emissions compliance through the Initial Improvement Plan: (1) [REDACTED]; and (2) [REDACTED]

[REDACTED]. Separate subcommittees comprised [REDACTED] support the steering committees by reviewing and approving items before presentation to the steering committees. The steering committees are comprised of [REDACTED]

[REDACTED] We found these leaders engaged in emissions compliance topics during our observations of these meetings and interviews with the Steering Committee members. Further, we found that the [REDACTED] is kept well-informed on the status of the emissions compliance program.

During our Second Audit, we suggested to the Company ways it could improve the effectiveness of the emissions compliance governance committees. The Company quickly adopted our suggestions by enhancing meeting facilitation procedures and sending meeting materials to voting members in advance. We will continue to assess the effectiveness of the emissions compliance governance committees in our Third Audit.

## II. Report Structure

The Second Audit Report consists of four sections:

- ***Audit Planning and Methodology (Section III)***, which summarizes the ICA's Audit Plan, including its scope, approach, and limitations;
- ***Stellantis' Organizational Structure (Section IV)***, which provides an overview of the Company's organizational structure and key functions related to our mandate;
- ***The Company's Processes and Controls for Promoting Compliance with the Relevant Laws (Section V)***, which assesses the Company's processes and controls for promoting compliance with the Relevant Laws, and is generally organized around the Consent Decree requirements including: Culture of Integrity; Corporate Governance & Organizational Structure; Training/Technical Competence; Risk Assessment; New Product Development and Third-Party Projects; Certification Process; Post-Certification Processes; Auditing & Checking; and Portable Emissions Measurement System ("PEMS") Testing; and
- ***Next Steps (Section VI)***, which discusses our future audit activities.



### III. Audit Planning and Methodology

#### 1. Audit Plan

1. The Consent Decree requires the ICA to submit a draft audit plan (“Audit Plan”), including a checklist of compliance requirements, procedures for exchanging information and documents, and any other terms the ICA deems necessary to perform its duties.<sup>28</sup> The ICA submitted our Draft Second Audit Plan to DOJ and California, and, after receiving comments from DOJ and California, submitted a final plan.

#### 2. Audit Scope

2. The ICA’s Second Audit assessed the Company’s compliance programs, processes, controls, and initiatives (together, the “Program Components”) designed to promote compliance with the Relevant Laws and implemented at the time of the audit.
3. We will modify the nature and extent of our testing in the Third Audit based on First and Second Audit results. For Program Components found to be robust and effective during the First and Second Audits, we will reduce the extent of our testing of those Program Components in the Third Audit. For Program Components not yet implemented during the Second Audit, we performed limited testing procedures to monitor implementation and will conduct additional procedures to assess their effectiveness in the Third Audit.
4. During the Second Audit, the Company also developed new projects and Improvement Plans to implement and remediate additional Program Components in response to our First Audit and preliminary Second Audit findings and to promote compliance with the Relevant Laws. Our Second Audit assessed the design and operating effectiveness of new processes, projects, and Improvement Plans implemented at the time of our audit. Our Third Audit will continue to assess any other processes newly implemented.

#### 2.1 Improvement Plans

5. The four Improvement Plans consist of 65 projects designed to develop and implement processes and controls to promote compliance with Relevant Laws. The Company organized the projects into eight categories: (1) [REDACTED]; (2) [REDACTED]; (3) Training/Technical Competence; (4) [REDACTED]; (5) [REDACTED]; (6) [REDACTED]; (7) [REDACTED]; and (8) [REDACTED].<sup>29</sup>
6. The Improvement Plans describe each project, implementation activities, and a project completion date. The Consent Decree generally required the Company to implement the Initial Improvement Plan enhancements by the completion dates in those plans. While the Consent Decree does not reference the Second, Third, or Fourth Improvement Plans, it does require the Company to implement action plans to address gaps identified in its annual assessment, risk assessment, and in response to ICA findings.

#### 2.2 Other Processes & Controls to Promote Compliance

7. The Company designed and implemented through the Improvement Plans new and enhanced processes and controls to promote compliance with the Relevant Laws. Other processes exist outside the Improvement Plans that also promote compliance. These include processes required under the Consent Decree (e.g., risk assessment, Code of Conduct) or are otherwise significant to the Company’s

<sup>28</sup> Consent Decree ¶64(b).

<sup>29</sup> [REDACTED]

compliance with the Relevant Laws (e.g., control environment, Advanced AECD Training). We assessed these processes and controls in addition to those implemented through the Improvement Plans.

### **2.3 Time Period**

8. We conducted our fieldwork primarily from January through September 2021. We organized our work into three phases after which we reported interim findings and observations to the Company.
9. The Second Audit considers information received through October 15, 2021, unless otherwise noted. We assessed the design and operating effectiveness of Program Components implemented at the time of our procedures. For Program Components designed but not yet implemented, we will assess operating effectiveness in the Third Audit.

### **3. Audit Approach**

10. Consistent with Consent Decree ¶64(a), the ICA's procedures included: (1) document review; (2) on-site observation of selected systems and procedures; (3) meetings and interviews; and (4) analyses, studies, and testing of the Company's compliance program and associated processes.<sup>30</sup>
11. In conducting our work, we considered guidance from: (1) the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") regarding the establishment and maintenance of an internal control framework; (2) U.S. DOJ Criminal Division's "Evaluation of Corporate Compliance Programs" regarding its framework for evaluating a corporate compliance program; and (3) the American Institute of Certified Public Accountants ("AICPA") and the Public Company Accounting Oversight Board ("PCAOB") regarding auditing standards.
12. Many of our procedures involved assessing the design, implementation, and operating effectiveness of compliance processes and controls. Applying the COSO Framework explains, we assessed control design by reviewing documentation describing "the who, what, when, where, and why of internal control execution" to determine if the control is designed effectively to achieve its objective.<sup>31</sup> Further, the PCAOB notes auditors should assess design effectiveness "by determining whether the company's controls, if they are operated as prescribed by persons possessing the necessary authority and competence to perform the control effectively, satisfy the company's control objectives and can effectively prevent or detect error or fraud."<sup>32</sup> As part of our design testing, we inspected Company documents and conducted walkthroughs to confirm the control design and implementation.<sup>33</sup>
13. Auditors assess operating effectiveness "by determining whether the control is operating as designed and whether the person performing the control possess the necessary authority and competence to perform the control effectively."<sup>34</sup> Our operating effectiveness testing included inquiries of personnel, observation of Company processes, inspection of documents, and control reperformance.
14. We rated First and Second Audit findings that remained open as of October 15, 2021. Our rating scale considers the Company's Global Enterprise Risk Management ("ERM") Control Effectiveness guidance,

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<sup>30</sup> We conducted most of our Second Audit procedures remotely due to the pandemic. We observed some emissions certification testing activities in-person. Stellantis has not yet finalized plans to return to the office and anticipates a hybrid approach in 2022.

<sup>31</sup> COSO Internal Control Framework, Chapter 4.

<sup>32</sup> PCAOB Auditing Standard No. 13.

<sup>33</sup> The ICA did not consider a control that was designed, but had not yet operated, as "implemented."

<sup>34</sup> PCAOB Auditing Standard No. 13.

whether the finding relates to an ICA Focus Area or a specific Consent Decree requirement and the inherent risk rating from the VEC Risk Assessment for the relevant risks.<sup>35</sup> We define our ratings as:

- **Critical** - Non-existent control or major deficiency in controls where critical risk is not addressed; controls do not operate as intended (e.g., critical process is not followed);
- **Moderate** - Controls in place with some deficiencies (e.g., sometimes unclear or inconsistent documentation); and
- **Low** - Non-significant deficiencies (e.g., documentation gaps that can be explained); controls operating as intended a majority of the time.

15. Refer to **Appendix 6** for a list of open ICA findings and associated ratings.

#### 4. Limitations

16. The Consent Decree requires the ICA to provide three annual audit reports. Our Second Audit included a review of the processes and controls implemented at the time of the audit and an assessment of the effectiveness of remedial actions implemented to address First Audit findings.<sup>36</sup> The ICA will perform additional procedures in the Third Audit to verify that select processes and controls assessed in the First and Second Audits remain effective, and remedial actions sufficiently address any gaps identified in the Company's emissions certification and compliance program.

17. The comments and conclusions in this Second Report are based on the procedures performed as part of the Second Audit. We planned and performed the Second Audit to form a reasonable basis for our conclusions, and our audit provides a reasonable basis for our conclusions. Our findings and observations are subject to change as we have completed only two years of our three-year term and plan to continue to review these areas in the Third Audit. Therefore, we must reserve the right to revise our conclusions based on the results of our ongoing work.

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<sup>35</sup> [REDACTED]

<sup>36</sup> Consent Decree ¶64(d).

## IV. Stellantis' Organizational Structure

18. Stellantis is a global automaker headquartered in the Netherlands with over 300,000 employees, industrial operations in nearly 30 countries, and a commercial presence in over 130 markets.<sup>37</sup>

### 1. Governance

19. The Board of Directors is responsible for the management and strategic direction of the Company.<sup>38</sup> Stellantis is governed by a "Top Executive Team" consisting of over 40 executives and nine dedicated committees overseeing Company-wide performance and strategy. The Top Executive Team includes executives from functions such as regional chief operating officers, vehicle brand CEOs, and the heads of Human Resources, Finance, Engineering, and Legal. The nine committees include the Strategy Council, Business Review, Global Program Committee, Industrial Committee, Allocations Committee, Region Committee, Brand Committee, Styling Review, and Brand Review.<sup>39</sup>

### 2. Structure and Locations

20. The Company's five regional vehicle reportable segments deal with the design, engineering, development, manufacturing, distribution and sale of passenger cars, light commercial vehicles and related parts and services in specific geographic areas including: (1) North America; (2) South America; (3) Enlarged Europe; (4) Middle East & Africa; and (5) China and India & Pacific. Maserati is reported as a separate segment.<sup>40</sup>

### 3. Compliance and Engineering Organizations

21. Particularly important to the ICA's mandate are the compliance and engineering organizations.<sup>41</sup>

[REDACTED]

22.

[REDACTED]

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<sup>37</sup> About Us [<https://www.stellantis.com/en/group/about-us>]. Contacts [<https://www.stellantis.com/en/contacts>].

<sup>38</sup> Leadership [<https://www.stellantis.com/en/group/governance/leadership>].

<sup>39</sup> Appointment of the Top Executive Team to steer Stellantis, January 19, 2021, pages 1-3 [<https://www.stellantis.com/en/news/press-releases/2021/january/appointment-of-the-top-executive-team-to-ster-stellantis>].

<sup>40</sup> Stellantis Semi-Annual Report as of and for the six months ended June 30, 2021, page 99 [[https://www.stellantis.com/content/dam/stellantis-corporate/investors/financial-reports/Stellantis\\_NV\\_20210630\\_Semi-Annual\\_Report.pdf](https://www.stellantis.com/content/dam/stellantis-corporate/investors/financial-reports/Stellantis_NV_20210630_Semi-Annual_Report.pdf)].

<sup>41</sup> The Company uses the terms "Engineering" and "Product Development" interchangeably. We use Product Development to refer to this organization throughout the Second Report. Propulsion Systems is a group within Product Development.

<sup>42</sup>

<sup>43</sup>

<sup>44</sup>

<sup>45</sup>

[REDACTED]

23.

[REDACTED]

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46  
47

[REDACTED]

## V. Assessment of the Company's Processes and Controls for Promoting Compliance with Relevant Laws

24. The Company implemented many processes and controls for promoting compliance with the Relevant Laws through the Improvement Plans.
25. This section addresses the Improvement Plan projects and other processes required by the Consent Decree ( risk assessment, Code of Conduct) that are otherwise significant to the Company's compliance with the Relevant Laws.<sup>48</sup> We include our assessment and recommendations and note where the Company already addressed or started to address our findings.<sup>49</sup> Our Third Audit will continue to evaluate control enhancements to the Company's compliance program.
26. We generally organize this section around the Consent Decree Corporate Compliance Requirements. Our assessment also includes the effectiveness of the Company's response to First Audit findings. We will continue to assess remedial actions in response to our findings during the Third Audit.

### 1. Control Environment

#### 1) Background

27. The control environment includes the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. It has a pervasive impact on the overall system of internal control. The control environment includes governance and culture principles such as how a company defines desired culture, demonstrates commitment to core values, and attracts, develops, and retains capable individuals. COSO states a company's integrity and ethical values are critical to its control environment.<sup>50</sup>

#### 1.1 Code of Conduct

#### 1) Background

28. The Stellantis Board of Directors approved the Code of Conduct, "Always with Integrity" ("Stellantis Code" or the "Code") on March 1, 2021.<sup>51</sup> It applies to the members of the Stellantis Board of Directors and its officers, full-time and part-time employees, and temporary and contract workers. Stellantis also expects its other stakeholders, including suppliers, dealers, distributors, and joint venture partners, to act with integrity and in accordance with the Stellantis Code.<sup>52</sup>

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<sup>48</sup> Consent Decree ¶64(a) requires the ICA to: (1) "monitor implementation to verify [FCA's] compliance" with the Corporate Compliance Requirements; and (2) "assess the effectiveness of [FCA's] processes and controls in promoting compliance with United States and California environmental law concerning vehicle emissions and certification."

<sup>49</sup> Consent Decree ¶64(d).

<sup>50</sup> COSO Internal Control – Integrated Framework, Executive Summary, May 2013, page 4. Compliance Risk Management: Applying the COSO ERM Framework, November 2020, page 6. Committee of Sponsoring Organizations of the Treadway Commission ("COSO") – Internal Control – Integrated Framework (2013), Chapter 5.

<sup>51</sup> Consent Decree ¶57 states that, "In consultation with DOJ and California [the Company] (1) may make reasonable revisions to their Code of Conduct..." The Company notified DOJ of the planned revisions on February 26, 2021 and received DOJ feedback on March 1, 2021. The Stellantis Board of Directors approved the new Code of Conduct on March 1, 2021. Correspondence with Stellantis. Code of Conduct [<https://www.stellantis.com/en/group/governance/code-of-conduct>].

<sup>52</sup> Stellantis Code of Conduct, March 2021, page 4.

29. The Stellantis Code, which is generally based on legacy FCA's previous Code of Conduct, focuses on four main areas:

- “The protection of the Stellantis workforce, including a commitment to diversity, fairness, and health and safety, and to the United Nations declaration on human rights and the International Labour Organization’s declaration on fundamental principles and rights at work;
- The way that Stellantis conducts business, engaging in sustainable practices that promote vehicle safety, quality, data privacy and environmental protection, and that comply with other applicable laws and regulations, such as anti-bribery, anti-money laundering, insider trading and others;
- The interaction with external parties, including the avoidance of conflicts of interest and the support of our communities; and
- The protection of Stellantis’ assets and information.”<sup>53</sup>

30. The Stellantis Code:

- Emphasizes Stellantis’ commitment to comply with the Code and applicable laws, including vehicle emissions laws and regulations;
- Requires workforce members to report suspected or potential violations of the Code, including emissions issues;
- Prohibits retaliation against any person who makes a report in good faith; and
- Instructs supervisors to “set a tone of integrity in the objectives and operations of their teams, ensuring that their teams understand the Code” and to “actively listen to the concerns of their team members, providing support and encouraging any violations of the Code to be reported.”<sup>54</sup>

31. Before the merger, the Company conducted [REDACTED]

[REDACTED]

## 2) Consent Decree Requirements

32. Consent Decree ¶50(b) requires the Company to “continue to implement and maintain [its] Code of Conduct; require all salaried employees and all new bargaining unit employees to certify they reviewed and understand the Code of Conduct; require all employees covered by project TC1 of the [Initial] Improvement Plan also to certify they are in compliance with the Code of Conduct; and, at least annually, conduct training related to the Code of Conduct for all salaried employees.”<sup>57</sup>

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<sup>53</sup> Code of Conduct [<https://www.stellantis.com/en/group/governance/code-of-conduct>].

<sup>54</sup> Stellantis Code of Conduct, March 2021, pages 1, 5-7, and 15.

<sup>55</sup> [REDACTED]

<sup>56</sup> [REDACTED]

<sup>57</sup> This population includes specific employees within, but not limited to, Powertrain, Product Development, and VSRC, identified to receive the annual enhanced AECD and Defeat Device training as part of project TC1 of the Improvement Plan. Consent Decree ¶50(b) and 52(a).



3) First Audit Remedial Actions

33. As part of our First Audit, we found that the Company's most recent annual training was definitions-based, lengthy, and lacked real-life scenarios. We also found that some new bargaining unit employees (e.g., hourly bargaining unit) had not "certif[ied] they reviewed and understand the Code of Conduct" as required by the Consent Decree.<sup>58</sup>

***The Company Developed New Code of Conduct Training and Certification Processes***

34. In response, the Company provided a new Code of Conduct training for salaried employees, which included a pre-test option for learners to test out of certain modules, additional scenarios, and was more interactive than the 2018 Code training.<sup>59</sup>
35. [REDACTED]. A September 2020 Court-approved stipulation with DOJ and California allowed the Company until December 31, 2020 to "implement a process to require" the certifications.<sup>60</sup> The Company implemented this process by the revised timeline.
36. As reported in our First Audit, as of April 30, 2020, the Company obtained certifications from [REDACTED] of salaried North America employees. The Company cannot confirm all required [REDACTED] and foreign employees certified.<sup>61</sup> The certification requires employees to acknowledge they understand and comply with the Code, including the obligation to report any violations.<sup>62</sup> We understand Stellantis is developing an updated certification approach that will be incorporated into the Code training for salaried employees.<sup>63</sup> We will review this process in the Third Audit.

4) ICA Second Audit Evaluation

37. To assess the Code and related processes, we reviewed: (1) legacy FCA Code of Conduct trainings; (2) certification records to verify adherence to the Consent Decree requirements; and (3) the Stellantis Code and communication and training plans. We also interviewed individuals from the Office of the General Counsel ("OGC") to understand changes to the Code of Conduct and related policies, procedures, certifications, and trainings, including those related to the PSA merger.

***Legacy FCA Code of Conduct Trainings Emphasize Ethical Decision-Making, Reducing Misconduct, and Speaking Up***

38. The Company provided a new Code of Conduct training to [REDACTED].<sup>64</sup> The training included [REDACTED].

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<sup>58</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, pages 19-20.

<sup>59</sup> [REDACTED]

<sup>60</sup> Second Stipulation and Agreement Regarding Non-Material Changes to the Consent Decree, filed September 17, 2020, page 5.

<sup>61</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 20. [REDACTED]

[REDACTED]

<sup>62</sup> [REDACTED]

<sup>63</sup> [REDACTED]

[REDACTED]

<sup>64</sup> [REDACTED].

[REDACTED]

- 39. We found the training to be generally effective and will review the effectiveness of the updated Code and other Code-related trainings in the Third Audit.
- 40. Besides the Code-specific training, the Company also implemented in 2019-2020 trainings on Raising and Managing Concerns.<sup>67</sup> The Raising Concerns training covers the Company's policy against retaliation, treating all reports confidentially, the option to use the Ethics Helpline anonymously, and includes scenarios on when to report concerns.<sup>68</sup> The Managing Questions and Concerns training covers handling reports, leadership roles for managers, how reporting helps, and anti-retaliation. The training also discusses the importance of consistency in discipline and not providing special treatment to top performers.<sup>69</sup>
- 41. Taken together, the 2020 Code of Conduct, Raising Concerns, and Managing Questions and Concerns trainings adequately cover the importance of ethical behavior, speaking up, and information on how to report concerns. However, we suggest the training use more relevant examples and lessons learned from other Stellantis events (e.g., lessons learned from internal investigations related to ethics and integrity issues). We understand Stellantis is implementing a process to evaluate relevant examples and lessons learned from Company events when developing the new Stellantis 2021 Code training and plans to include personal or real Company stories in communications and training.<sup>70</sup> We will review the effectiveness of the updated training and related processes in the Third Audit.

**Only [REDACTED] f New Bargaining Unit Employees Completed the Code of Conduct Certification**

- 42. The Company's approach to obtain the new bargaining unit certifications leveraged an existing process at the manufacturing facilities where union representatives usually discuss safety topics ("Safety Talks"). [REDACTED]
- 43. While the Company implemented the Safety Talk certification process by [REDACTED] deadline, the Company did not: (1) obtain certifications from the majority of new bargaining unit employees (i.e., only [REDACTED] of new bargaining unit employees certified); or (2) implement an ongoing

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<sup>65</sup> FCA Code of Conduct [FCA-ICA-Rev.D-0000001711]. [REDACTED]

<sup>66</sup> [REDACTED]  
<sup>67</sup> [REDACTED]

<sup>68</sup> [REDACTED]  
<sup>69</sup> [REDACTED]  
<sup>70</sup> [REDACTED]  
<sup>71</sup> [REDACTED]

process for this certification.<sup>72</sup>

■ We will review the effectiveness of the updated training and certification process in the Third Audit.

