



FERRARI N.V.

THIRD PARTIES COMPLIANCE

PRACTICE



1. SCOPE AND OBJECTIVE

One of the key principles of Ferrari Code of Conduct (the “**Code**”) outlines that “*legal compliance is critical to the Ferrari Group’s continuing global business and to maintain Ferrari Group’s worldwide reputation*”. In particular, “*Ferrari Group’s continued high achievement relies on [its] ability to follow the law in order to maintain the integrity of [its] business*”.

To this purpose, Ferrari Group (*i.e.* Ferrari N.V., Ferrari S.p.A. and their branches, subsidiaries and controlled Joint Ventures) operates within a framework of transparency and fairness through the adoption of principles and measures aimed at requesting and encouraging compliance with applicable laws and regulations **not only** by Ferrari employees, **but also** by all Third Parties that work with, for and on behalf of Ferrari.

For the purpose of this Practice, the definition of “**Third Party**” includes:

- ✓ **active counterparties** (*i.e.* counterparties that, according to the contractual relation with Ferrari, *make* payments *to* Ferrari, such as, by way of example: dealers, distributors, sponsors, licensees, service centers and direct clients of vehicles, its certifications and spare parts);
- ✓ **passive counterparties** (*i.e.* counterparties that, according to the contractual relation with Ferrari, *receive* payments *from* Ferrari, such as, by way of example: consultants, suppliers, agents, intermediaries, representatives and lobbyists); and
- ✓ **any further third party that does business with Ferrari**, whether as a legal and/or a natural person (*e.g.* Joint Venture partners, members of Scuderia Ferrari Club, recipient of no-profit initiatives etc.).

This Third Parties Compliance Practice (“**Practice**”) is inspired by the values and principles described in the Code and provides to all Ferrari Group directors, officers and employees, consultants, so called “atypical workers” (e.g. temporary supply contract workers, staff leasing workers, etc.), trainees, scholarship holders, agents, suppliers and business partners (hereinafter, collectively, “**Addressees**”), the general rules of conduct that must be followed in order to ensure compliance with applicable laws and standards required by Ferrari when dealing with Third Parties.

In order to reach all the above-mentioned Addressees, this Practice will be adequately circulated, publicized and disseminated by Ferrari both within the organization and externally also through its inclusion in the relevant contractual agreements and arrangements with Third Parties.



This Practice has been adopted by Ferrari N.V. on September 22nd 2020 and - as it applies to **all Ferrari Group** - shall be considered as the document of reference for Third Parties' management by all worldwide Ferrari branches and subsidiaries and applied in each Country in accordance with local legislation.

In case of any doubt regarding this Practice, you can refer to the **Group Compliance Department** (either in person or by email at GroupCompliance@ferrari.com) that is entrusted to oversee its design and to monitor its implementation, to provide advice and guidance on any related issues and to provide support in respect to training activities.

2. THIRD PARTIES' COMPLIANCE STATEMENTS

According to the Code, "Ferrari Group is committed to complying fully with all applicable laws, including anti-bribery, anti-money laundering, exports and sanctions, customs, competition and antiboycott laws [and] all third parties including agents, consultants, representatives, joint venture partners, dealers, distributors, service centers, and other third parties that may do business with the Ferrari Group, are [...] expected to comply with subject laws in connection with any activities or business these third parties conduct on the Ferrari Group's behalf".

It follows that it is of crucial importance for Ferrari to collaborate **only** with Third Parties that meet certain requirements both in terms of compliance with the applicable laws and regulations and in relation to ethics, integrity and transparency.

In this respect, it must be emphasized that dealing with Third Parties entails **inherent risks** in particular in terms of potential corporate liability, legal, financial and reputational damages deriving to Ferrari from unlawful conducts carried out by Third Parties. In order to minimize such risks, Ferrari strongly believes that the capability to adequately evaluate the Third Parties with which may establish contractual relationships, as well as promptly intercept any threats and risk factors, represents an essential requirement for the protection of its assets and reputation.

3. RULES OF CONDUCT AND CONTROLS

In light of the above mentioned statements, Ferrari should guarantee a