***Stellantis Code of Conduct Is Clear and Understandable but Could Include More Examples and More Clearly Address Fraud Risks***

44. We understand the Company will include further examples and scenarios in the new Stellantis Code training.

■ We will review the effectiveness of the updated Code trainings and other Code-related updates in the Third Audit.

**1.2 Leave No Doubt Campaign**

1) Background

45. In 2017, the Company implemented a communications campaign called “Leave No Doubt” (“LND”) to promote reporting of vehicle safety, emissions, and regulatory compliance issues. TSRC administers the campaign, which includes visual (e.g., videos, posters at Company facilities) and written content (e.g., emails, website).<sup>75</sup>

2) Consent Decree Requirements

46. Consent Decree ¶50(d) requires the Company to “continue to implement and maintain, or refresh annually” the Leave No Doubt campaign “or a similar initiative to encourage employees, contractors, suppliers, and dealers to report issues concerning vehicle, safety, emissions, or regulatory compliance through the Ethics Helpline.”

3) First Audit Remedial Actions

47. In our First Audit, we found shortcomings in the Company’s processes for disseminating LND messaging and materials to suppliers and dealers.<sup>76</sup> And, the Company’s 2020 LND Annual Assessment found gaps in the overall communication strategy and process to refresh the campaign.<sup>77</sup>

***The Company Enhanced Some Leave No Doubt Communications to Suppliers and Dealers***

48. In response to our First Audit findings and the Company’s 2020 LND Annual Assessment, the Company identified “opportunities for improvement” regarding LND communications to suppliers and dealers. To address these “opportunities for improvement,”

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<sup>75</sup> Consent Decree ¶50(d).

<sup>76</sup> Independent Compliance Auditor’s First Annual Report, December 24, 2020, page 84.

<sup>77</sup> The Consent Decree requires the Company to annually assess the effectiveness of its Code, Ethics Helpline, Leave No Doubt campaign, and associated trainings. Refer to Section 1.6 for additional background and detail regarding our Second Audit Evaluation.

[REDACTED]. However, in 2021, A&C found there was no evidence to indicate communication to all suppliers through [REDACTED] occurred.<sup>78</sup>

***The Company Did Not Timely Implement Some “Opportunities for Improvement” Relating to Leave No Doubt***

49. Besides the Annual Assessment findings regarding supplier and dealer communications, the Company identified other “opportunities for improvement” to the LND Campaign.<sup>79</sup> However, due to the merger and the remote working environment, the Company did not implement the related management improvement plans. Instead, the Company maintained existing promotional materials in 2020 and 2021.<sup>80</sup> We understand Stellantis addressed these “opportunities for improvement” after we completed our review in June 2021.<sup>81</sup> We will assess the effectiveness of improvements implemented in the Third Audit.

4) ICA Second Audit Evaluation

50. Because the Company did not update the LND Campaign at the time of our procedures, we: (1) discussed with campaign leaders the program’s status and planned changes, including those related to the merger; and (2) reviewed the Annual Assessment related to LND.

***The 2021 Annual Assessment Identified Further “Opportunities for Improvement”***

51. The Company’s 2021 Annual Assessment identified [REDACTED] further “opportunities for improvement” regarding the LND Campaign and related processes, which the Company plans to or has addressed, including:

- LND Campaign materials were not included in new hire National Training Center and plant-specific hourly employee training, new hire salaried orientation, and new hire contractor orientation; and
- The Company did not have a defined process for digital or traditional waterfall communication by additional layers of management (e.g., middle management).<sup>82</sup>

52. Stellantis plans to address these “opportunities for improvement” through additional training coordination across groups and establishing a formalized communication process.<sup>83</sup> We understand the Company has addressed some of these findings and will assess the effectiveness of the recently implemented processes in the Third Audit.<sup>84</sup>

53. The Company also launched a “Compliance Champions” program to involve middle management in culture initiatives. We understand the “Compliance Champions” program includes individuals across various regions and business functions to act as ambassadors for compliance and support

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78 [REDACTED]  
79 [REDACTED]  
80 [REDACTED]  
81 [REDACTED]  
82 [REDACTED]  
83 [REDACTED]  
84 [REDACTED]

implementation of corporate compliance initiatives in each region.<sup>85</sup> We will assess the effectiveness of the “Compliance Champions” program in our Third Audit.

### 1.3 Speak Up

#### 1) Background

54. An effective speak up culture provides organizations an early warning system against isolated misconduct. Speak up culture attempts to create an environment of open communication, where employees are comfortable raising concerns without fear of negative consequences, confident the Company will respond appropriately.
55. DOJ guidance states evaluation of a compliance program should consider whether “the company’s complaint handling process includes proactive measures to create a workplace atmosphere without fear of retaliation.”<sup>86</sup>

#### 2) ICA Second Audit Evaluation

56. To assess the Company’s speak up culture, we interviewed senior management, Product Development, and TSRC employees to assess their awareness of speak up processes and reviewed Company communications regarding speaking up.

#### ***Senior Management Demonstrates Commitment to Speak Up Culture***

57. During the Second Audit, we interviewed Stellantis senior management across the functional areas related to our mandate. During those discussions, senior management demonstrated a commitment to compliance and encouraging a speak up culture. Several key executives described an emphasis on compliance under new Stellantis management and ways in which they communicate speak up messaging formally and informally to their teams. For example, many utilize team meetings and function-wide town halls to remind employees of the importance of speaking up and the methods for doing so (e.g., the Ethics Helpline).<sup>87</sup>
58. In 2020, the Company launched a video series on its intranet site regarding speaking up. The Company designed the videos to reinforce the role and importance of the Ethics Helpline, explain how to report violations of laws or the Code of Conduct in a simple and effective way, and encourage employees to report concerns and reassure them about the protection from any form of retaliation.<sup>88</sup> The videos included:
  - An announcement of 2020 culture survey results in a message from [REDACTED] and messaging on the intranet.<sup>89</sup>

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<sup>85</sup> [REDACTED]

<sup>86</sup> DOJ Evaluation of Corporate Compliance Programs, June 2020, page 6 [<https://www.justice.gov/criminal-fraud/page/file/937501/download>].

<sup>87</sup> [REDACTED]

<sup>88</sup> [REDACTED]

<sup>89</sup> [REDACTED]

- A message from [REDACTED], reminding employees of the LND Campaign.<sup>90</sup>

59. To further understand and assess employees' willingness to speak up, we interviewed a random sample of five employees from Propulsion Systems and TSRC. Most individuals spoke positively about the Company's Code of Conduct, culture, and tone from the top. Four of five individuals noted they would escalate issues to their direct supervisor/manager, and three of five noted their managers encourage speaking up.<sup>91</sup> We will continue to assess the Company's speak up culture during the Third Audit.

## 1.4 Employee Lifecycle

### 1) Background

60. Hiring individuals who respect compliance and make business decisions in an ethical manner is vital to managing compliance risks. The COSO ERM framework indicates that performance evaluation and appropriate incentives are two important ingredients for managing compliance risks.<sup>92</sup> The employee lifecycle is the broad process that includes hiring, onboarding, performance management, consequence management, and offboarding.

- **Hiring**- [REDACTED]
- **Onboarding**- [REDACTED]<sup>94</sup>
- **Ongoing Performance Management, Compensation, & Promotion**- [REDACTED]
- **Consequences & Discipline** - [REDACTED]

<sup>90</sup> [REDACTED]

<sup>91</sup> [REDACTED]

<sup>92</sup> Compliance Risk Management: Applying the COSO ERM Framework, November 2020, page 10.

<sup>93</sup> [REDACTED]

<sup>94</sup> [REDACTED]

<sup>95</sup> [REDACTED]

[REDACTED]

- **Offboarding** - [REDACTED]

2) ICA Second Audit Evaluation

61. In the Second Audit we assessed how the Company considers ethics, integrity, and compliance throughout the employee lifecycle. Our Third Audit will include additional procedures to confirm the design and operating effectiveness of key HR processes.

***The Company Has Not Yet Implemented “Opportunities for Improvement” Related to the Employee Lifecycle***

62. The Company has not yet implemented “opportunities for improvement” to HR processes identified in the 2019 and 2020 Annual Assessments, including: [REDACTED]

[REDACTED] The Company decided not to take action on the first two items and then did not implement the third item due to the impending merger.<sup>98</sup>

63. Shortly after the new Chief Audit and Compliance Officer assumed his role, Stellantis reprioritized the Annual Assessment’s “opportunities for improvement.” The Company prioritized items related to the HR lifecycle including incorporating exit interview questions regarding Code violations for voluntary separations, ensuring the CCO and Ethics and Compliance Committee have proper input into the vetting at hiring and promotion of personnel with a key E&C role, and incorporating E&C elements into performance evaluations.<sup>99</sup> We will assess the effectiveness of any new processes implemented before the end of our term, though we understand Stellantis does not plan to implement some of these “opportunities for improvement” until December 31, 2022.<sup>100</sup>

***The Company Lacks Formal Incentives for Compliance***

64. Incentives for compliance and disincentives for non-compliance are hallmarks of an effective compliance program.<sup>101</sup> We understand the Company utilized the “We Appreciate” program for positive recognition of ethical business conduct in 2020. However, the Company could not provide evidence of

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96 [REDACTED]

97 [REDACTED]

98 [REDACTED]

99 [REDACTED]

100 [REDACTED]

101 DOJ Evaluation of Corporate Compliance Programs, June 2020, page 13. [<https://www.justice.gov/criminal-fraud/page/file/937501/download>]



communications regarding the use of this program or use statistics.<sup>102</sup> Stellantis plans to propose to the Ethics and Compliance Committee options for introducing non-financial recognition or other incentives for compliance.<sup>103</sup> We will assess these improvements, and disincentives for non-compliance, as part of our Third Audit.

## 1.5 Metrics

1) [REDACTED]

65. Compliance metrics should address and measure how well the compliance and ethics program works in practice, and act as a measure of overall effectiveness. COSO's Compliance Risk Management guidance includes potential performance metrics the compliance function should develop and monitor. Examples include:

- Training completion rates;
- Timeliness of responding to issues, investigations, and implementing corrective action;
- Plans, volume, frequency, and types of issues reported through the organizations' reporting mechanisms;
- Culture survey responses over time; and
- Metrics from monitoring various internal compliance controls such as vendor payments in high-risk operating locations.<sup>104</sup>

66. Stellantis' North America and Global Ethics and Compliance Committees are responsible for monitoring audit, ethics, and compliance metrics.<sup>105</sup> Metrics that are reported [REDACTED]  
[REDACTED] The Company reports training completion percentages on a one-off basis after training completion.<sup>107</sup>

2) First Audit Remedial Actions

67. In our First Audit, we found that the Company did not have a formal, documented process to measure willingness to report concerns via the Ethics Helpline or otherwise speak up.<sup>108</sup> After our First Audit assessment, the Company performed its first culture survey in 2020, which included questions around familiarity with the Ethics Helpline and comfort speaking up.<sup>109</sup>

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<sup>102</sup> FCA US LLC's Response to the Independent Compliance Auditor's First Annual Report Dated December 24, 2020, February 22, 2021, page 11. Correspondence with Stellantis personnel [FCA-ICA-Rev.E-0000009111].

<sup>103</sup> [REDACTED]

<sup>104</sup> Compliance Risk Management: Applying the COSO ERM Framework, November 2020, page 14.

<sup>105</sup> [REDACTED]

<sup>106</sup> [REDACTED]

<sup>107</sup> [REDACTED]

<sup>108</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 86.

<sup>109</sup> [REDACTED]

3) ICA Second Audit Evaluation

68. Our Second Audit procedures included reviewing the 2020 Culture Survey results, observing the presentation of culture metrics at the North America (“NA”) Ethics and Compliance Committee (“ECC”), and reviewing related meeting materials.

***The Company Performed Its First Culture Survey in 2020 and Plans Its Second in 2022***

69. The Company launched its first anonymous “Ethical Culture Survey” in Q1 2020 and received an overall [REDACTED] response rate and a [REDACTED] response rate in NA. The survey found the global workforce was generally familiar with the Code ([REDACTED]) and knows where to find it ([REDACTED]). The survey also found familiarity with the Ethics Helpline ([REDACTED]) is behind familiarity with the Code ([REDACTED]) and there is a general awareness of the policy against retaliation ([REDACTED]), yet people’s comfort in reporting a concern through any channels is not at the same level ([REDACTED]). Nearly [REDACTED] respondents submitted comments to follow-up their answer that the FCA Code of Conduct could be improved, most significantly by making the Code simpler, shorter, and including more relevant examples.<sup>110</sup>
70. The Company planned to: (1) announce the results of the survey; (2) publish an abbreviated or bullet-point guide to the Code; and (3) launch an initiative to increase awareness of the Ethics Helpline and trust in reporting a concern, including a campaign to increase middle managements role.<sup>111</sup> As discussed in Section 1.3, the Company announced the results of the survey and increased awareness of the Ethics Helpline through a video series from senior management. Due to the merger and anticipated new Code, the Company did not publish an abbreviated Code. However, the Company considered these comments when developing new legacy FCA Code of Conduct training and the Stellantis Code.<sup>112</sup>
71. Stellantis plans to perform its second culture survey in the first half of 2022.<sup>113</sup> We will review the results and assess the effectiveness of the survey in our Third Audit.

***Additional ECC Metrics Are Under Development***

72. While management consistently presents some metrics to the ECC, [REDACTED]
73. We also observed that the Company [REDACTED]

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110 [REDACTED]  
111 [REDACTED]  
112 [REDACTED]  
113 [REDACTED]  
114 [REDACTED]  
115 [REDACTED]

[REDACTED] We will continue to assess and review the effectiveness of NA ECC oversight and metrics in our Third Audit.

## 1.6 Annual Assessment

### 1) Background

74. The Consent Decree requires the Company to annually assess the effectiveness of its Code, Ethics Helpline, LND Campaign, and associated trainings.<sup>117</sup> The Company separately assessed each component in 2020 and 2021. To assess the effectiveness of its Code, the Company used an annual benchmarking survey facilitated by a third-party, Ethisphere (“Ethisphere Survey”). The Ethisphere Survey requires the Company to answer questions designed to benchmark its ethics and compliance program against other survey participants. The Company relied on the 2021 Ethisphere Survey to satisfy the Consent Decree requirements for an annual assessment of the Code.<sup>118</sup>
75. Stellantis Audit & Compliance (“A&C”) assessed the Ethics Helpline and LND Campaign. [REDACTED]

### 2) Consent Decree Requirements

76. Consent Decree ¶50(e) requires the Company to “annually assess the effectiveness of the Code of Conduct, Ethics Helpline, Leave No Doubt Campaign, associated training, and [its] other efforts to instill a culture of integrity and compliance.” The Company is also required to “develop and implement an action plan to implement improvements or additional measures [it] determine[s] necessary to improve the culture of integrity and compliance.”

### 3) First Audit Remedial Actions

77. In our First Audit, we found that the Company identified, but had not yet implemented “opportunities for improvement” designed to address findings from the 2019 and 2020 Ethisphere surveys.<sup>120</sup> We recommended that the Company “develop a formal action plan with milestones and timelines to address the results of the 2019 and 2020 Ethisphere surveys.”<sup>121</sup>

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<sup>116</sup> [REDACTED]

<sup>117</sup> Consent Decree ¶50(e).

<sup>118</sup> [REDACTED]

<sup>119</sup> [REDACTED]

<sup>120</sup> [REDACTED]

<sup>121</sup> Independent Compliance Auditor’s First Annual Report, December 24, 2020, pages 24-25.

***Stellantis Recently Addressed the ICA's Recommendation to Develop a Formal Plan to Address Ethisphere Surveys***

78. [REDACTED]. However, the Company's list did not include milestones, timelines, or action owners. And the Company did not complete some "high impact" opportunities as three were delayed due to the impending PSA merger and four were only partially implemented.<sup>122</sup>

79. [REDACTED] "Compliance Roadmap" [REDACTED]. The "Compliance Roadmap" includes recommendations and proposed actions to address Annual Assessment benchmarking results from Ethisphere and considers our findings on the overall control environment.<sup>124</sup> Stellantis plans to track and report progress on these roadmap initiatives through its internal audit action tracking system.<sup>125</sup> We will assess the effectiveness of improvements implemented through the Compliance Roadmap in the Third Audit.

4) ICA Second Audit Evaluation

80. In the Second Audit, we assessed whether the Annual Assessment met the Consent Decree requirements and if the Company addressed "opportunities for improvement" with reasonable action plans.

***Annual Assessments Were Effective, But the Company Did Not Timely Address Some Prior Annual Assessment "Opportunities for Improvement"***

81. The Ethics Helpline, LND, and Code of Conduct assessments were effective and met the Consent Decree requirements for an annual assessment. The criteria used to conduct the assessments were generally complete, and the Company's methodology for assessing these programs was effective. Further, the exceptions noted in the assessments were consistent with our prior audit observations.

82. However, as discussed in the Leave No Doubt section of this report and in this section above, the Company delayed addressing some Annual Assessment "opportunities for improvement" and ICA findings because of the Stellantis merger. We will assess the effectiveness of improvements implemented from the Annual Assessments in the Third Audit.

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<sup>122</sup> [REDACTED]

<sup>123</sup> [REDACTED]

<sup>124</sup> [REDACTED]

<sup>125</sup> [REDACTED]

## 2. Ethics Helpline and Investigations

### 1) Background

83. The Ethics Helpline allows employees, contractors, suppliers, and dealers to report anonymously concerns about possible legal, regulatory, or Company policy violations. The Ethics Helpline also allows for reporting technical compliance concerns about safety and emission-related issues. [REDACTED]

84. [REDACTED]

85. [REDACTED]

### 2) Consent Decree Requirements

86. Consent Decree ¶50(c) requires the Company to “continue to implement and maintain the Ethics Helpline and its associated procedures.”

### 3) First Audit Remedial Actions

87. Our First Audit found that BPO and TSRC conduct investigations independently, as TSRC investigates technical issues related to vehicle safety, emissions, and regulatory compliance and BPO investigates ethics-related complaints (e.g., conflicts of interest, fraud). Therefore, in a case involving both an ethical and technical aspect, each issue would be separately investigated. The Company informed the ICA there were no complete cases to review in the First Audit with both a technical and ethics-related component.<sup>129</sup>

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126 [REDACTED]

127 [REDACTED]

128 [REDACTED]

<sup>129</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 21.

***BPO and TSRC Did Not Effectively Coordinate on Two Cases with Ethical and Technical Components***

88. As part of our Second Audit, we assessed how BPO and TSRC coordinated on three cases. [REDACTED]

[REDACTED] We will assess this process and relevant investigations requiring coordination as part of our Third Audit.

***North America ECC Meetings Resumed in 2020***

89. Our First Audit also found the North America ECC did not meet in 2019.<sup>132</sup> Quarterly North America ECC meetings resumed in January 2020 and have been ongoing through 2021.<sup>133</sup>

4) ICA Second Audit Evaluation

90. To assess the Ethics Helpline and related processes, we: (1) reviewed the new Investigations Manual; (2) discussed case intake, investigation, and reporting processes with BPO and TSRC investigators to understand and assess process changes; and (3) verified adherence to defined processes for a selection of reports related to ethics and emissions and regulatory compliance concerns.

***Investigations Manual and Related Training Require Enhancement***

91. In response to a 2020 Ethics Helpline Annual Assessment finding, A&C published an Investigations Manual (the "Manual").<sup>134</sup> We found:

- The Manual notes [REDACTED]
- Further, the Manual acknowledges that [REDACTED]  
"136 We found this unclear because the first part provides [REDACTED]"

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130 [REDACTED]

131 [REDACTED]

132 Independent Compliance Auditor's First Annual Report, December 24, 2020, page 21.

133 Independent Compliance Auditor's First Annual Report, December 24, 2020, page 22. [REDACTED]

134 Follow-up on Investigation Manual Discussion, PDF page 1 [FCA-ICA-Rev.F0000000518].

135 [REDACTED]

136 [REDACTED]

- Steps described the Ethics Helpline process flow are not included in the Investigations Manual.  
[REDACTED]
  - The Manual states it [REDACTED] and notes that TSRC is an investigative team. However, the Company explained to the ICA that TSRC is excluded from the Manual requirements.<sup>138</sup>
92. In response to this finding, the Company plans to develop a high-level document outlining key principles and requirements for conducting effective investigations.<sup>139</sup> This document should reduce the risk of inconsistent or ineffective investigative processes.<sup>140</sup>
- **Recommendation 8:** Stellantis should develop the investigative key principles and requirements document by March 31, 2022 and provide related training to investigators by June 30, 2022.
93. In response to a separate 2020 Ethics Helpline Annual Assessment finding, the Company planned by [REDACTED]
94. The Investigations Manual, however, does not include all topics required to be covered in the training in response to the Annual Assessment finding [REDACTED]). Further, the Manual is [REDACTED]. We understand the Company considered lessons learned and current topics while drafting the Manual and provides other ongoing training to investigative teams [REDACTED].<sup>143</sup> We will review and assess relevant investigative trainings in the Third Audit.
95. [REDACTED] investigators required to attest they understood the Manual did not do so as of February 2021, beyond the December 31, 2020 deadline in the Annual Assessment management improvement plan.<sup>144</sup> We understand these [REDACTED] employees attested they understood the Manual after February 2021 or moved to other roles that no longer required them to attest.<sup>145</sup>

***No Formal Review of “Unconfirmed” Cases for ECC Reporting***

96. Consent Decree ¶50(c) states, “The Business Practices Office within Internal Audit reviews the ethics concerns raised via the Ethics Helpline, and the results of those investigations are reviewed by the

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137 [REDACTED]

138 [REDACTED]

139 [REDACTED]

140 [REDACTED]

141 [REDACTED]

142 [REDACTED]

143 [REDACTED]

144 [REDACTED]

145 [REDACTED]

Ethics and Compliance Committee (“ECC”).”<sup>146</sup>

97. In response, we understand the Company implemented a process to

<sup>149</sup> We will continue to review materials and observe ECC materials in the Third Audit.

*The Company Continues to Enhance the Ethics Helpline Based on Annual Assessment Findings*

98. As part of its 2021 Annual Assessment, the Company identified further “opportunities for improvement” of its Ethics Helpline processes which it plans to address by December 31, 2021:

- 
- ;
- 
- 

99. The Company is planning to or has addressed “opportunities for improvement” through additional communications, monthly reviews of closed cases, and additional documentation regarding training requirements and charters.<sup>152</sup> We will assess the effectiveness of these “opportunities for improvement” in the Third Audit.

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<sup>146</sup> Consent Decree ¶50(c).

<sup>147</sup>

<sup>148</sup>

<sup>149</sup>

<sup>150</sup>

<sup>151</sup>

<sup>152</sup>



### 3. Risk Assessment

#### 3.1 2020 Risk Assessment

##### 1) Background

100. Before 2019, the Company did not perform an emissions certification and compliance risk assessment. To meet the Consent Decree risk assessment requirements, VEC developed a new process implemented for the first time in October 2019. Based on feedback from the ICA and Stellantis A&C, TSRC improved the risk assessment in 2020 by [REDACTED]
101. The VEC Initiatives and Improvements Subcommittee and Steering Committee reviewed and validated the risk assessment results in July 2020.<sup>153</sup> Based on the second risk assessment results, the Company added [REDACTED] more Improvement Plan projects as part of the Third Improvement Plan to address residual risks rated “medium” or higher.<sup>154</sup>
102. The Consent Decree requires the Company to conduct its third risk assessment “within 90 days of the next anniversary of the Effective Date” (i.e., August 3, 2021).<sup>155</sup> We met with the Company in February 2021 to share our preliminary observations regarding the 2020 risk assessment. The Company was receptive to our preliminary feedback and implemented enhancements to the process before conducting the 2021 risk assessment, which we will review during our Third Audit.

##### 2) Consent Decree Requirements

103. Consent Decree ¶53 requires the Company to “establish and maintain a Risk Assessment Process, which is led by [TSRC], that, at least annually, shall: (1) identify compliance risks relating to emissions and certification processes; (2) assign a risk rating based on probability and significance; (3) link existing policies, processes, and controls [FCA] rel[ies] on to detect and prevent non-compliance (“risk response”); (4) assess residual risk based on the design and operating effectiveness of [FCA’s] risk response; and (5) develop a plan and reasonable timeline to implement and improve controls to mitigate any unacceptable levels of residual risk.”

##### 3) First Audit Remedial Actions

104. In our First Audit, we found that the Company identified high-level risks that were difficult for risk assessors to interpret and accurately rate. Further, the Company did not link individual risks to controls and it did not adequately assess control effectiveness. TSRC also did not have policies and procedures describing how it should perform the risk assessment, which led to inconsistent execution.<sup>156</sup>

#### ***The Company Expanded Risk Identification Processes in 2020***

105. As part of the 2020 risk assessment, VEC Initiatives & Improvements Steering Committee members solicited feedback from their teams to aid in risk identification, leading to the inclusion of [REDACTED] new risks.

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<sup>153</sup> [REDACTED]

<sup>154</sup> [REDACTED]

<sup>155</sup> Consent Decree ¶53.

<sup>156</sup> Independent Compliance Auditor’s First Annual Report, December 24, 2020, pages 38-39.

Some of the new risks resulted from pre-assessment brainstorming sessions led by Initiatives & Improvements Subcommittee members within their functional areas. The Company also expanded the population of risk assessors to [REDACTED]

***VEC Considered Internal and External Audit Findings When Assessing Management Effectiveness<sup>158</sup>***

106. In 2020, VEC mapped internal and external audit findings to the risks when assessing risk response effectiveness. This improved the Company's ability to identify control gaps and weaknesses and the accuracy of residual risk ratings.<sup>159</sup> However, the Company still did not link findings to individual controls when assessing management effectiveness.

***VEC Created Risk Assessment Policies, Procedures, and Guidance Documents***

107. VEC developed policies and procedures describing how the risk assessment should be performed and provided training and guidance documents to risk assessors. These documents improved the consistency of the assessment by ensuring risk assessors were more aware of what they were asked to do.<sup>160</sup>

4) ICA Second Audit Evaluation

108. Our procedures included: (1) reviewing documentation related to the 2020 risk assessment; (2) interviewing the North America Diesel Settlement Program Manager to confirm process changes; (3) interviewing a sample of risk assessors to assess process effectiveness; and (4) validating assessment completeness by comparing the list of identified risks to our assessment.

***Risks Were Too High-Level and Lacked Specific Definitions to Help Delineate Between Risk Types***

109. The Company added [REDACTED] new risks as part of the 2020 risk identification process for a total of [REDACTED] risks included in the assessment.<sup>161</sup> Pre-assessment brainstorming led by Initiatives & Improvements Subcommittee members, tracking internal control issues throughout the year, and consideration of external events led to improved risk identification.

110. Although the Company increased the number of risks identified in 2020, many risks were still too high-level and lacked specific definitions to help assessors differentiate between risks. This created inconsistencies in how different risk assessors rated the same risk. The Company improved its risk identification processes in 2021, which led to the assessment of over [REDACTED] risks.<sup>162</sup> We will assess the effectiveness of the 2021 risk identification processes during our Third Audit.

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<sup>157</sup> [REDACTED]

<sup>158</sup> The Company uses the term "management effectiveness" to refer to the effectiveness of its risk response (i.e., policies, processes, and controls designed to mitigate the risk). [REDACTED]

<sup>159</sup> [REDACTED]

<sup>160</sup> [REDACTED]

<sup>161</sup> [REDACTED]

<sup>162</sup> [REDACTED]

**VEC Risk Assessment Documentation Did Not Demonstrate Complete Analysis of Some Risk Assessor Comments**

111. [REDACTED]

112. [REDACTED]

113. The Company improved its risk identification processes in 2021 to include more granular risks. This should improve the ability to map risk assessor comments to specific risks. We will review these processes during our Third Audit.

**Some Risk and Management Effectiveness Ratings Were Inconsistent with Remediation Status and Assessor Comments**

114. [REDACTED]

115. [REDACTED]

116. The 2020 risk assessment also improved the linkage of risks to policies, processes, controls, and audit findings. However, for some risks, assessor comments [REDACTED] commented [REDACTED] However, the same risk assessor [REDACTED]

163 [REDACTED]  
164 [REDACTED]  
165 [REDACTED]  
166 [REDACTED]  
167 [REDACTED]

[REDACTED]

**VEC Should Further Enhance the Risk Assessment Process**

- 117. VEC completed the most recent risk assessment in August 2021. The ICA did not perform a complete assessment of this process in the Second Audit. However, based on our preliminary review we identified areas requiring further improvement.
- 118. In 2021, the Company involved subject matter experts in the review and challenge of risk and control ratings. These experts participated in workshops to review preliminary ratings and could adjust the ratings based on their knowledge of risk events and issues that occurred during the year.<sup>169</sup> This allowed individuals most knowledgeable about current risk exposure to determine final ratings. The ICA observed a sample of four workshops and found active participation in these review sessions, but some of the reviewers did not understand the differences between inherent and residual risk, and may have overrated the effectiveness of controls.<sup>170</sup>
- 119. There was other evidence that risk assessors may have overrated control effectiveness. For example, one risk related [REDACTED]  
[REDACTED] However, the open Improvement Plan to address this risk will not be completed until [REDACTED] The Company explained that other controls address the risk more directly than the in-progress Improvement Plan. However, the risk assessment documentation did not include evidence to support that these other controls were effective.<sup>173</sup>
- 120. As noted in Recommendation 7 above, the Company should require another function with risk and control expertise (e.g., A&C, Enterprise Risk Management) to perform a quality assurance review over the reasonableness risk and management effectiveness ratings.
- 121. We will review and assess the 2021 risk assessment process in further detail in the Third Audit.

**3.2 Issue Tracking**

1) Background

- 122. During our First Audit, we found that VEC did not have a formal mechanism for escalating, tracking, and remediating issues in the internal control structure.<sup>174</sup> In response to this finding, VEC created [REDACTED] [REDACTED] to develop an issue tracking process linked to the risk assessment process to ensure all relevant risks are considered in the assessment.

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<sup>168</sup> 2020 Risk Assessment Summary [FCA-ICA-0000013233].

<sup>169</sup> [REDACTED]  
<sup>170</sup> [REDACTED]

<sup>171</sup> [REDACTED]  
<sup>172</sup> [REDACTED]

<sup>173</sup> Discussion with Stellantis personnel, TSRC. [REDACTED]

<sup>174</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 31.

123. The North America Diesel Settlement Program Manager manages the VEC Issue Tracker (“Issue Tracker”), which is reviewed at the weekly VEC staff meeting, led by the VEC Director.<sup>175</sup>

[REDACTED]

2) ICA Second Audit Evaluation

124. In our Second Audit, we reviewed the Issue Tracker to confirm VEC tracks risk events related to emissions certification and compliance and links the events to risks in the risk library or creates a new risk if a material event occurred unrelated to an existing risk. On a sample basis, we also confirmed VEC accurately links the risk event to the risk library, periodically monitors open risk issues, and adequately closes items.

*Issue Tracker Only Tracks Risks Related to VEC Processes*

125.

[REDACTED]

- **Recommendation 9:** Stellantis should require Propulsion Systems to track and periodically report to VEC risk issues related to emissions compliance (e.g., control deficiencies, results of quality assurance reviews).

*VEC Issue Tracking Process Does Not Adequately Link Risks and Controls*

126. The linkage between issues and risks is not always clear from the Issue Tracker documentation. For example,

[REDACTED]

127. The Issue Tracker also does not link risk issues to controls. We understand the Company planned to better link the issues from the Issue Tracker to risks and controls through the 2021 risk assessment processes.<sup>181</sup>

[REDACTED] We will further review the linkage of risk issues to risks and controls in our Third Audit.

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176  
177  
178  
179

[REDACTED]

180  
181  
182

[REDACTED]

#### 4. Auditing & Checking

##### 1) Background

128. Consent Decree ¶58 required the Company to “complete an internal audit to assess implementation of internal procedures relating to the corporate compliance requirements” described in Section VI.C of the Consent Decree.<sup>183</sup> The Company implemented Initial Improvement Plan Project Auditing & Checking [REDACTED] to conduct these audits, and it published the ¶58 audit in March 2020.<sup>184</sup> Stellantis’ internal audit function continues to perform audits of emissions compliance processes.<sup>185</sup>

129. [REDACTED]

130. [REDACTED]

##### 2) First Audit Remedial Actions

131. In our First Audit, we identified weaknesses in audit documentation (e.g., planning memos and workpapers) in TSRC audits and concerns regarding the independence of the North America Head of Audit and Compliance.<sup>191</sup>

##### *A&C Improved Emissions Certification and Compliance Audit Quality*

132. In response to our First Audit findings, the Company provided enhanced training on procedures [REDACTED] execution.<sup>192</sup> The planning training adequately covers [REDACTED]

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<sup>183</sup> Consent Decree ¶58.

<sup>184</sup> [REDACTED]

<sup>185</sup> [REDACTED]

<sup>186</sup> [REDACTED]

<sup>187</sup> [REDACTED]

<sup>188</sup> [REDACTED]

<sup>189</sup> [REDACTED]

<sup>190</sup> [REDACTED]

<sup>191</sup> Independent Compliance Auditor’s First Annual Report, December 24, 2020, pages 75-76.

<sup>192</sup> [REDACTED]

<sup>193</sup> [REDACTED]

[REDACTED] We confirmed all TSRC auditors completed the planning and test execution trainings.<sup>195</sup>

133. To further assess if the Company remediated deficiencies in audit documentation, we reviewed the documentation for two 2021 TSRC audits. We found the workpapers and planning memos were sufficiently detailed to support the scope, overall conclusions, and specific findings.<sup>196</sup>

***A&C Implemented Processes to Address Independence Concerns***

134. In our First Audit, we found that the North America Head of Audit & Compliance was assigned “Implementer Responsibility” on an audit report she signed, affecting A&C independence.<sup>197</sup> To address this finding, A&C implemented an annual requirement to disclose to the Audit Committee the roles maintained by the Audit Executive outside of A&C.<sup>198</sup> We confirmed A&C made this disclosure in 2020.<sup>199</sup>

3) ICA Second Audit Evaluation

135. In our Second Audit, we continued to assess the effectiveness of A&C’s TSRC audits and verified the Company remediated A&C findings described in the ¶58 audit report that impact Stellantis’ ability to comply with the Relevant Laws.<sup>200</sup> We also reviewed A&C’s processes for tracking audit finding remediation.

[REDACTED]

136. [REDACTED]

137. [REDACTED]

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<sup>194</sup> [REDACTED]  
<sup>195</sup> [REDACTED]

<sup>196</sup> [REDACTED] Product Development Initiative 4- Emission Related Parts Identification and Management Process [CHRY0000001777].

<sup>197</sup> Independent Compliance Auditor’s First Annual Report, December 24, 2020, page 76.

<sup>198</sup> FCA Audit & Compliance Charter, 2020 Edition, page 3 [FCA-ICA-Rev. F0000004344].

<sup>199</sup> [REDACTED]

<sup>200</sup> This procedure was performed as part of our assessment of the individual Program Components. The ¶58 audit report refers to the compilation of audit reports completed to assess the implementation of internal procedures relating to the Corporate Compliance Requirements of ¶¶50-56 of the Consent Decree. FCA Internal Audit Report Pursuant to Paragraph 58.a of the Consent Decree, March 3, 2020, page ii.

<sup>201</sup> [REDACTED]  
<sup>202</sup> [REDACTED]  
<sup>203</sup> [REDACTED]

**A&C's Corrective Action Tracking Includes Limited Categories for Action Plan Status**

138. A&C's findings and action closure tracking system do not capture all relevant categories for the status of a finding ( [REDACTED] ). For example, in the 2021 Ethics Helpline Annual Assessment, A&C found that [REDACTED] original management improvement plans ("MIPs") to address 2020 Annual Assessment findings were only partially implemented.<sup>205</sup> However, audit reporting as of September 28, 2021 categorizes all 2020 Ethics Helpline MIPs as "closed."<sup>206</sup> And, the May 2021 Balanced Scorecard (shared with the Chief Audit and Compliance Officer) notes, "There were no overdue MIPs related to the Leave No Doubt or Ethics Helpline Assessments as of May 31, 2021."<sup>207</sup>
139. A&C categorized one action item from the 2020 Ethics Helpline Annual Assessment as implemented/closed in 2021. However, the Company could not address the issue due to system limitations, and therefore it would be more appropriate to categorize this finding as "risk accepted" or "not addressed."<sup>208</sup>
140. [REDACTED], the Company could focus on actions with the biggest impact on reducing the risk of non-compliance. And the quality of the emissions certification and compliance risk assessment would improve if the Company rated and categorized findings appropriately because the assessors would have a better understanding of the significance of open issues, rather than reporting items as closed when they are not. We understand the Company is considering whether to change its approach to tracking emissions compliance audit findings, and we will review any changes to the process during the Third Audit.<sup>209</sup>

**5. VEC Governance & Organizational Structure**

1) Background

141. The Company established VEC [REDACTED]. [REDACTED] The Consent Decree and Initial Improvement Plan projects relate to VEC and other organizations within Stellantis (e.g., Propulsion Systems).

**5.1 VEC Governance**

1) Background

142. The Initial Improvement Plan included [REDACTED] projects related to Corporate Governance. The Company designed Initial Improvement Plan Project Corporate Governance [REDACTED] to create emissions

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204 [REDACTED]  
205 [REDACTED]  
206 [REDACTED]  
207 [REDACTED]  
208 [REDACTED]  
209 [REDACTED]



compliance governance structures upon forming the VEC organization. The Company designed project Corporate Governance [REDACTED] to [REDACTED], and Training/Technical Competence [REDACTED]

143. The Company designed these projects to [REDACTED]

2) Consent Decree Requirements

144. Consent Decree ¶51(b) requires the Company to “implement and maintain the revised governance structure, including providing personnel performing the certification, testing, and monitoring functions access to technical expertise independent from product development personnel.” The Company implemented CG1 and CG2 to meet these requirements.

a. Emissions Compliance Governance Structures

1) Background

145. The Company governs its emissions certification and compliance program with various steering and subcommittees supported by topic-specific working groups which oversee compliance activities within its area of responsibility. [REDACTED]

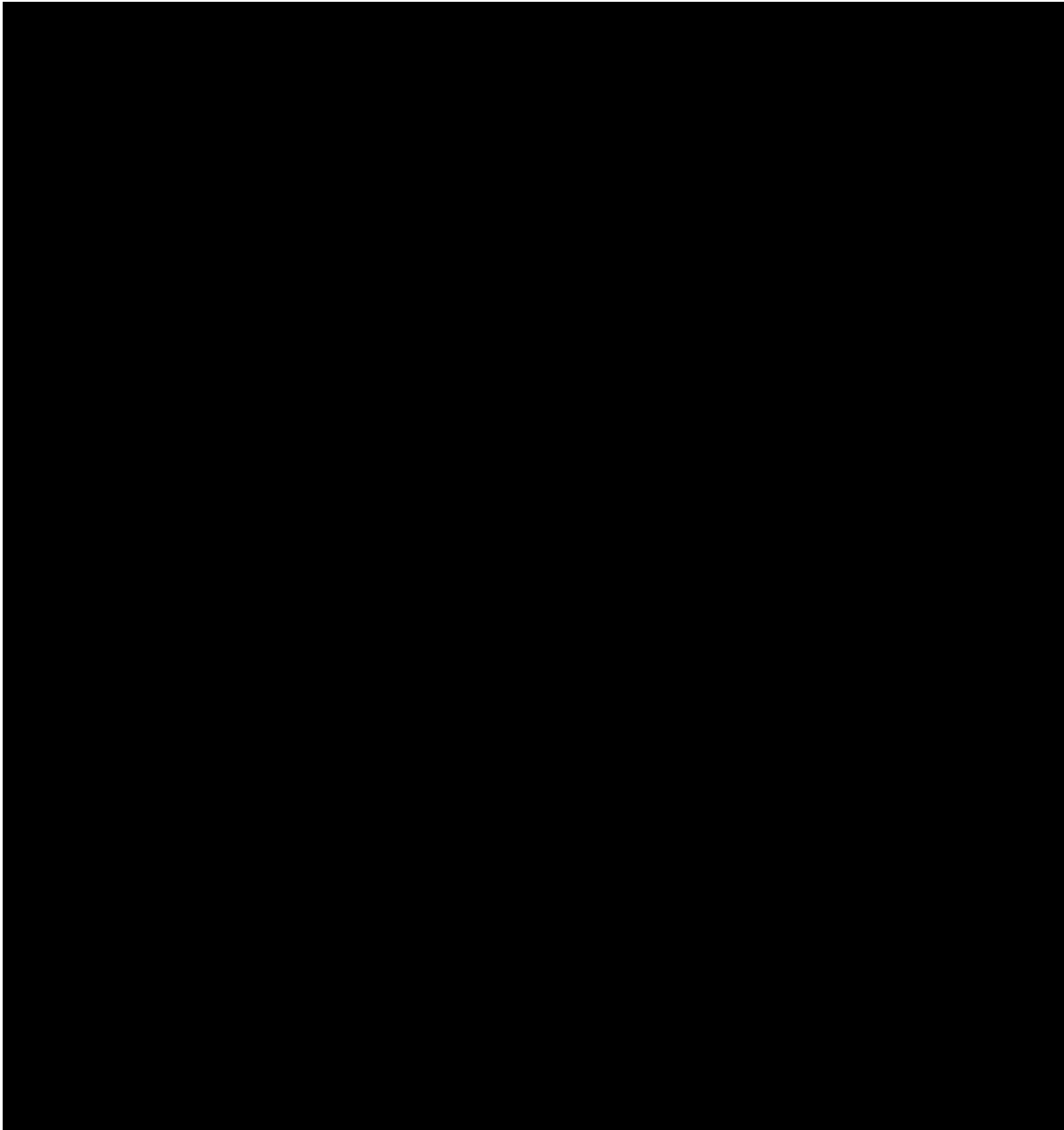
146. [REDACTED]

147. The emissions compliance governance structure includes these committees and working groups:<sup>213</sup>

- [REDACTED]

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210 [REDACTED]  
211 [REDACTED]  
212 [REDACTED]  
213 [REDACTED]  
214 [REDACTED]



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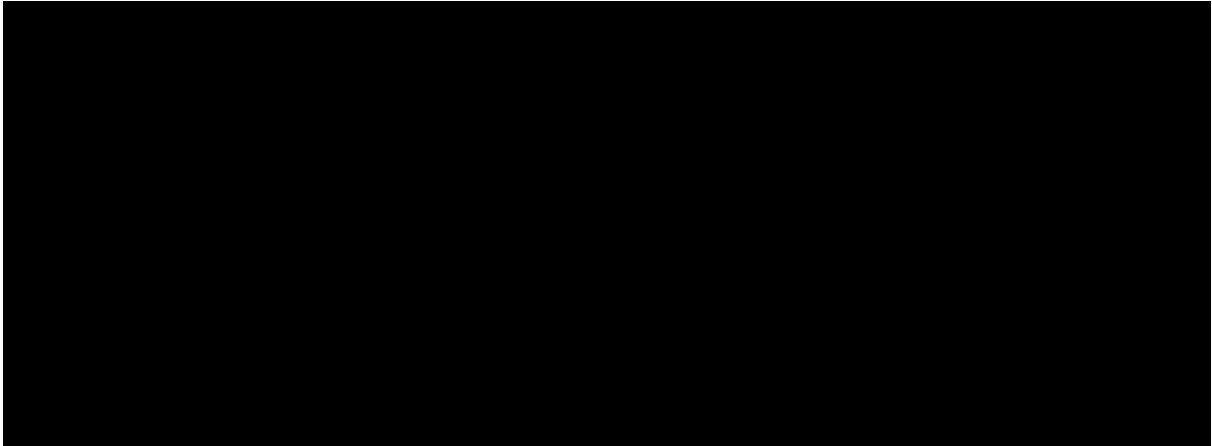
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2) First Audit Remedial Actions

148. During the First Audit, we found that the Company could improve documentation regarding emissions compliance governance process, including clarifying meeting charters and improving meeting minutes and communication and the Company did not formally communicate changes to the governance structure (e.g., new working groups) since initial working group implementation in 2018.<sup>227</sup>

***Improved Meeting Charters and Minutes***

149. In response to our First Audit findings, the Company updated its meeting charters in December 2020 and instituted a recurring annual process to review and update the charters going forward.<sup>228</sup> The charter updates clarify escalation requirements, responsibilities, and meeting cadence for the working groups, subcommittees, and committees.<sup>229</sup>

150. In addition, the Company provided meeting minute best practices training to working group leaders. The training covered recommended criteria regarding what to document in meeting minutes, including attendees, meeting date, purpose, main topics discussed, approvals/rejections, key takeaways, next

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224 [REDACTED]  
225 [REDACTED]  
226 [REDACTED]  
227 Independent Compliance Auditor's First Annual Report, December 24, 2020, pages 28-29.  
228 [REDACTED]  
229 [REDACTED]

steps, and questions raised. The training included an example of properly documented meeting minutes to demonstrate how the criteria should be recorded.<sup>230</sup>

***The Company Implemented a New Project to Improve Governance Structure Communications***

151. Stellantis reviewed how it communicates new processes and governance structures through [REDACTED]

3) ICA Second Audit Evaluation

152. As part of our Second Audit procedures, we: (1) reviewed the updated governance charters and a sample of meeting minutes; (2) discussed with Stellantis the emissions compliance governance structure; (3) observed a sample of committee, subcommittee, and working group meetings; and (4) reviewed Stellantis' communications regarding the emissions compliance governance structure developed as part TC4. Refer to Section 5.1(b) below for our assessment of TC4.

***The Company Does Not Require Advance Distribution of Meeting Materials***

153. The Company does not require advance distribution of meeting materials before committee and working group meetings, which impacts the decision-making ability of meeting participants.<sup>232</sup> We understand the Company recently started providing meeting materials in advance for subcommittee and steering committee meetings.<sup>233</sup> We will continue to observe and review materials for relevant meetings in the Third Audit.

***Healthy Challenge and Collaboration Evident During Committee and Working Group Discussions***

154. There continues to be a healthy level of challenge at the Steering Committee and Subcommittee level, and employees seem comfortable raising issues to senior management. We observed over 50 meetings covering all committees, subcommittees, and working groups. Employees were comfortable speaking up to senior management regarding emissions compliance concerns, and senior management was engaged and held employees accountable.<sup>234</sup>

***b. Communication of Governance Structure and New Processes***

1) Background

155. The Company created [REDACTED]. During the assessment, risk assessors noted [REDACTED]

<sup>230</sup> [REDACTED]

<sup>231</sup> [REDACTED]

<sup>232</sup> [REDACTED]

<sup>233</sup> [REDACTED]

<sup>234</sup> Observation of Stellantis meetings, TSRC. We have not yet observed the Full Useful Life Emission Durability Working Group.

156. To execute this project, the Company [REDACTED]

2) ICA Second Audit Evaluation

157. As part of our Second Audit, we reviewed the completeness and accuracy of the VEC Process Matrix and assessed the effectiveness of the processes for communicating the information to TSRC and Propulsion Systems personnel.

***VEC Process Matrix Does Not Include All VEC Processes***

158. The VEC Process Matrix is incomplete because it does not include all VEC processes [REDACTED]  
[REDACTED]  
[REDACTED] We will review the updated VEC Process Matrix in the Third Audit.

***VEC Process Matrix Updates Not Communicated to TSRC Personnel***

159. There is no requirement to periodically notify TSRC personnel of new or revised processes. [REDACTED]  
[REDACTED] We will review the updated communications in the Third Audit.

**5.2 Organizational Structure**

1) Background

160. The Initial Improvement Plan includes [REDACTED] projects related to Organizational Structure. These projects address: [REDACTED]

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235 [REDACTED]  
236 [REDACTED]  
237 [REDACTED]  
238 [REDACTED]  
239 [REDACTED]  
240 [REDACTED]

161. The Second Improvement Plan included an Organizational Structure project [REDACTED]

a. Segregation of Duties

1) Background

162. Before February 2017, [REDACTED] The Company implemented [REDACTED]

2) First Audit Remedial Actions

163. In our First Audit, we found that the Company did not have a formal process to monitor changes to the organizational structure to ensure segregation of duties are maintained between TSRC and Product Development. To address this finding, the Company [REDACTED]

***Segregation of Duties Assessment Not Documented After the 2020 Product Development Reorganization***

164. [REDACTED]

3) ICA Second Audit Evaluation

165. In our Second Audit, we reviewed new hire training materials to assess whether TSRC communicates the purpose of segregation of duties.

***New Hire Training Materials Do Not Directly Address the Purpose of Segregation of Duties***

166. The Company requires new hires in TSRC and Product Development to take the Emissions Certification and Compliance Training. The Company does not provide other trainings related to general emissions compliance topics as part of new hire onboarding. The Emissions Certification and Compliance Training

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241 [REDACTED]

242 Independent Compliance Auditor's First Annual Report, December 24, 2020, page 30.

243 [REDACTED]

244 [REDACTED]

materials do not directly address the purpose of segregation of duties between TSRC and Product Development. For example, the 2020 version of the Emissions Certification and Compliance Training describes [REDACTED]

[REDACTED] We understand Stellantis plans to update emissions training materials, and we will review the updated training in the Third Audit<sup>246</sup>.

*b. Vehicle Environmental Compliance Supporting Resources*

1) Background

167. Through Initial Improvement Plan Project Organizational Structure [REDACTED], VEC added [REDACTED] new resources to [REDACTED] as part of the Initial Improvement Plan:

- [REDACTED]
- [REDACTED]
- [REDACTED] <sup>247</sup>

168. The Company also assigned supporting resources from its Information, Communication, and Technology (“ICT”) group to assess IT programs within the Initial Improvement Plan projects and implement a more robust control structure.<sup>248</sup>

2) First Audit Remedial Actions

169. We had no findings related to [REDACTED] during the First Audit.

3) ICA Second Audit Evaluation

170. In the Second Audit, we continued to evaluate the sufficiency of resources supporting the Company’s emissions certification and compliance program.

***Additional Resources Continue to Reflect Stellantis’ Commitment to a Culture of Compliance***

171. The resources added as part of this project to support the emissions certification and compliance program continue to demonstrate a commitment to a culture of compliance. We interact frequently with the individuals assigned to the roles created by this project. All appear effective in their roles and demonstrated a commitment to improving Stellantis’ emissions certification and compliance control structure.

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245 [REDACTED]  
246 [REDACTED]  
247 [REDACTED]  
248 [REDACTED]

c. *Vehicle Environmental Compliance Organizational Capabilities*

1) Background

172. The Company created Initial Improvement Plan Project Organizational Structure [REDACTED]

2) First Audit Remedial Actions

173. In the First Audit, we found there were no formal, documented succession plans for the VP-2 level employees or below within VEC, creating a gap in succession planning for VEC critical roles.<sup>250</sup>

*The Company Updated and Expanded Succession Planning*

174. In the Second Audit, we confirmed VEC completed succession planning for all critical roles [REDACTED]. We will review updated succession plans during the Third Audit to confirm the continuing effectiveness of this process.

3) ICA Section Audit Evaluation

175. As part of our Second Audit, we also verified management continues to provide sufficient resources to execute [REDACTED]. We will continue to assess resourcing, including potential issues created by merger-related convergence and consolidation activities during our Third Audit.

d. *Availability of Technical Expertise*

1) Background

176. The Company created Second Improvement Plan Project Organizational Structure [REDACTED]

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249 [REDACTED]

250 Independent Compliance Auditor's First Annual Report, December 24, 2020, page 31.

251 [REDACTED]

252 [REDACTED]

253 [REDACTED]



2) ICA Section Audit Evaluation

177. As part of our Second Audit, we confirmed Stellantis informed employees of global specialists and interviewed personnel involved in certification testing and monitoring activities to assess the accessibility of technical expertise. We also confirmed the Company periodically reconciled HR records to the listing of global specialists to identify changes.

*The Company Identified and Communicated Technical Expertise*

178. In interviews of employees across Product Development and TSRC, no one raised concerns regarding a lack of access to technical expertise.<sup>254</sup> We confirmed the published listings were complete, accurate, and accessible. We also confirmed the monthly reconciliation of underlying HR records to the listing of global specialists to identify changes to the specialist roles was designed and operating effectively.<sup>255</sup> We will review the continuing effectiveness of this process in the Third Audit.

## 6. Technical Training

1) Background

179. The Initial Improvement Plan includes [REDACTED] projects related to training and technical competence. [REDACTED]

2) Consent Decree Requirements

180. Consent Decree ¶52(a) requires the Company to develop an annual AECD and Defeat Device Training for the population of employees and suppliers defined in Initial Improvement Plan Project Training/Technical Competence [REDACTED].<sup>258</sup> The Company had to make the initial training available to the required personnel by March 31, 2019, and the required personnel had to complete it by May 31, 2019.

181. Separately, Consent Decree ¶52(b) requires the Company to develop an annual Emissions Certification and Compliance Training [REDACTED] for applicable Product Development and TSRC employees [REDACTED]. The Company had to make the initial training available to the required personnel by October 31, 2019, and the required personnel had to complete it by January 31, 2020.

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<sup>254</sup> [REDACTED]

<sup>255</sup> [REDACTED]

<sup>256</sup> Throughout this report, the term defeat device has the meaning set forth in 40 CFR § 86.1803-01.

<sup>258</sup> The Consent Decree requires this population include, but not [be] limited to: Powertrain, Product Development, and VSRC employees. [REDACTED]

182. The Consent Decree does not include required completion dates for [REDACTED] annual refresher trainings.

### 6.1 AECD and Defeat Device Training

#### 1) Background

183. [REDACTED]

184. [REDACTED]

185. [REDACTED]

#### 2) First Audit Remedial Actions

186. In our First Audit, we found shortcomings in the Company's process for tracking [REDACTED] completion for suppliers. We also noted the [REDACTED] included [REDACTED] [REDACTED] but the Company did not confirm that trainees selected the correct module for the region they work in.<sup>264</sup>

#### ***AECD and Defeat Device Trainings Remain Effective***

187. The [REDACTED] ng and [REDACTED] content meet the course objectives and sufficiently cover regulatory requirements and topics relevant to AECDs and defeat devices.<sup>265</sup> We will assess the continuing effectiveness of these trainings in the Third Audit.

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<sup>259</sup> [REDACTED]  
<sup>260</sup> [REDACTED] Discussions Stellantis personnel, TSRC.  
<sup>261</sup> [REDACTED]

<sup>262</sup> [REDACTED]  
<sup>263</sup> [REDACTED]  
<sup>264</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, pages 83 and 88.

<sup>265</sup> [REDACTED] Advanced training was reviewed in the live format within LMS to assess web-based functionality.

***The Company Implemented, but Did Not Always Follow its Supplier Escalation Policy***

188. [REDACTED]

189. [REDACTED]

190. [REDACTED]

191. We understand the Company is implementing controls to ensure consistent adherence to the escalation policy. Stellantis also plans to enhance its processes for determining which suppliers it requires to take the training.<sup>270</sup> We will review these process updates in the Third Audit.

***The Company Plans to Change the Region-Specific Modules for the 2021 Advanced Training***

192. [REDACTED] the Company was unable to confirm that trainees took the correct modules for their region. The Company plans to update the 2021 Advanced Training to [REDACTED]. We will review the 2021 training in the Third Audit.

3) ICA Second Audit Evaluation

193. We assessed the Awareness Training and Advanced Training during our Second Audit because both are necessary to promote compliance with the Relevant Laws. We examined: (1) the sufficiency and appropriateness of the course content; and (2) processes for identifying the training audience and tracking completion, including for suppliers.

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266 [REDACTED]  
267 [REDACTED]  
268 [REDACTED]  
269 [REDACTED]  
270 [REDACTED]

***The Company Accurately Identified the AECD Awareness Training Audience and Improved Completion Tracking***

194. In 2020, the Company implemented a new global learning management system (“LMS”) to better track the training audience and completion. [REDACTED]
195. We confirmed that the 2021 Awareness Training reached an appropriate audience [REDACTED]. The Company tracked training completion at the appropriate level, ensuring it captured all required personnel in the LMS training audience with the status of each individual [REDACTED]
196. We independently confirmed the completeness of the training population by reconciling the underlying HR records from the in-scope departments to the LMS training attendance records without exceptions.

***Exemption Form Does Not Require Further Explanation for Some Exemption Categories***

197. [REDACTED]
- [REDACTED] This creates a risk that the Company may inappropriately exempt employees from the training. We understand the Company plans to require more specific responses to support the use of this exemption.<sup>274</sup> We will review the effectiveness of the process changes in the Third Audit.

**6.2 Emissions Certification and Compliance Training**

1) Background

198. Personnel from TSRC, Propulsion Systems, and OGC developed [REDACTED]

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271 [REDACTED]

272 [REDACTED]

273 [REDACTED]

274 [REDACTED]

275 [REDACTED]

[REDACTED]

199. The 2020 training population included [REDACTED]

200. For departments where less than [REDACTED] of personnel had to take the training [REDACTED] managers of those departments identified the employee participants.<sup>279</sup>

2) First Audit Remedial Actions

201. In our First Audit, we found that the Company did not have a formal method for defining the [REDACTED] training audience for departments in which less than [REDACTED] of the department had to take the training, and there were shortcomings in the Company's process for tracking training completion. Further, we found that the Company did not design the training for suppliers.<sup>280</sup> The enhancements to the training attendance tracking process described in the AECD and Defeat Device section above also apply to Emissions Certification and Compliance Training. We found those enhancements to be effective.

***The Company Implemented an Effective Method to Identify the [REDACTED] Training Audience***

202. In response to our First Audit finding regarding training audience identification, the Company more clearly defined and expanded the [REDACTED] training audience to ensure completeness. The expanded scope included [REDACTED]. The VEC Steering Committee approved the 2020 training audience.<sup>282</sup>

203. We independently confirmed the completeness of the training population by reconciling the underlying HR records from the in-scope departments to the LMS training attendance records without exceptions.

***Some Purchased Service Personnel and Contractors Are Required to Take the TC3 Training***

204. In our First Audit, we found that the Company did not design the [REDACTED]

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<sup>280</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 89.

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3) ICA Second Audit Evaluation

205. In the Second Audit, we evaluated the effectiveness of the [REDACTED] training by assessing: (1) the sufficiency and appropriateness of the course content; and (2) processes for identifying the training audience and tracking completion, including for suppliers.

***Emissions Certification and Compliance Training Remains Effective***

206. The [REDACTED] training content is thorough and well designed to meet the course objectives. Further, the training sufficiently covered all relevant regulatory requirements and topics (e.g., emissions standards, Company processes for meeting emissions requirements, running change and field fix processes, in-use emissions testing).<sup>284</sup> We will assess the continuing effectiveness of the TC3 training in the Third Audit.

***Stellantis Followed the Enhanced Processes for Tracking Employee Training Completion***

207. The Company followed the same enhanced processes for tracking employee training completion as it used for the AECD trainings.<sup>285</sup> In Section 6.1 above, we found these processes to be effective. We will assess the continuing effectiveness of Stellantis' processes for identifying and tracking completion for the TC3 training audience in the Third Audit.

**6.3 TSRC Roles and Responsibilities**

1) Background

208. The Company designed Initial Improvement Plan Project Training/Technical Competence [REDACTED] to [REDACTED]

209. As part of the project, [REDACTED]

210. VEC management also [REDACTED]

2) First Audit Remedial Actions

211. We had no findings related to [REDACTED] during the First Audit.

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284 [REDACTED]  
285 [REDACTED]  
286 [REDACTED]

3) ICA Second Audit Evaluation

212. We assessed the design and operating effectiveness of the processes and controls related to the VEC Skills Matrix. This included reviewing processes for identifying capability gaps and the linkage of gaps to identified action plans, training, and individual development plans.

***VEC Should Improve the Skills Assessment Process to More Accurately Identify Capability Gaps***

213. [REDACTED]

214. [REDACTED] We will review any changes to the process for identifying year-over-year changes in the Third Audit.

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287 [REDACTED]  
288 [REDACTED]  
289 [REDACTED]

## 7. Product Development

### 1) Background

215. The Improvement Plans include several projects related to Product Development. The Company designed these projects to enhance processes related to emission-related parts, emissions robustness, late software and calibration change management, and AECs. This section includes our assessment of several of these projects. Our assessment of AEC processes is included in Section 8.

### 2) Consent Decree Requirements

216. Consent Decree ¶54(b) requires the Company implement the Initial Improvement Plan projects related to Product Development no later than August 31, 2019.

## 7.1 Emission-Related Parts

### 1) Background

217. Regulations include various requirements related to emission-related parts. Stellantis maintains an Emission-Related Parts list [REDACTED] to: [REDACTED]

218. The Company created Initial Improvement Plan Project [REDACTED]

219. [REDACTED]

220. [REDACTED]

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<sup>290</sup> An emission-related component means any component which can affect emissions. Critical emission-related components are those components which are designed primarily for emission control, or whose failure may result in a significant increase in emissions accompanied by no significant impairment (or perhaps even an improvement) in performance, driveability, and/or fuel economy as determined by the Administrator. 40 CFR § 86.1803-01. [REDACTED]

[REDACTED]  
<sup>291</sup> [REDACTED]

<sup>292</sup> [REDACTED]

<sup>293</sup> [REDACTED]



221. [REDACTED]

222. [REDACTED]

223. [REDACTED]

2) First Audit Remedial Actions

224. Our First Audit found shortcomings in the [REDACTED] process related to: (1) reconciliations between the ERP List and warranty systems; (2) Parts Flag Training, which includes information on how DREs should flag ERPs in the parts releasing system; (3) Design Integrity Team reviews of ERP parts flagging; and (4) ERP List publication processes.<sup>298</sup>

***ERP List to Warranty System Reconciliations Remain Ineffective***

225. The Company annually reconciles [REDACTED]

226. In the Second Audit, we found that the Company performed the three parts of the reconciliation at different times throughout the year, rather than all at once in January. For example, [REDACTED]

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294 [REDACTED]  
295 [REDACTED]  
296 [REDACTED]  
297 [REDACTED]  
298 [REDACTED]  
299 [REDACTED]  
300 [REDACTED]

[REDACTED] We understand the Company plans to complete all of the reconciliations at the same time in January 2022.<sup>301</sup>

***The Company Improved the Parts Flag Training***

227. In response to our First Audit findings regarding shortcomings in the Parts Flag Training, the Company enhanced the course content [REDACTED]

***The Company Implemented Design Integrity Team Parts Flag Reviews***

228. Our First Audit found that the Company had not yet implemented planned Design Integrity Team audits to ensure part flags are appropriately set for ERPs in the parts releasing system.<sup>304</sup> [REDACTED]

[REDACTED]  
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***[REDACTED] Was Published Quarterly***

229. In the First Audit, we found that the Company did not publish the ERP List quarterly as the process requires.<sup>307</sup> In the Second Audit, we confirmed that the Company published the [REDACTED] quarterly. Further, the process now requires a formal quarterly email communication of [REDACTED] changes to all relevant users.<sup>308</sup>

3) ICA Second Audit Evaluation

230. Our Second Audit reviewed the design and operating effectiveness of the controls implemented as part of [REDACTED] including processes for: [REDACTED]

***ERP Maintenance Processes Remain Effective***

231. The Company updated the [REDACTED] to [REDACTED]

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**The Company Did Not Make the [REDACTED] Available to All Who Use It**

232. The process requires quarterly publication of [REDACTED]  
[REDACTED]
233. Stellantis does not publish the real-time [REDACTED]. Instead, it communicates changes [REDACTED]  
[REDACTED]
234. For [REDACTED] ERPs reviewed by the EPWG, we found that meeting minutes lacked sufficient detail to support the rationale for the ERP determination. Poor EPWG minutes impact downstream users who reference the minutes when seeking information on changes to the ERP List between formal publications.

**Parts Flag Training Insufficiently Covers [REDACTED]**

235. The Parts Flag Training is intended for [REDACTED]  
[REDACTED]. We understand the Company is considering updates to the 2022 training to address this observation.

**The Company Did Not [REDACTED]**

236. [REDACTED]  
[REDACTED] We will review the 2021 reconciliation in the Third Audit.

**7.2 Emissions Robustness**

1) Background

237. The Company developed emissions robustness initiatives to enhance procedures early in the product development process to ensure vehicles meet the applicable emissions certification regulatory requirements through Full Useful Life.
238. The Initial Improvement Plan included [REDACTED] projects to enhance emissions robustness. [REDACTED]  
[REDACTED]

310  
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a. Calibration Process for Emissions Robustness

1) Background

239. Initial Improvement Plan [REDACTED] provided a: [REDACTED]  
[REDACTED]
240. [REDACTED]  
[REDACTED]
241. [REDACTED]  
[REDACTED]

2) First Audit Remedial Actions

242. Our First Audit found that the Company effectively designed but did not yet implement [REDACTED] controls. The Company planned to implement the controls for 2023 Model Year programs, beginning in Q4 2020.<sup>317</sup>

**[REDACTED] Controls Now Implemented**

243. During our Second Audit, we assessed the implementation and operating effectiveness of the [REDACTED] controls. The process [REDACTED]  
[REDACTED]
244. As of our July 2021 assessment, however, [REDACTED] non-carryover vehicles and 11 carryover vehicles reached [REDACTED]  
[REDACTED]

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313 [REDACTED]  
314 [REDACTED]  
[REDACTED]

315 [REDACTED]  
316 [REDACTED]  
317 [REDACTED]  
318 [REDACTED]  
319 [REDACTED]  
320 [REDACTED]  
[REDACTED]

[REDACTED] We will assess these controls in our Third Audit.

3) ICA Second Audit Evaluation

245. In our Second Audit, we assessed the design and operating effectiveness of the two key controls implemented as part of the [REDACTED] project. The first control was [REDACTED]

246. The second control [REDACTED]  
[REDACTED].<sup>324</sup>

*Some Documentation Presented at [REDACTED] was Incomplete*

247. [REDACTED]  
[REDACTED].<sup>326</sup>

248. [REDACTED]

*Process Documentation Does Not Define Required Reviews for Carryover Certification Vehicles*

249. The Company's process documentation includes requirements for [REDACTED]  
[REDACTED]  
[REDACTED] We understand the Company plans to update the process documentation with carryover requirements in Q4 2021.<sup>331</sup>

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321 [REDACTED]  
322 [REDACTED]  
323 [REDACTED]  
324 Throughout this report, "Full Useful Life" has the meaning set forth in 40 CFR §86.1805-12.  
[REDACTED]  
325 [REDACTED]  
326 [REDACTED]  
327 [REDACTED]  
328 [REDACTED]  
329 [REDACTED]  
330 [REDACTED]  
331 [REDACTED]

b. Enhance In-Use Emissions Robustness

1) Background

250. The Company created Initial Improvement Plan Project Product Development [REDACTED] to [REDACTED]  
[REDACTED]

251. Before completing this project, the Company used [REDACTED]  
[REDACTED]

252. The Company was not able to establish correlations between road and dyno-aged catalysts and Denver and Michigan emissions testing. Therefore, it still uses road aged catalysts and performs high altitude emissions testing in Denver.<sup>335</sup>

2) First Audit Remedial Actions

253. We had no findings related to [REDACTED] during the First Audit.

3) ICA Second Audit Evaluation

***Stellantis Continues to Collect RGE Fleet Data and Compare to In-Use Testing Results***

254. As part of our Second Audit, we confirmed that Stellantis continues to collect and compare RGE fleet data to in-use test results. Additionally, we reviewed instances where RGE fleet emissions data did not correlate to in-use emissions data.<sup>336</sup> When RGE and in-use data did not correlate, the process requires [REDACTED]  
[REDACTED] We will assess the continuing effectiveness of this process in our Third Audit.

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332 [REDACTED]  
333 [REDACTED]  
334 [REDACTED]  
335 [REDACTED]  
336 [REDACTED]  
337 [REDACTED]  
338 [REDACTED]

c. Emissions Robustness Development Process

1) Background

255. The Company created Initial Improvement Plan Project [REDACTED] to [REDACTED]  
[REDACTED] As part of the project, the Company introduced [REDACTED]

256. [REDACTED]

2) First Audit Remedial Actions

257. Our First Audit found that the Company was not yet able to apply the processes and [REDACTED]  
[REDACTED]

***The Company Implemented Nearly All of th [REDACTED]***

258. The Company implemented and conducted each of [REDACTED]  
[REDACTED]

3) ICA Second Audit Evaluation

259. During the Second Audit, we performed procedures to confirm the Company utilized the [REDACTED] processes and tools for a sample of vehicle programs.

***Critical Aspects of PD9 Processes Are Operating Effectively***

260. [REDACTED]

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339 [REDACTED]  
340 [REDACTED]  
341 [REDACTED]

### 7.3 Late Change Management

#### 1) Background

261. [REDACTED]
262. [REDACTED]
263. [REDACTED] 345

#### 2) ICA Second Audit Evaluation

264. As part of our Second Audit, we interviewed Company personnel involved in reviewing and approving late software and calibration changes, reviewed process documentation, and assessed the effectiveness of the [REDACTED] meetings and [REDACTED] calibration reviews.

#### *The Company Enhanced [REDACTED] Process Based on Preliminary ICA Feedback*

265. We initially reviewed the [REDACTED] process in Q1 2021 and provided preliminary observations to the Company, including:

- [REDACTED]
- [REDACTED]
- [REDACTED]

- 
- 342 [REDACTED]
- 343 [REDACTED]
- 344 [REDACTED]
- 345 [REDACTED]
- 346 [REDACTED]
- 347 [REDACTED]
- 348 [REDACTED]



- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

266. Stellantis quickly addressed most of our observations, and we assessed the effectiveness of its remedial actions in Q3 2021. We found that the Company improved [REDACTED] processes by: [REDACTED]  
[REDACTED] We will review this enhanced process during our Third Audit.

***Some Late Calibration Changes Did Not Include Required Documentation***

267. All late calibration changes require [REDACTED] [REDACTED]. We found information was missing for [REDACTED] selected late calibration changes.<sup>354</sup> In one instance, [REDACTED]. We understand this information was presented verbally in meetings with calibration senior management. We will continue to review the effectiveness of the late calibration change process in our Third Audit.

**8. AECDs**

1) Background

268. The Company implemented several Improvement Plan projects to enhance processes to: [REDACTED]  
[REDACTED]

269. The AECD process begins [REDACTED]  
[REDACTED]

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349 [REDACTED]  
350 [REDACTED]  
351 [REDACTED]  
352 [REDACTED]  
353 [REDACTED]  
354 [REDACTED]

## 8.1 AECD Processes in Product Development

### 1) Background

270. [REDACTED]

271. [REDACTED]

272. We include in this section our evaluation of processes related to [REDACTED]  
[REDACTED]

273. The Initial Improvement Plan included [REDACTED] projects related to [REDACTED]  
[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

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355 [REDACTED]

356 [REDACTED]

357 [REDACTED]  
358 [REDACTED]  
359 [REDACTED]

2) First Audit Remedial Actions

274. During the First Audit, we found shortcomings in process documentation and [REDACTED]

***Stellantis Updated AECD Process Documentation to More Thoroughly Describe Requirements***

275. Our First Audit found process documentation did not reflect how the Company performs [REDACTED]

[REDACTED] The updated documentation also describes permitted process deviations or exceptions for calibration or documentation-only changes.<sup>364</sup>

***Recent AECD Training Did Not Cover All Process Updates***

276. Our First Audit found that the Company did not train all users of the AECD process, and we observed confusion from some process participants on the requirements.<sup>365</sup> After implementing AECD process changes in June 2021, TSRC trained key process participants from Propulsion Systems [REDACTED]

[REDACTED] We understand the Company is considering training on these topics in the future.<sup>367</sup>

277. [REDACTED] We will review the reconciliation of required to actual attendees during the Third Audit.<sup>368</sup>

***Enhanced Processes for*** [REDACTED]

278. [REDACTED] Our First Audit found that if the engineer [REDACTED]

<sup>360</sup> [REDACTED]

<sup>361</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, pages 93-96.

<sup>362</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, pages 94-96.

<sup>363</sup> [REDACTED]

<sup>364</sup> [REDACTED]

<sup>365</sup> [REDACTED]

<sup>366</sup> [REDACTED]

<sup>367</sup> [REDACTED]

<sup>368</sup> [REDACTED]

[REDACTED] In 2021, the Company implemented processes to review the AECD impact determination on all software change requests.<sup>370</sup>

279. For the [REDACTED], the Company reviews all software features regardless of AECD impact at the [REDACTED] Review meeting. The purpose of this meeting [REDACTED]

[REDACTED]

[REDACTED] We reviewed these processes during the Second Audit and confirmed implementation and will continue to assess their effectiveness in the Third Audit.

***The Company Now Tracks AECDs Through the Review Process But Has Not Yet Implemented Some Improvements***

280. Our First Audit found shortcomings in the Company's ability to track software features with an AECD impact from the initial software change request through disclosure to the Agencies.<sup>376</sup> During our Second Audit, we confirmed Stellantis implemented tracking mechanisms to improve the traceability of AECDs through the review processes. [REDACTED]

[REDACTED]

281. [REDACTED]

<sup>369</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 94.

<sup>370</sup> [REDACTED]

<sup>371</sup> [REDACTED]  
<sup>372</sup> [REDACTED]  
<sup>373</sup> [REDACTED]  
<sup>374</sup> [REDACTED]  
<sup>375</sup> [REDACTED]

<sup>376</sup> [REDACTED]

<sup>377</sup> [REDACTED]

282. [REDACTED]

283. [REDACTED]

284. Our First Audit also found that the Company had not yet implemented the [REDACTED] to [REDACTED]. We will assess any changes to the technology used to facilitate the AECD process during our Third Audit.<sup>385</sup>

***Stellantis Has Not Yet Implemented*** [REDACTED]

285. First Audit found that project [REDACTED] implemented processes for evaluating and documenting diagnostics for AECD inputs related to [REDACTED]. Stellantis expects to complete these projects in Q4 2021 and we will review them in our Third Audit.<sup>388</sup>

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380 [REDACTED]  
381 [REDACTED]

382 Correspondence with Stellantis personnel, Propulsion Systems.

383 [REDACTED]  
384 [REDACTED]  
385 [REDACTED]  
386 [REDACTED]

387 [REDACTED]  
388 [REDACTED]

3) ICA Second Audit Evaluation

286. Stellantis implemented changes to its Product Development processes for [REDACTED] [REDACTED] in June 2021. Because these changes were newly implemented at the time of our audit, our procedures were limited to reviewing process documentation and performing walkthroughs. We will assess the operating effectiveness of these processes during our Third Audit.

**[REDACTED] Reviews Lack Formal Guidelines And Are Not Documented**

287. [REDACTED]

288. [REDACTED] We will review this checklist and any other process enhancements during the Third Audit.

**[REDACTED] Reviews Not Implemented fo [REDACTED]**

289. The Company designed the [REDACTED] with an AECD impact to: [REDACTED]

290. [REDACTED]

---

389 [REDACTED]  
390 [REDACTED]  
391 [REDACTED]  
392 [REDACTED]  
393 [REDACTED]

291. During our Second Audit, we found the Company has not yet implemented [REDACTED] Reviews, including [REDACTED]

[REDACTED] The Company expects to implement the Calibration Team Review for ePT in Q4 2021, which we will review in our Third Audit.<sup>395</sup>

292. [REDACTED] which the Company expects to complete in Q4 2021.<sup>396</sup>

**[REDACTED] Does Not Have Voting Members or Formal Approval Requirements**

293. [REDACTED]

294. The ICA understands the Company plans to add voting members in 2022. We will continue to assess the effectiveness of the Calibration Team Review during the Third Audit.<sup>397</sup>

**Some Personnel Were Unfamiliar [REDACTED] Process Requirements**

295. [REDACTED]

296. During the Second Audit, we observed [REDACTED] meetings. Some individuals presenting and participating in these meetings seemed unfamiliar with the process requirements and the tools used to [REDACTED]. We will review these processes during our Third Audit.<sup>401</sup>

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394 [REDACTED]  
395 [REDACTED]  
396 [REDACTED]  
397 [REDACTED]  
398 [REDACTED]  
399 [REDACTED]  
400 [REDACTED]  
401 [REDACTED]

**Review Does Not Have Formal Review Guidelines**

297. [REDACTED] . The Company is phasing out [REDACTED] and therefore does not expect a need to review a material volume of new software features at [REDACTED]

**8.2 AECD Governance**

1) Background

298. If Product Development determines a new or modified software feature may have an AECD impact, it presents it [REDACTED]

299. [REDACTED]

300. [REDACTED]

301. [REDACTED]

- [REDACTED]

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402 [REDACTED]  
403 [REDACTED]  
404 [REDACTED]  
405 [REDACTED]  
406 [REDACTED]  
407 [REDACTED]  
408 [REDACTED]



[REDACTED]

- [REDACTED]

2) First Audit Remedial Actions

302. The First Audit found that the [REDACTED] process applied only to the 2022 Model Year and forward. The Company did not have a recurring process to confirm it obtained VEC governance approvals for all new or modified AECDs disclosed, and there were no final completeness and accuracy reviews of the disclosure document before submission.<sup>411</sup>

**[REDACTED] Review Process Not Followed as Designed for 2022 Model Year**

303. [REDACTED]

304. In our First Report, we found the Company planned to implement [REDACTED] AECD review and approval processes for 2022 Model Year and forward. During the Second Audit, we found that the Company could not complete the 2022 Model Year governance reviews before it disclosed the AECDs to the Agencies.<sup>413</sup> Instead, it developed [REDACTED]. [REDACTED] We understand Stellantis plans to notify the Agencies in Q4 2021 of any errors or omissions it identified during the [REDACTED] reviews.<sup>415</sup>

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409 [REDACTED]

410 [REDACTED]

411 [REDACTED]

412 [REDACTED]

413 [REDACTED]

414 [REDACTED]

415 [REDACTED]

305. The Company aims to complete [REDACTED] reviews by the [REDACTED]  
[REDACTED]

306. [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

307. The Company is implementing action plans by December 31, 2021 to address A&C's findings. We will review the effectiveness of these remedial actions during the Third Audit.

308. As of October 15, 2021, [REDACTED] new or modified 2022 Model Year disclosed AECDs related to [REDACTED]. We understand Stellantis expects to complete these reviews by December 31, 2021, but that timeline is subject to change.<sup>419</sup>

***The Company Implemented a Process to Confirm Disclosed AECDs Were Approved***

309. Our First Audit found that the Company did not have a recurring control to reconcile approved AECDs to disclosed AECDs to ensure compliance with the AECD review and approval processes.<sup>420</sup> During the Second Audit, we verified that [REDACTED]  
[REDACTED]

3) ICA Second Audit Evaluation

310. We assessed the effectiveness of the AECD governance process, including: [REDACTED]  
[REDACTED]

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416 [REDACTED]

417 [REDACTED]

418 [REDACTED]

419 [REDACTED]

420 Independent Compliance Auditor's First Annual Report, December 24, 2020, pages 96-97.

**██████████ is an Effective Forum to Evaluate AECDs, Although, In Some Instances, Meeting Minutes Were Insufficient**

311. ██████████
312. During the Second Audit, we observed ██████████ meetings and concluded it was an effective forum to review and assess software features with an AECD impact. For example, we observed many instances of healthy debate regarding whether a software feature was an AECD or whether an AECD had an emissions impact.
313. However, we found that the ██████████ meeting minutes sometimes did not include information on key issues raised during the meeting and agreed upon follow-up actions. At one meeting, for example, ██████████  
██████████. Without documenting the follow-up, it is difficult for the Company to ensure the action item is completed.<sup>422</sup>

**Stellantis Has Not Followed the AECD Governance Process as Designed**

314. The Company did not review all 2022 Model Year AECD disclosures under the full AECD governance process before they were disclosed in initial certification applications. It also did not review pre-2022 Model Year AECDs under the AECD governance process before they were disclosed because it had not yet implemented the governance process when the Company made those disclosures to the Agencies.
315. For 2022 Model Year, the Company utilized ██████████  
██████████
316. The shortcomings of the ██████████ Process described above indicate heightened risk of incomplete or inaccurate disclosure when AECDs are reviewed under the ██████████ Process. We will continue to assess the effectiveness of Stellantis' AECD governance review processes, including any alternate processes developed during the Third Audit.

**8.3 AECD & Defeat Device Guidance**

1) Background

317. Stellantis created Second Improvement Plan Project Certification Processes ██████████ to ██████████  
██████████

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421 ██████████  
422 ██████████  
423 ██████████  
424 ██████████

318. A defeat device is “an AECD that reduces the effectiveness of the emissions control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use, unless:

- Such conditions are substantially included in the Federal emission test procedure (“FTP”);
- The need for the AECD is justified in terms of protecting the vehicle against damage or accident;
- The AECD does not go beyond the requirements of engine starting; or
- The AECD only applies for emergency vehicles and the need is justified in terms of preventing the vehicle from losing speed, torque, or power due to abnormal conditions of the emission control system, or in terms of preventing such abnormal conditions from occurring, during operation related to emergency response.”<sup>425</sup>

319. Stellantis’ AECD governance process requires engineers [REDACTED]

2) ICA Second Audit Evaluation

320. During the Second Audit, we independently assessed the Company’s interpretation of the defeat device definition and regulatory rationales to ensure consistency with the regulations. For a sample of AECDs, we confirmed that the use of the regulatory rationale was appropriate.

***Stellantis’ Interpretation of the Defeat Device Regulatory Definition and Regulatory Rationales Appears Consistent with the Regulation***

321. The Company’s interpretation of the defeat device definition appears reasonable and consistent with the regulations. Further, the Company’s guidance on how to use the regulatory rationales is comprehensive and effectively communicates the information personnel need to assess whether an AECD is a defeat device.

***Materials Presented to Governance Reviewers Contained Insufficient Information to Support the Regulatory Rationale***

322. We selected [REDACTED] AECDs that reduced the effectiveness of the emission control system and evaluated whether the Company provided sufficient support to the governance committees to assess if the engineers appropriately used the regulatory rationales for why the AECD was not a defeat device. We found insufficient information to determine whether the Company appropriately used the regulatory rationale for five of our eight selections.<sup>426</sup> For example:

- [REDACTED]

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<sup>425</sup> 40 CFR § 86.1803-01.

<sup>426</sup> [REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

323. We understand the Company updated the AECD governance process to require: [REDACTED]  
[REDACTED] We will assess these changes to the process in our Third Audit.

- **Recommendation 10:** For all AECDs that reduce the effectiveness of the emission control system, Stellantis should implement a quality assurance review to confirm there is sufficient support for the use of the regulatory rationales for why the AECD is not a defeat device.

## 9. On-board Diagnostics (“OBD”)

### 1) Background

324. Regulations require that light- and medium-duty vehicles “be equipped with an onboard diagnostic (OBD) system capable of monitoring all emission-related powertrain systems or components during the applicable useful life of the vehicle.”<sup>432</sup>

325. The Company developed several projects to [REDACTED]  
[REDACTED]

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427 [REDACTED]

428 [REDACTED]

429 [REDACTED]

430 [REDACTED]

431 [REDACTED]

432 40 CFR § 86.1806-05(a)(1).

[REDACTED]

326. [REDACTED]

## 9.1 OBD Pre-Certification Processes

### a. Documentation and Communication of OBD Regulatory Interpretations

#### 1) Background

327. The Company designed Initial Improvement Plan Project Product Development [REDACTED] to [REDACTED]  
[REDACTED]

328. [REDACTED]

#### 2) First Audit Remedial Actions

329. Our First Audit found that SRM meeting minutes were insufficiently detailed to capture the nature of discussions or the basis for conclusions.<sup>433</sup>

#### **[REDACTED] Reviews are Effective, And Meeting Minutes Improved**

330. In response to our First Audit finding, the Company developed and published guidelines for [REDACTED] minutes, updated the [REDACTED] System [REDACTED] for new guidelines, and trained relevant [REDACTED].<sup>434</sup> Based on these updates, we concluded the [REDACTED] meeting reviews and meeting minute documentation were effective.

#### 3) ICA Second Audit Evaluation

331. As part of our Second Audit procedures, we observed [REDACTED] meetings to assess the documentation of the meetings.

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<sup>433</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 51.

<sup>434</sup> [REDACTED]

**Meeting Does Not Have a Formal Charter**

332. The [REDACTED] meeting does not maintain a formal charter to [REDACTED]. We understand the Company is evaluating the need to further define expectations and requirements for [REDACTED] meetings.<sup>436</sup>

*b. OBD Monitoring Capability Requirements*

1) Background

333. OBD regulations require manufacturers to implement diagnostics to ensure “robust detection of malfunctions” under “normal urban vehicle operation and use.”<sup>437</sup> The Company created Initial Improvement Plan Project Product Development [REDACTED] to [REDACTED].

334. As part of the project, the Company standardized requirements across all products for:

- [REDACTED]
- [REDACTED]
- [REDACTED]

335. The Company manages its product development processes through [REDACTED].

2) First Audit Remedial Actions

336. Our First Audit found the: (1) Company did not adhere to some of the defined monitoring metrics; and (2) [REDACTED] failed to identify inaccuracies in the templates used as part of the review.<sup>440</sup>

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435 [REDACTED]  
436 [REDACTED]  
437 Title 13, California Code Regulations, Section 1968.2

438 [REDACTED]  
439 [REDACTED]

440 Independent Compliance Auditor's First Annual Report, December 24, 2020, page 52.

***The Company Implemented the OBD Monitor Metrics***

337. We selected [REDACTED] vehicle programs and confirmed the Company used the [REDACTED] OBD Monitoring Metrics. We also confirmed the Company used the appropriate OBD development template, and thresholds were within the defined development timeframes.<sup>441</sup>

3) ICA Second Audit Evaluation

338. As part of our Second Audit procedures, we: (1) selected a sample of vehicle programs in various stages of development and confirmed the [REDACTED] OBD Monitoring Metrics were utilized; and (2) ensured the [REDACTED] [REDACTED] was updated to reflect the new [REDACTED] threshold.<sup>442</sup>

***Monitoring Metrics and Updated OBD DDV Checklists Implemented and Used Effectively***

339. In our Second Audit, we selected a sample of vehicle programs and assessed the effectiveness of the [REDACTED] reviews to confirm use of the [REDACTED] OBD Monitoring Metrics. We found the Company consistently used both the monitor metrics and an updated OBD DDV Checklist template for carryover and non-carryover OBD development programs.<sup>443</sup>

**9.2 OBD Certification Processes**

***a. OBD Durability Data Vehicle Testing***

1) Background

340. The OBD system monitors emissions systems and components and notifies a driver if a fault is detected. In some cases, OBD monitors must detect a fault prior to emissions exceeding a regulatory defined emission threshold. For these threshold monitors, manufacturers must perform OBD DDV testing on a subset of products.<sup>444</sup> Stellantis proposes and CARB approves vehicle programs each model year for which the Company must perform DDV testing.<sup>445</sup> Stellantis also performs [REDACTED]

341. The Company developed Initial Improvement Plan Project Certification Processes [REDACTED] to [REDACTED]

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441 [REDACTED]

442 [REDACTED]

443 [REDACTED]

444 California Code Regulations, Section 1968.2(h).

445 [REDACTED]

446 [REDACTED]

447 [REDACTED]



[REDACTED]

342. [REDACTED]

2) First Audit Remedial Actions

343. We had no findings related to OBD DDV testing during the First Audit.

3) ICA Second Audit Evaluation

344. In the Second Audit, we reviewed a sample of DDV test data to confirm TSRC continues to perform DDV testing activities and assessed the effectiveness of the DDV Working Group review.

***TSRC Conducts DDV Testing, and DDV Reviews and Reporting Remain Effective***

345. We selected a sample of 2021 Model Year DDV programs and confirmed TSRC performed DDV testing. We also confirmed that TSRC and Propulsion Systems Senior Management reviewed and approved the final DDV reports. And, for a sample of DDV Working Group meetings we verified the nature of collaboration between the TSRC and Propulsion Systems organizations was appropriate and that TSRC acted in an oversight role by driving the discussion of DDV test results, DDV readiness, and DDV test plans. However, we observed that for both of our DDV selections, Stellantis did not provide evidence demonstrating [REDACTED] Review for the selected vehicle programs.<sup>450</sup> The Company is determining how to best document the [REDACTED] Review going forward.<sup>451</sup>

***b. Management of FCA Submissions Requiring CARB OBD Staff Approval***

1) Background

346. OBD regulations require CARB Executive Officer approval for certain items outside of normal certification documentation. The Company created project [REDACTED] to [REDACTED]  
[REDACTED]

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448 [REDACTED]  
449 [REDACTED]  
450 [REDACTED]  
451 [REDACTED]  
452 [REDACTED]  
453 [REDACTED]

347. When CARB releases an updated regulation, Stellantis determines if there are changes to items requiring CARB EO approval. The Company [REDACTED]

348. [REDACTED]

2) First Audit Remedial Actions

349. Our First Audit observed that Company insufficiently documented SRM meeting minutes to capture the nature of discussions and basis for conclusions. In response, Stellantis updated the [REDACTED] to include fields that better document meeting inputs, discussion, and outputs.<sup>457</sup>

***Stellantis Improved Documentation of OBD Interpretation Reviews***

350. Stellantis implemented a [REDACTED] system update sufficiently addressed the documentation gaps identified in our First Audit.

3) ICA Second Audit Evaluation

351. In our Second Audit, we validated on a sample basis that Stellantis provided required data to CARB in accordance with the process requirements.

***Stellantis OBD Interpretation Reviews are Effective***

352. The Company's processes [REDACTED] continue to operate effectively. We reviewed a sample of [REDACTED] items and confirmed Stellantis appropriately documented CARB's approval or the Company's withdrawal of the request.

***c. OBD Certification Documentation Review Process***

1) Background

353. CARB requires manufacturers to include OBD-systems related information in OBD certification applications. Before [REDACTED] a third-party vendor prepared the Company's OBD certification documentation. Through this project the Company developed internal processes for [REDACTED]

454  
455  
456  
457  
458

354. [REDACTED]

355. [REDACTED]

356. [REDACTED]

2) First Audit Remedial Actions

357. Our First Audit found that process documentation did not reflect the iterative nature of the review. In response, the Company enhanced documentation to [REDACTED]

358. Stellantis implemented the [REDACTED] process for 2022 Model Year vehicle certification. [REDACTED]

359. [REDACTED]. We understand TSRC implemented actions to address A&C's findings by September 30, 2021.<sup>467</sup>

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459 [REDACTED]  
460 [REDACTED]  
461 [REDACTED]  
462 [REDACTED]  
463 [REDACTED]  
464 [REDACTED]  
465 [REDACTED]  
466 [REDACTED]  
467 [REDACTED]

**Process Documentation Accurately Reflects the Review Process**

360. We reviewed the [REDACTED] process documentation updated after the A&C review and compared it to the previous documentation and our understanding of the process. We found the new documentation accurately described the generation of the Summary Table and contained more detailed steps that accurately reflected the iterative nature of the review process.

**Stellantis Tracked Model Year Certification Documentation Kickoff Attendance and Provided Materials to Absent Personnel**

361. We reviewed the Company's attendance tracking reconciliation for the 2023 Model Year Certification Documentation Kickoff and confirmed that Stellantis identified those who could not attend. Stellantis also provided evidence confirming that the Company shared the meeting materials and meeting minutes with all personnel invited to the meeting.

3) ICA Second Audit Evaluation

362. As part of the Second Audit, we: (1) met with Stellantis employees to understand the process enhancements implemented in response to audit findings; (2) reviewed updated process documentation, including process flows, narratives, and certification package review documents; and (3) observed the 2023 Model Year Certification Documentation Kickoff Meeting ("2023 MY Certification Documentation Kickoff"). Our Second Audit procedures were limited to assessing the process design because the Company was remediating A&C audit findings.<sup>468</sup> We will assess the operating effectiveness of the full process, including the actions implemented to address A&C findings, in the Third Audit.

**[REDACTED] Process is Designed Effectively, but the Company Could Improve Review Documentation**

363. The Company's [REDACTED] process is effectively designed to ensure completeness and accuracy of OBD disclosures. However, the Company could improve the review checklists used to [REDACTED]

364. [REDACTED]

365. To address these findings, we understand the Company plans to [REDACTED]

<sup>468</sup> [REDACTED]

<sup>469</sup> [REDACTED]

<sup>470</sup> [REDACTED]

[REDACTED] We will review the implementation of these changes in our Third Audit.

## 10. Certification Processes

### 1) Background

366. The Initial Improvement Plan includes [REDACTED] projects related to Certification Processes. The Company designed these projects to [REDACTED]

367. Before the Company formed Vehicle Environmental Compliance (“VEC”) in February 2017, Propulsion Systems performed some certification processes; and Vehicle Environmental Certification, a separate group within VSRC, performed others. Upon VEC’s formation, the Company shifted to VEC the certification and compliance activities previously managed by Propulsion Systems. VEC also absorbed the activities of its VSRC predecessor, Vehicle Environmental Certification.<sup>473</sup>

### 2) Consent Decree Requirements

368. Consent Decree ¶55(b) requires the Company to implement the Certification Processes Improvement Plan projects “within the timeline set forth in the Improvement Plan, and no later than December 31, 2019.”

## 10.1 Certification Processes: Internal Communications

### 1) Background

369. [REDACTED] Improvement Plan projects enhanced processes for internally communicating information relevant to certification [REDACTED]

#### a. Communicate Certification Status Within FCA

### 1) Background

370. The Company created [REDACTED] to [REDACTED]

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471 [REDACTED]

472 Consent Decree ¶55(a).

473 [REDACTED]

474 [REDACTED]

371. The VEC certification group uses four methods to [REDACTED]  
[REDACTED]

372. VEC emails the monthly “certification status email” to a [REDACTED]  
[REDACTED]

373. [REDACTED]  
[REDACTED]

2) First Audit Remedial Actions

374. Our First Audit found the Company did not follow all required certification status communication processes because it did not send the monthly certification status email for one out of three months sampled.<sup>478</sup> Besides our finding, A&C found VEC did not send the email for a different month it sampled.<sup>479</sup>

***Stellantis Sent the Monthly Certification Status Email***

375. During our Second Audit, we sampled three months and confirmed VEC sent the monthly certification email in all three.

3) ICA Second Audit Evaluation

376. Our Second Audit evaluation was limited to confirming the Company addressed the First Audit finding described above.

***b. Improve Communication About Future and Existing Regulations***

1) Background

377. The Company created [REDACTED] to [REDACTED]  
[REDACTED]

378. [REDACTED]

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475 [REDACTED]  
476 [REDACTED]  
477 [REDACTED]  
478 [REDACTED]  
479 [REDACTED]  
480 [REDACTED]

[REDACTED]

379. [REDACTED]

2) ICA Second Audit Evaluation

380. As part of our Second Audit, we interviewed the Regulatory Technical Fellow and reviewed process documentation to understand how the Company identified and remediated gaps in existing communications and the process for identifying and communicating future regulatory changes. We also confirmed that the 2021 Model Year through 2025 Model Year “catch-up” process identified relevant communication gaps and that the Criteria Emissions Working Group reviewed and approved the bulletins that were later published in the Global Bulletin System.

***The Company Communicated “Catch-up” Bulletins, but Meeting Minutes Did Not Capture the Criteria Emissions Working Group Review***

381. The catch-up process effectively [REDACTED]

382. We observed two Criteria Emissions Working Group meetings including one that involved the review of a separate regulatory bulletin (i.e., not one of the bulletins related to this project). We found the Working Group engaged in active discussion and participants provided meaningful input. We understand the Company plans to better capture the review of regulatory bulletins in the Criteria Emissions Working Group minutes going forward.<sup>485</sup>

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481 [REDACTED]  
482 [REDACTED]  
483 [REDACTED]  
484 [REDACTED]  
485 [REDACTED]

## 10.2 Certification Processes: External Communications

### 1) Background

383. The Company implemented one Improvement Plan Project related to improving processes for communicating with the Agencies: [REDACTED]

#### a. Communicating with EPA and CARB

### 1) Background

384. The Company created Initial Improvement Plan Project [REDACTED] to [REDACTED]  
[REDACTED]

385. [REDACTED]

### 2) First Audit Remedial Actions

386. Our First Audit found that after the previous control owner departed, the process for reconciling the Communication Log changed and differed from process documentation.

#### *Process Documentation Now Reflects Review Procedures*

387. During our Second Audit, we reviewed the process documentation and confirmed it reflects the current review process. The review now involves [REDACTED]  
[REDACTED]

### 3) ICA Second Audit Evaluation

388. Our Second Audit procedures were limited to assessing the Company's remediation of our First Audit finding described above.



## 11. Post-Certification Processes

### 1) Background

389. The Initial Improvement Plan includes [REDACTED] projects related to Post-Certification Processes. The Company designed these projects to [REDACTED]

### 2) Consent Decree Requirements

390. Consent Decree ¶56(b) requires the Company to implement the enhancements described in the Post-Certifications Processes section of the Initial Improvement Plan, “within the timeline set forth in the Improvement Plan, and no later than July 31, 2019.”

### 11.1 Running Change/Field Fix Process

#### 1) Background

391. The Agencies require manufacturers to disclose changes to emissions systems after initial certification. The Company defines a running change as a change implemented while the vehicle is still in production for the applicable model year. A field fix is a change implemented after vehicle production is complete.<sup>489</sup>

392. Through Initial Improvement Plan Project [REDACTED], the Company enhanced its internal processes for [REDACTED]. The Company expects to complete [REDACTED], and we will review the project during our Third Audit. Our assessment of [REDACTED] is below in Section 11.1(b).

393. The Company also enhanced its processes for reviewing running changes driven by suppliers through [REDACTED]. Refer to Section 12.4 below for our assessment of [REDACTED]

#### a. Running Change/Field Fix Certification Review Process

##### 1) Background

394. The Company enhanced the running change and field fix certification review process through Initial Improvement Plan Project [REDACTED]. As part of this project, the Company revised its [REDACTED]

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<sup>488</sup> Consent Decree ¶56(a).

<sup>489</sup> [REDACTED]

395. The Company improved [REDACTED] process to [REDACTED]  
[REDACTED]

2) First Audit Remedial Actions

396. Our First Audit found shortcomings in [REDACTED] review process, including: [REDACTED]  
[REDACTED]

*Stellantis Recently Designed Enhancements to Propulsion Systems' Running Change/Field Fix Reviews*

397. [REDACTED]  
[REDACTED]. However, because it was implemented in Q3 2021 we could not assess operating effectiveness. We will do so in the Third Audit.

*Training Attendance Tracking Improved But Not All Required Personnel Attended*

398. Our First Audit found there was no reconciliation of those required to attend the running change and field fix training to those that did attend. In response, the Company planned to: (1) confirm required attendees with local management; (2) reconcile required to actual attendees after training completion; and (3) ensure employees that did not attend reviewed the training materials.<sup>496</sup> In our Second Audit, we reviewed the October 2020 training and determined the Company defined the training audience and tracked training completion. However, it did not ensure that the [REDACTED] required employees who did not attend the live training received or reviewed the training materials.<sup>497</sup> We understand Stellantis is

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<sup>490</sup> Annual Report Pursuant to Paragraph 61 of the Consent Decree, June 3, 2020, pages 67-68.

<sup>491</sup> [REDACTED]  
<sup>492</sup> [REDACTED]  
<sup>493</sup> [REDACTED]  
<sup>494</sup> [REDACTED]  
<sup>495</sup> [REDACTED]  
<sup>496</sup> [REDACTED]  
<sup>497</sup> [REDACTED]

implementing compensating controls. [REDACTED]

[REDACTED] We will review these processes during our Third Audit.

3) ICA Second Audit Evaluation

399. In our Second Audit, we reviewed updated process documentation, inspected training materials and training attendance, and, on a sample basis, assessed the effectiveness of Propulsion Systems and TSRC reviews of running changes and field fixes to confirm that the emissions impact of the changes was accurately disclosed based on the underlying test data.

***Some Running Change Templates Lacked Support for the Emissions Equivalency Statement***

400. A critical component of the running change documentation is the Emissions Equivalency Statement, which [REDACTED]

401. Reviewers cannot effectively assess emissions equivalency statements for completeness and accuracy without comparative test data or a detailed explanation of the engineering judgment which led engineer(s) to conclude that emissions would not increase following the change.

***b. Running Change Template Management***

1) Background

402. The Company created [REDACTED] to [REDACTED]

2) ICA Second Audit Evaluation

403. In our Second Audit, we: (1) interviewed Stellantis personnel and reviewed process documentation to understand revisions to the running change and field fix initiation and approval process; (2) performed a walkthrough of the new running change and field fix workflow tool; and (3) on a sample basis, reviewed approved running changes and field fixes to verify oversight from controls and hardware personnel.

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498 [REDACTED]

499 [REDACTED]

500 [REDACTED]

**Running Change and Field Fix Reviews Now Incorporate Software/Controls and Hardware**

404. Stellantis successfully integrated software and hardware into the review through its new workflow tool.

[REDACTED]

**Some Supporting Documentation Did Not Demonstrate Robust Review**

405. We reviewed a sample of [REDACTED] running changes and field fixes approved in 2021 and identified deficiencies that indicate an ineffective review of the [REDACTED]

[REDACTED]

406. For a different running change, the Compliance Statement at the beginning of the template [REDACTED]

[REDACTED]

407.

[REDACTED]

408.

[REDACTED]

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501

[REDACTED]

502 Discussions with

503

[REDACTED]

504

505

[REDACTED]

## 11.2 In-Use Testing Processes

### 1) Background

409. Regulations require manufacturers to conduct in-use emissions testing to demonstrate to the Agencies that customer vehicles comply with emissions requirements for the vehicle's Full Useful Life.<sup>506</sup> The Company created [REDACTED] Initial Improvement Plan Project, Post-Certification Processes [REDACTED]

[REDACTED]

410. [REDACTED]

411. [REDACTED]

412. [REDACTED]

### 2) First Audit Remedial Actions

413. Our First Audit found shortcomings in the Company's IUVP and IUCP processes, including deficiencies with [REDACTED]. In response to our observations, Stellantis:

[REDACTED]

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506 [REDACTED]  
507 [REDACTED]

508 [REDACTED]  
509 [REDACTED]

510 [REDACTED]  
511 [REDACTED]

***Stellantis Improved Processes for Submitting Failure Notices and In-Use Test Data***

414. In 2021, Stellantis implemented a new tool to facilitate IUVP/IUCP reporting. The new tool includes functionality

[REDACTED]

415.

[REDACTED]

416.

[REDACTED]

3) ICA Second Audit Evaluation

417. In our Second Audit, we assessed the effectiveness of controls over the completeness and accuracy of regulatory notifications for IUVP and IUCP exceedances, and confirmed underlying IUVP/ICUP test detail was accurately reported to the VEC Steering Committee.

***VEC Inconsistently Reported IUVP Quarterly Updates to the VEC Steering Committee***

418. The IUVP process requires

[REDACTED]  
[REDACTED] We understand the Company  
remediated this issue by scheduling [REDACTED] reviews to [REDACTED]

512

513

514

515

[REDACTED]

[REDACTED]<sup>516</sup> We will assess the effectiveness of this remedial action in our Third Audit.

**Shortcomings Exist in Process for Tracking Open IUVP Investigations**

- 419. The IUVP process requires [REDACTED]  
[REDACTED]
- 420. [REDACTED]  
[REDACTED]
- 421. [REDACTED]  
[REDACTED]  
[REDACTED] We will assess the effectiveness of this remediation in the Third Audit.
- 422. In our review of different iterations [REDACTED]  
[REDACTED]  
[REDACTED] We understand Stellantis established a weekly touchpoint to align investigation status updates to address this issue.<sup>520</sup> We will assess the effectiveness of this remediation in the Third Audit.

**11.3 Warranty Processes**

1) Background

- 423. CARB requires manufacturers to monitor warranty claims for emission-related parts (“ERPs”) and submit formal reports when warranty claims meet certain thresholds on a per-part basis. CARB and EPA also require manufacturers to have ERPs available within defined warranty coverage periods based on the application type (i.e., light, medium, or heavy-duty).<sup>521</sup> Further, CARB requires manufacturers to warrant ERPs that cost over a set threshold (“California High-Cost Parts,” or “CHCP”) for seven years or 70,000 miles.<sup>522</sup>

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516 [REDACTED]  
517 [REDACTED]  
518 [REDACTED]  
519 [REDACTED]  
520 [REDACTED]  
521 [REDACTED]  
522 [REDACTED]

424. The Company implemented two projects to [REDACTED]  
[REDACTED]  
[REDACTED]

a. *Warranty Defect Reporting*

1) Background

425. The Company created [REDACTED] to [REDACTED]  
[REDACTED]

426. [REDACTED]

2) First Audit Remedial Actions

427. Our First Audit found shortcomings with the Company's controls for investigating potential defects and documenting and reviewing defect reports before Agency submission.<sup>527</sup>

***The Company Improved Documentation of Engineering Conclusions***

428. In response to our First Audit observations, the Company enhanced its warranty review processes. [REDACTED]  
[REDACTED]

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523 [REDACTED]  
524 [REDACTED]  
525 [REDACTED]  
526 [REDACTED]

<sup>527</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 91.

528 [REDACTED]



429. To address this finding, we understand the Company is implementing [REDACTED]

**Some [REDACTED] Members Did Not Review EDIR Reports**

430. Our First Audit found the Company did not perform reviews over the completeness and accuracy of warranty reports before submission to the Agencies.<sup>530</sup> To address this issue, the Company implemented more substantive review procedures [REDACTED]

431. [REDACTED]

3) ICA Second Audit Evaluation

432. During the Second Audit, we reviewed enhancements to the emissions warranty investigation and reporting processes to assess the effectiveness of: [REDACTED]

**[REDACTED] and VRC Defect Report Reviews Remain Effective**

433. [REDACTED]

**Processes for Identifying and Investigating Warranty Claims Require Improvement**

434. We assessed the Company's process for [REDACTED]

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529 [REDACTED]

530 Independent Compliance Auditor's First Annual Report, December 24, 2020, page 91.

531 [REDACTED]

532 [REDACTED]

533 40 CFR § 85.1903 requires manufacturers to file an Emissions Defect Information Report ("EDIR") when: (1) the manufacturer determines in accordance with the procedures established by the manufacturer to identify safety related defects that a specific emission-related defect exists; and (2) that the specific emission-related defect exists in twenty-five or more vehicles or engines of the same model year.

[REDACTED]

435. The Company does not have a formal or consistent process to [REDACTED]

[REDACTED]

[REDACTED] We will review any process enhancements during the Third Audit.

[REDACTED]

436.

[REDACTED]

*b. Warranty Parts Retention and Coverage*

1) Background

437. The Company developed [REDACTED] to [REDACTED]

[REDACTED]

438.

[REDACTED]

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534  
535  
536  
537  
538  
539  
540

[REDACTED]





## 11.4 CALID/CVN Reporting

### 1) Background

450. CARB requires manufacturers to submit quarterly reports with Calibration Identification Numbers (“CALIDs”) and Calibration Verification Numbers (“CVNs”) associated with all new vehicles sold in California.<sup>555</sup> CARB compares CALID/CVN pairs reported by the manufacturer to those reported by customer vehicles at inspection stations to identify instances where customers tampered with powertrain controls. The Company created project [REDACTED].

451. [REDACTED]

452. [REDACTED]

### 2) First Audit Remedial Actions

453. In our First Audit, we found that the process documentation was incomplete, there was no evidence of the review performed over the quarterly CARB report, and the Q4 2019 CARB report was incomplete because it was missing [REDACTED].<sup>560</sup>

#### *Stellantis’ Enhanced Documentation of the CALID/CVN Review Process*

454. In response to our First Audit findings, Stellantis enhanced its CALID/CVN review process to include [REDACTED]. The Company now maintains all related documentation evidencing the review occurred.<sup>561</sup>

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<sup>555</sup> “CALIDs” are the Identification numbers for software installed on the Engine Control Unit. “CVNs” are the Identification number used to verify the integrity of vehicle software.

<sup>556</sup> [REDACTED]

<sup>557</sup> [REDACTED]

<sup>558</sup> [REDACTED]

<sup>559</sup> [REDACTED]

<sup>560</sup> [REDACTED]

<sup>561</sup> [REDACTED]

**Review over CALIDs/CVNs Associated with Running Changes and Field Fixes is Insufficient**

455. Stellantis implemented a new control to ensure it includes [REDACTED]  
[REDACTED]

456. [REDACTED]

3) ICA Second Audit Evaluation

457. We assessed the effectiveness of the OBD Certification and Compliance Senior Manager's review of the quarterly report and performed procedures to verify that the information reported to CARB was complete and accurate.

**CALID/CVN Reporting Processes Are Operating Effectively**

458. Besides the design issue noted above relating to running changes and field fixes, we found the CALID/CVN reporting process is effective. We selected one 2021 quarterly report and assessed the sufficiency of the review. [REDACTED]  
[REDACTED]. We will assess the continuing effectiveness of this review process in our Third Audit.

**12. Supplier Processes**

1) Background

459. Stellantis utilizes suppliers in various aspects of product development activities, including for [REDACTED]  
[REDACTED]  
[REDACTED]

460. The Initial Improvement Plan also included a [REDACTED]  
[REDACTED] The  
Third Improvement Plan included [REDACTED] additional projects related to suppliers:  
[REDACTED]

---

562 [REDACTED]  
563 [REDACTED]

2) Consent Decree Requirements

461. Consent Decree ¶54(b) requires the Company to implement the Initial Improvement Plan Project related to Third-Party Processes by no later than August 31, 2019.<sup>564</sup>

3) ICA Second Audit Evaluation

462. During our Second Audit, we assessed how the Company integrates suppliers into its emissions certification and compliance processes by: (1) interviewing VEC, Purchasing, and Supplier Operations employees to understand how the Company selects, onboards, and monitors suppliers for compliance; and (2) assessing the Company's processes for mitigating supplier-related compliance risks.

***Supplier Due Diligence Processes Do Not Formally Consider Certain Compliance Risks***

463. [REDACTED]

***Key Emissions Compliance Stakeholders Were Unfamiliar with Supplier Operations Processes***

464. We interviewed key stakeholders from VEC, Propulsion Systems, and OGC to understand their involvement in managing supplier-related compliance risk. We found that these stakeholders were generally unfamiliar with how the Company managed these risks. For example, [REDACTED] We will continue to assess awareness of key processes for managing supplier-related compliance risks in the Third Audit.

**12.1** [REDACTED]

1) Background

465. The Company created Initial Improvement Plan Project [REDACTED] to [REDACTED]

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<sup>564</sup> The Initial Improvement Plan included one project related to Third-Party Processes: [REDACTED]. Our First Audit found that this project was completed by the Consent Decree deadline. All other projects related to Third-Party Processes are part of the Second and Third Improvement Plans and are therefore not subject to this Consent Decree deadline.

<sup>565</sup> Correspondence with Stellantis personnel, Supplier Operations.

<sup>566</sup> [REDACTED]

<sup>567</sup> [REDACTED]

466. In response to our First Audit findings related to [REDACTED] and risks raised during the 2020 VEC Risk Assessment, the Company created Second Improvement Plan Project [REDACTED]. This project: [REDACTED]

[REDACTED]

2) First Audit Remedial Actions

467. Our First Audit found shortcomings in the [REDACTED], including: [REDACTED]

[REDACTED]

468. In response to our observations, Stellantis implemented enhancements to the AECD supplier assessment process that: [REDACTED]

[REDACTED]

3) ICA Second Audit Evaluation

469. Our Second Audit activities included: (1) reviewing process documentation and interviewing personnel to understand the enhancements to the supplier assessment process; (2) inspecting inputs and outputs from 2020 and 2021 AECD assessments to confirm adherence to process design and effectiveness; (3) assessing the supplier AECD process gaps and sufficiency of action plans to address those gaps; and (4) evaluating Stellantis' remediation of findings related to the supplier assessment process from the First Audit.

*Stellantis Improved Supplier Selection and Assessment Planning*

470. [REDACTED]

*Stellantis Better Linked Supplier AECD Assessments to VEC Processes*

471. [REDACTED]

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568 [REDACTED]  
569 [REDACTED]



472. [REDACTED]

473. [REDACTED]

*Technical Experts are Involved as a Matter of Practice, but Their Involvement is Not Required*

474. [REDACTED]

**12.2 Enhance AECD Documentation for Outsourced Modules**

1) Background

475. Historically there were no formal requirements for how suppliers provided AECD information the Company needed to submit in its certification applications.<sup>571</sup> Initial Improvement Plan Project [REDACTED]

476. As part of the project, the Company created a new corporate guideline and template designed to clarify supplier requirements for: [REDACTED]

2) First Audit Remedial Actions

477. Our First Audit found [REDACTED] involved created a template for suppliers to provide AECD information, but did not establish procedures [REDACTED].

*The Company Has Not Completed Enhancements to its Process for Reviewing Supplier AECD Information*

478. The Company created Second Improvement Plan Project Certification Processes [REDACTED]

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570 [REDACTED]  
571 [REDACTED]  
572 [REDACTED]

<sup>573</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 53, ¶223.

[REDACTED]

479. In addition to the internal controller AECDs, the Company plans to [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
The Company expects to complete the project in Q4 2021, and we will review it during our Third Audit.

3) ICA Second Audit Evaluation

480. As part of our Second Audit, we selected a sample of software suppliers and verified that the supplier-provided the information required on the [REDACTED] Supplier AECD Disclosure Template.

*Will Be Updated to Better Represent the Information Suppliers Provide*

481. Through [REDACTED] the Company created [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] We will review changes to the template in our Third Audit.

**12.3 Supplier Communications**

1) Background

482. Stellantis created Second Improvement Plan Project [REDACTED] to [REDACTED]  
[REDACTED]

483. [REDACTED]

---

574 [REDACTED]  
575 [REDACTED]  
576 [REDACTED]  
577 [REDACTED]  
578 [REDACTED]  
579 [REDACTED]  
580 [REDACTED]  
581 "Indirect suppliers" refers to service suppliers. "Direct suppliers" are suppliers of goods and materials.

[REDACTED]

484. [REDACTED]

2) ICA Second Audit Evaluation

485. As part of our Second Audit, we performed a walkthrough of the [REDACTED] system to understand how the tool [REDACTED]. And, we reviewed a sample of Statements of Work for indirect and direct suppliers. Our procedures for the Second Audit were limited to design because the Company executed few new supplier agreements since process implementation in May 2021.<sup>583</sup>

[REDACTED]

486. [REDACTED]

[REDACTED]

487. [REDACTED]

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582 [REDACTED]  
583 [REDACTED]  
584 [REDACTED]  
585 [REDACTED]  
586 [REDACTED]  
587 [REDACTED]  
588 [REDACTED]

[REDACTED]

488. [REDACTED]

#### 12.4 Supplier Running Change/Field Fix Process

##### 1) Background

489. The Company created Third Improvement Plan Project [REDACTED] to [REDACTED]  
[REDACTED]

490. [REDACTED]

##### 2) ICA Second Audit Evaluation

491. As part of our Second Audit, we interviewed Stellantis employees and reviewed process documentation to understand the process design. Our Second Audit procedures were limited to design because the Company only reviewed a limited number of supplier software deliveries under the [REDACTED] process since it was implemented.<sup>592</sup> We will assess operating effectiveness in our Third Audit.

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589 [REDACTED]  
590 [REDACTED]  
591 [REDACTED]  
592 [REDACTED]

*Process is Designed Effectively to Ensure Stellantis Obtains and Reviews Required Documentation*

492. [REDACTED]

493. [REDACTED]

494. [REDACTED]

*Process Documentation Does Not Clearly Reflect All Review Procedures*

495. The process documentation does not clearly reflect the procedures for [REDACTED]  
[REDACTED]  
[REDACTED] We understand the Company plans to update the  
process narratives to clarify supplier involvement in the review process.<sup>595</sup>

**13. PEMS Testing**

1) Background

496. The Company developed [REDACTED] Initial Improvement Plan Projects to establish PEMS testing requirements, standards, processes, and data analysis methods. The Company created Project [REDACTED] to [REDACTED]

497. The Company conducts two PEMS tests: (1) steady-state; and (2) transient. Steady-state tests are run at defined speeds, while transient tests involve a variety of driving maneuvers. The Company compares steady-state results to guidance metrics provided by EPA. The transient results are compared to [REDACTED] because the Agencies have not provided guidance metrics for transient

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593 [REDACTED]  
594 [REDACTED]  
595 [REDACTED]

testing. [REDACTED]

2) Consent Decree Requirements

498. Consent Decree ¶59 provides PEMS testing requirements on Model Years 2019, 2020, and 2021 vehicles.<sup>596</sup> The Company had to retain an independent Third-Party Tester to conduct PEMS testing on two vehicles and the Third-Party Tester had to issue a separate report.<sup>597</sup> The Company had to submit a PEMS Test Plan (“Test Plan”) to EPA and CARB describing how it and Third-Party Tester would perform its testing.<sup>598</sup>
499. The Company and the Third-Party Tester had to conduct additional testing and issue reports for 2019, 2020, and 2021 Model Years.<sup>599</sup> “For 2020 Model Year, FCA must conduct ¶59(a) testing by December 31, 2020 and submit its report by March 1, 2021.”<sup>600</sup> For 2021 Model Year, the Company must conduct ¶59(a) testing “no later than September 30 of the calendar year for which the model year is named.” And the Company must submit its report by “no later than November 30 of the calendar year for which the model year is named.”<sup>601</sup> The Third-Party Tester must conduct ¶59(b) testing by “December 31 of the calendar year for which the applicable model year is named” and submit its report by “no later than March 1 of the calendar year immediately after the calendar year for which the model year is named.”<sup>602</sup>

3) First Audit Remedial Actions

500. Our First Audit found the Company did not have formal criteria to facilitate the decision to proceed with certification after a steady-state exceedance, and PEMS Working Group minutes were insufficiently documented.<sup>603</sup>

***Stellantis Implemented Criteria to Decide When to Proceed with Certification After a PEMS Steady-State Exceedance***

501. [REDACTED]

502. [REDACTED] There were no steady-state exceedances during

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<sup>596</sup> Consent Decree ¶59(a).

<sup>597</sup> Consent Decree ¶59(b).

<sup>598</sup> Consent Decree ¶59(d).

<sup>599</sup> Consent Decree ¶59(e).

<sup>600</sup> Second Stipulation and Agreement Regarding Non-Material Changes to the Consent Decree, filed September 17, 2020, page 5.

<sup>601</sup> Consent Decree ¶59(e).

<sup>602</sup> Consent Decree ¶59(f).

<sup>603</sup> Independent Compliance Auditor's First Annual Report, December 24, 2020, page 78.

<sup>604</sup> [REDACTED]

<sup>605</sup> [REDACTED]

our Second Audit. We will assess the operating effectiveness of this new process during our Third Audit if there is a steady-state exceedance.

#### ***PEMS Working Group Enhanced Meeting Documentation***

503. The Company updated the format of its PEMS Working Group minutes [REDACTED]

4) ICA Second Audit Evaluation

504. In our Second Audit we performed procedures to: (1) ensure Stellantis and the Third-Party Tester met the ¶59 requirements; and (2) assess the effectiveness of the PEMS testing processes. To assess compliance with ¶59, the ICA: (1) confirmed the Company submitted the Test Plan and received EPA and CARB approval; and (2) verified Stellantis and the Third-Party Tester conducted its testing in accordance with the approved Test Plan. Additionally, we observed PEMS testing for one of the 2021 Model Year vehicles.

#### ***The Company and Its Third-Party Tester Met Consent Decree ¶59 PEMS Testing Requirements***

505. The Company met all Consent Decree requirements related to PEMS testing and submitted its 2020 Model Year report by the March 1, 2021 deadline.<sup>608</sup> Further, the Third-Party Tester published its 2020 Model Year report on February 23, 2021.<sup>609</sup>

506. [REDACTED]

## **14. Government Reporting**

1) Background

507. The Company's reporting under Consent Decree Section VI.C consists of: (1) ¶61 Annual Report; (2) ¶60(a) Top 10 DTC report; and (3) ¶60(b) report on Subject Vehicle emissions data.

### **14.1 Stellantis' Annual Report**

1) Background

508. The Company submitted its second annual report to DOJ, California, and the ICA on June 3, 2021. The report covered the period from May 1, 2020 to April 30, 2021 and was divided into two sections: (1) summary of the information required by Consent Decree ¶¶ 50(f), 52(c), and 53(b); and (2) description

606 [REDACTED]

607 [REDACTED]

608 PEMS Summary Report Pursuant to Paragraph 59.e of the Consent Decree.

609 Paragraph 59.b Testing Summary Report February 23, 2021.

610 [REDACTED]

611 [REDACTED]

of the measures the Company implemented to promote compliance with Section VI.C and “an assessment of the effectiveness of measures implemented to promote compliance with United States and California environmental law concerning vehicle emissions and certification and any corrective actions Defendants have undertaken to improve their effectiveness.”<sup>612</sup>

## 2) Consent Decree Requirements

509. Consent Decree ¶61 requires the Company to submit annual reports to DOJ, California, and the ICA “concerning the corporate compliance requirements of...Section VI.C.” The reports must include:

- A report “regarding case tracking of all concerns relating to violations of United States and California environmental protection laws or regulations raised through the Ethics Helpline and stored in the Case Tracking System” and for concerns raised by other means, “case tracking from the point that the concern is brought to an investigator in the VSRC to be entered into the Case Tracking System;”<sup>613</sup>
- The Consent Decree ¶50(e) Annual Assessment;<sup>614</sup>
- A summary of the Code of Conduct training provided under ¶50(b);<sup>615</sup>
- A summary of the AECD and Defeat Device and Emissions Certification and Compliance trainings provided under Consent Decree ¶52;<sup>616</sup>
- A summary of the results of the Consent Decree ¶53 risk assessment;<sup>617</sup> and
- A description of the measures FCA implemented to promote compliance with Consent Decree Section VI.C, “together with an assessment of the effectiveness of those measures in promoting compliance...and any corrective actions [FCA] have undertaken to improve their effectiveness.”<sup>618</sup>

## 3) First Audit Remedial Actions

510. Our First Audit found that the Company’s first annual report lacked affirmative conclusions regarding the Company’s assessment of the effectiveness of measures implemented to promote compliance with the Relevant Laws.<sup>619</sup>

### ***Stellantis Improved the Annual Report by Including Affirmative Conclusions on Effectiveness***

511. In response, the Company improved its annual report effectiveness assessment by explicitly including and considering A&C findings, ICA findings, and risk events tracked in the VEC Issues Tracker. The Company also added an explicit “assessment of effectiveness” section for each area discussed in the annual report.

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<sup>612</sup> Annual Report Pursuant to Paragraph 61 of the Consent Decree, June 3, 2021, PDF pages 1-2 and 5.

<sup>613</sup> Consent Decree ¶50(f). FCA’s Case Tracking System is used to manage information related to concerns reported through the Ethics Helpline, or concerns identified by an investigator in the VSRC office, and the investigation and closure of such concerns. Consent Decree ¶8(p).

<sup>614</sup> Consent Decree ¶50(f).

<sup>615</sup> Consent Decree ¶50(f).

<sup>616</sup> Consent Decree ¶52(c).

<sup>617</sup> Consent Decree ¶53(b).

<sup>618</sup> Consent Decree ¶61(a).

<sup>619</sup> Independent Compliance Auditor’s First Annual Report, December 24, 2020, pages 79-80.



4) ICA Second Audit Evaluation

512. We reviewed the Company's annual report to confirm: (1) completeness and accuracy of the reported information is consistent with information obtained during our audit; and (2) the Company remediated deficiencies in its approach to assessing the effectiveness of measures and corrective actions in promoting compliance with United States and California environmental law in its first annual report.

***The Company Continued to Report the Information Required by Consent Decree ¶¶ 50(f), 52(c), and 53(b)***

513. The Company included in its second annual report the required information regarding: (1) its case tracking processes; (2) the Annual Assessment; (3) Code of Conduct training; (4) AECD and Defeat Device and Emissions Certification and Compliance trainings; and (5) risk assessment results.<sup>620</sup>

***The Company Improved the Effectiveness Assessment, but Some Conclusions Were Inconsistent with the ICA's Findings***

514. Stellantis improved the second annual report by including A&C findings, ICA findings, risk events tracked in the VEC Issues Tracker, and an explicit "assessment of effectiveness." For example, [REDACTED]

515. Though Stellantis includes relevant findings within the report, the Company also [REDACTED]  
[REDACTED]  
[REDACTED] The ICA, however, does not close our previous findings or conclude on effectiveness until a process can be tested. We will review the Company's third annual report in our Third Audit.

**14.2 Paragraph 60 Reporting**

1) Background

516. Consent Decree ¶60 requires the Company collect and periodically provide data to EPA and California including: (1) a summary of the top 10 diagnostic trouble codes ("DTCs") recorded from the Subject Vehicles; and (2) a summary of reported regeneration frequency, tailpipe NOx (in grams/mile), and recorded DTCs from a test fleet of a of minimum of 12 customer owned or leased Subject Vehicles.<sup>623</sup>

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<sup>623</sup> Consent Decree ¶60. Subject Vehicles means each and every MY 2014 to 2016 Jeep Grand Cherokee and Ram 1500 equipped with a 3.0 liter EcoDiesel engine and sold or offered for sale, or introduced or delivered for introduction into commerce, or registered in the United States or its Territories, or imported into the United States or its Territories, and that

2) Consent Decree Requirements

517. Specifically, Consent Decree ¶60 requires:

- Within 120 days after the Effective Date and continuing on a quarterly basis thereafter as specified in Paragraph 70.c until the quarterly report due 30 days after the third anniversary of the Effective Date, Defendants shall provide to EPA and California a summary of the top 10 diagnostic trouble codes (“DTCs”) recorded from the Subject Vehicles through the SQDF system, i.e., the 10 most frequently occurring DTCs that have resulted in a MIL, reported by model year and vehicle type (Grand Cherokee or Ram).
- Within 120 days after the Effective Date, Defendants shall establish a test fleet comprised of a minimum of 12 customer owned or leased Subject Vehicles instrumented with high speed data recorders. Commencing on the 30th day after the end of the first full quarter following establishment of this test fleet and continuing quarterly thereafter as specified in Paragraph 70.c until the quarterly report due 30 days after the third anniversary of the Effective Date, Defendants shall provide to EPA and California a summary of the vehicles’ reported regeneration frequency, tailpipe NOx (in grams/mile), and recorded DTCs. Defendants shall include a minimum of 12 vehicles in this test fleet and shall seek to include four vehicles from each MY 2014-2016; however, the parties recognize that the exact composition of this fleet may vary as it depends upon consumer willingness to participate and their continued ownership or leasing of Subject Vehicles.<sup>624</sup>

3) First Audit Remedial Actions

518. We had no findings related to ¶60 during the First Audit.

4) ICA Second Audit Evaluation

519. The ICA verified the accuracy of the Company’s summary of the top 10 DTCs that resulted in a MIL based on the underlying data and that they were reported to EPA and California. The ICA also confirmed the Company continued to adhere to its defined process for collecting, analyzing, and reporting the required data, including data integrity controls that mitigate the risk of test data manipulation, verified the Company maintains a test fleet meeting the requirements described under paragraph 60.b, and confirmed on a sample basis that the Company’s quarterly reporting of test fleet data includes a summary of the vehicles’ reported regeneration frequency, tailpipe NOx, and recorded DTCs.

***Consent Decree ¶60 Data Collection Processes Are Designed and Operating Effectively***

520. Based on procedures performed, the ICA found the Company met ¶60 Consent Decree requirements.

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was identified by the Company as covered by one of the following test groups: ECRXT03.05PV, FCRXT03.05PV, or GCRXT03.05PV. Consent Decree ¶8(kkkk).

<sup>624</sup> Consent Decree ¶60.

## **VI. Next Steps**

521. The ICA submitted its draft plan for the Third Audit to DOJ, California, and Stellantis on November 12, 2021.<sup>625</sup> We will finalize the audit plan after considering comments, if any, from DOJ, California, and FCA. During the Third Audit, we will continue to assess the Company's ongoing compliance with Consent Decree Section VI.C, the effectiveness of its Improvement Plan measures, and any actions implemented in response to this report's recommendations.

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<sup>625</sup> The deadline to submit the Draft Third Audit Plan was extended from October 25, 2021 to November 12, 2021. Third Stipulation and Agreement Regarding Non-Material Changes to the Consent Decree, filed October 25, 2021, page 2.

## Appendix 1: Table of Acronyms

Acronym	Full Name
A&C	Audit and Compliance
A&I	Architecture and Intent
AECD	Auxiliary Emission Control Device
ALM	Agile Lifecycle Management
BPO	Business Practices Office
CALID	Calibration Identification
CARB	California Air Resources Board
CCB	Change Control Board
CCO	Chief Compliance Officer
CHCP	California High-Cost Parts
COE	Center of Excellence
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRN	Customer Release Note
CVN	Calibration Verification Number
DAPIS	Data Analysis & Product Investigation System
DDV	Durability Data Vehicle
DOJ	Department of Justice
DRE	Design and Release Engineers
DTC	Diagnostic Trouble Code
E&C	Ethics & Compliance
EBOM	Electronic Bill of Material
ECAT	ePT Control AECD Triage
ECC	Ethics and Compliance Committee
ECM	Engine Control Module
EDIR	Emissions Defect Information Report
EEO	Equal Employment Opportunity
EMEA	Europe, Middle East, & Africa
EPA	Environmental Protection Agency
ERP	Emission-Related Parts
ETS	Emissions Test System
EWAR	Emissions Warranty and Reporting System
FCA	Fiat Chrysler Automobiles
FTP	Federal Emission Test Procedure
GHG	Greenhouse Gas
GPEC	Global Powertrain Engine Controller
GRCS	Global Regulatory Compliance System

Acronym	Full Name
HCP	Hybrid Control Processor
HR	Human Resources
ICA	Independent Compliance Auditor
ICT	Information, Communication, and Technology
IIA	Institute of Internal Auditors
IUCP	In-Use Confirmatory Program
IUVP	In-Use Verification Program
JRS	Joint Ride Session
LCAB	Late Change Approval Board
LMS	Learning management system
LND	Leave No Doubt
MIL	Malfunction Indicator Light
MIP	Management improvement plans
MY	Model Year
OBD	On-Board Diagnostic
OGC	Office of the General Counsel
PCAOB	Public Company Accounting Oversight Board
PEMS	Portable Emissions Measurement System
PLM	Performance and Leadership Management
PSA	Groupe PSA
RCN	Requirements Change Notice
RGE	Reliability Growth Emissions
RCT	Running Change Template
SQDF	Service & Quality Data Feed
SRM	Strategy Review Meeting
TCC	Technical Compliance Committee
TSO	Technical Service Operations
TSRC	Technical Safety and Regulatory Compliance
VEC	Vehicle Environmental Compliance
VERR	Vehicle Emissions Recall Reports
VRC	Vehicle Regulatory Committee
VSRC	Vehicle Safety and Regulatory Compliance
WG	Working Group

## Appendix 2: ICA Recommendations

Report Section	No.	Recommendation*
1.6	6	If Stellantis continues to use the Alternate Review Process, it should first improve the process to ensure completeness and accuracy of the initial disclosure. This should include: (1) appropriate identification of and input from key stakeholders; and (2) clear and robust documentation of key conclusions.
1.6	7	In VEC's future risk assessments, Stellantis should require another function with risk and control expertise (e.g., A&C, Enterprise Risk Management) to perform a quality assurance review over the reasonableness of risk and management effectiveness ratings.
2	8	Stellantis should develop the investigative key principles and requirements document by March 31, 2022 and provide related training to investigators by June 30, 2022.
3.2	9	Stellantis should require Propulsion Systems to track and periodically report to VEC risk issues related to emissions compliance (e.g., control deficiencies, results of quality assurance reviews).
8.3	10	For all AECDs that reduce the effectiveness of the emission control system, Stellantis should implement a quality assurance review to confirm there is sufficient support for the use of the regulatory rationales for why the AECD is not a defeat device.

\*We expect the Company to address our recommendations within 60 days of receiving the Second Report.

### Appendix 3: Stellantis Response to ICA First Audit Recommendations

Rec. #	ICA Recommendation	Stellantis February 2021 Response to ICA Recommendation
1	FCA should develop implementation timelines for not yet implemented Initial Improvement Plan processes.	[Redacted]
2	FCA should identify and assess the effectiveness of processes that occur outside of the Improvement Plan projects but impact FCA's ability to comply with the Relevant Laws.	
3	FCA should review existing processes to identify and implement enhancements (e.g., awareness training, quality assurance reviews) that will help ensure employees follow defined processes and build a culture of compliance.	

Rec. #	ICA Recommendation	Stellantis February 2021 Response to ICA Recommendation
4	<p>FCA should identify and develop action plans that reasonably address control activity gaps regarding supplier-related risks that affect directly or indirectly compliance with the Relevant Laws.</p>	
5	<p>FCA should develop a formal action plan with milestones and timelines to address the results of the 2019 and 2020 surveys.</p>	



### Appendix 4: In-Progress Improvement Plans

IP #	Project ID	Project Name	Project Purpose	Estimated Completion Date
2				
2				
2				
2				
3				
3				
3				
3				
3				
3				
4				
4				
4				

## Appendix 5: Mapping of Improvement Plans to Report Sections

IP #	IP Project ID	Improvement Plan/Consent Decree Requirement	Report Section	Report Subsection	Report Subsubsection
N/A			1. Control Environment	1.1 Code of Conduct	
N/A			1. Control Environment	1.2 Leave No Doubt Campaign	
N/A			1. Control Environment	1.6 Annual Assessment	
N/A			1. Control Environment	1.3 Speak Up 1.4 Employee Lifecycle 1.5 Metrics	
1			2. Ethics Helpline and Investigations		
N/A			3. Risk Assessment	3.1 2020 Risk Assessment	
3			3. Risk Assessment	3.2 Issue Tracking	
1			4. Auditing & Checking		
1			5. VEC Governance & Organizational Structure	5.1 VEC Governance	a. Emissions Compliance Governance Structures
3			5. VEC Governance & Organizational Structure	5.1 VEC Governance	b. Communication of Governance Structure and New Processes
1			5. VEC Governance & Organizational Structure	5.1 VEC Governance	a. Emissions Compliance Governance Structures
1			5. VEC Governance & Organizational Structure	5.2 Organizational Structure	a. Segregation of Duties
1			5. VEC Governance & Organizational Structure	5.2 Organizational Structure	b. Vehicle Environmental Compliance Supporting Resources
1			5. VEC Governance & Organizational Structure	5.2 Organizational Structure	c. Vehicle Environmental Compliance Organizational Capabilities

IP #	IP Project ID	Improvement Plan/Consent Decree Requirement	Report Section	Report Subsection	Report Subsubsection
2			5. VEC Governance & Organizational Structure	5.2 Organizational Structure	d. Availability of Technical Expertise
1			6. Technical Training	6.1 AECD and Defeat Device Training	
1			6. Technical Training	6.2 Emissions Certification and Compliance Training	
1			6. Technical Training	6.3 VSRC Roles and Responsibilities	
1			7. Product Development	7.1 Emission-Related Parts	
1			7. Product Development	7.2 Emissions Robustness	a. Calibration Process for Emissions Robustness
1			7. Product Development	7.2 Emissions Robustness	b. Enhance In-Use Emissions Robustness
1			7. Product Development	7.2 Emissions Robustness	c. Emissions Robustness Development Process
2			7. Product Development	7.3 Late Change Management	
1			8. AECDs	8.2 AECD Governance	
2			8. AECDs	8.3 AECD & Defeat Device Governance	
1			8. AECDs	8.2 AECD Governance	

IP #	IP Project ID	Improvement Plan/Consent Decree Requirement	Report Section	Report Subsection	Report Subsubsection
1			8. AECDS	8.1 AECD Processes in Product Development	
3			8. AECDS	8.1 AECD Processes in Product Development	
3			8. AECDS	8.1 AECD Processes in Product Development	
3			8. AECDS	8.1 AECD Processes in Product Development	
2			8. AECDS	8.1 AECD Processes in Product Development	
1			8. AECDS	8.1 AECD Processes in Product Development	
1			8. AECDS	8.1 AECD Processes in Product Development	
1			9. On-Board Diagnostics	9.2 OBD Certification Processes	a. OBD Durability Data Vehicle Testing
1			9. On-Board Diagnostics	9.2 OBD Certification Processes	b. Management of FCA Submissions Requiring CARB OBD Staff Approval
1			9. On-Board Diagnostics	9.2 OBD Certification Processes	c. OBD Certification Documentation Review Processes
1			9. On-Board Diagnostics	9.1 OBD Pre-Certification Processes	a. Documentation and Communication of OBD Regulatory Interpretations
1			9. On-Board Diagnostics	9.1 OBD Pre-Certification Processes	b. OBD Monitoring Capability Requirements
2 and 3			10. Certification Process	10.1 Internal Communications	b. Improve Communication about Future and Existing Regulations

IP #	IP Project ID	Improvement Plan/Consent Decree Requirement	Report Section	Report Subsection	Report Subsubsection
1			10. Certification Process	10.1 Internal Communications	a. Communicate Certification Status with FCA
1			10. Certification Process	10.2 External Communications	a. Communicating with EPA and CARB
1			11. Post-Certification Processes	11.3 Warranty Processes	a. Warranty Defect Reporting
1			11. Post-Certification Processes	11.3 Warranty Processes	b. Warranty Parts Retention and Coverage
2			11. Post-Certification Processes	11.3 Warranty Processes	b. Warranty Parts Retention and Coverage
2			11. Post-Certification Processes	11.3 Warranty Processes	b. Warranty Parts Retention and Coverage
1			11. Post-Certification Processes	11.1 Running Change/Field Fix Process	a. Running Change/Field Fix Certification Review Process b. Improve Running Change Template Management
2			11. Post-Certification Processes	11.1 Running Change/Field Fix Process	a. Running Change/Field Fix Certification Review Process
2			11. Post-Certification Processes	11.1 Running Change/Field Fix Process	b. Improve Running Change Template Management
1			11. Post-Certification Processes	11.2 In-Use Testing Processes	
1			11. Post-Certification Processes	11.4 CALID/CVN Reporting	
3			12. Supplier Processes	12.4 Supplier Running Change/Field Fix Process	
2			12. Supplier Processes	12.2 Enhance AECD Documentation for Outsourced Modules	

IP #	IP Project ID	Improvement Plan/Consent Decree Requirement	Report Section	Report Subsection	Report Subsubsection
1	[REDACTED]	[REDACTED]	12. Supplier Processes	12.2 Enhance AECD Documentation for Outsourced Modules	
3			12. Supplier Processes	12.3 Supplier Communications	
1			12. Supplier Processes	12.1 Supplier Design Capability Assessment ("SDCA")	
3			12. Supplier Processes	12.1 Supplier Design Capability Assessment ("SDCA")	
N/A			13. PEMS Testing	13. PEMS Testing	
1			13. PEMS Testing	13. PEMS Testing	
1			13. PEMS Testing	13. PEMS Testing	
N/A			14. Government Reporting	14.1 Stellantis' Annual Report	
N/A			14. Government Reporting	14.2 Paragraph 60 Reporting	
N/A			14. Government Reporting	14.2 Paragraph 60 Reporting	

Appendix 6: Open ICA Findings<sup>626</sup>

No.	Ref.	ICA Finding	Finding Rating
A25			Low
E153			Low
E154			Low
E155			Low
E156			Low
A2			Moderate
E157			Critical
E158			Critical
E159			Low
E160			Moderate
A28			Critical
D111			Low

<sup>626</sup> The ICA does not consider a finding closed until we assess the effectiveness of the Company's response. Therefore, there are open findings for which the Company implemented a response that we will evaluate in the Third Audit.

No.	Ref.	ICA Finding	Finding Rating
D112			Moderate
D113			Moderate
D114			Moderate
D115			Moderate
D116			Moderate
D117			Moderate
A15			Low
D118			Moderate
D119			Moderate



No.	Ref.	ICA Finding	Finding Rating
D120			Moderate
D121			Moderate
E162			Moderate
D122			Critical
D123			Critical
D124			Low
B52			Low
E164			Moderate
C108			Low
C109			Low
D125			Critical
D126			Critical
D127			Moderate
E165			Low

No.	Ref.	ICA Finding	Finding Rating
E166			Low
D128			Moderate
D129			Moderate
D130			Low
D131			Moderate
D132			Moderate
D133			Moderate
D134			Moderate
B58			Moderate
B61			Moderate
B62			Moderate
E167			Low
E168			Moderate
E169			Moderate
E170			Moderate
A4			Moderate

No.	Ref.	ICA Finding	Finding Rating
E172			Low
E173			Moderate
E174			Moderate
E175			Low
A11			Moderate
A13			Moderate
A23			Critical
E176			Critical
E180			Low
B63			Moderate
B64			Low
E181			Low
E183			Moderate

No.	Ref.	ICA Finding	Finding Rating
E184			Moderate
E185			Moderate
E186			Moderate
E187			Low
C77			Moderate
C84			Critical
C104			Moderate
D135			Moderate
D136			Moderate
D137			Critical
D139			Moderate
D143			Moderate
C89			Moderate
C93			Moderate
C94			Low

No.	Ref.	ICA Finding	Finding Rating
C95			Moderate
C97			Low
B47			Low
B49			Moderate
E189			Low
E190			Low
E191			Low
E193			Low
E194			Low
E196			Moderate
E197			Low
E198			Moderate
A3			Moderate
D144			Low
E199			Low
D145			Low

No.	Ref.	ICA Finding	Finding Rating
D147			Moderate
D148			Low
D150			Low
D151			Low
B68			Low
F200			Low
F201			Low
F202			Moderate
F203			Low
F204			Low
F205			Low
F206			Moderate

No.	Ref.	ICA Finding	Finding Rating
F207			Moderate
F208			Low
F209			Low
F210			Low
F211			Low
F214			Moderate
F215			Moderate
F216			Low
F217			Moderate
F218			Low
F219			Moderate

No.	Ref.	ICA Finding	Finding Rating
F221			Critical
F222			Moderate
F223			Critical
F224			Critical
F225			Low
F226			Critical
F227			Moderate
F228			Moderate
F230			Low
F231			Low



## Appendix 7: Closed ICA Findings

No.	Ref.	ICA Finding
A1		
A24		
A16		
A27		
E161		
F229		
D110		
A21		
A22		
A29		
A30		
A31		
A32		
A33		
B75		
B76		
A26		
B73		
B74		

No.	Ref.	ICA Finding
B37		
B38		
B39		
B40		
B42		
B41		
C105		
C106		
B53		
B54		
B55		
B56		
B57		
C107		
A17		
A18		
A19		
B59		
B60		
A5		
A6		

No.	Ref.	ICA Finding
A7		
A10		
A8		
A9		
A12		
A14		
E177		
E178		
E179		
B65		
E182		
C78		
C79		
C80		
C81		
C82		
C83		
C85		
C86		
C87		
C88		
D138		

No.	Ref.	ICA Finding
D140		
D141		
D142		
C90		
C91		
C92		
C96		
C100		
C98		
C99		
B43		
B44		
B45		
B46		
B48		
E188		
B50		
B51		
C101		
C102		
C103		
A20		

No.	Ref.	ICA Finding
D146		
D149		
B34		
B35		
B36		
D152		
B66		
B67		
B69		
B70		
B71		
B72		
F212		
F213		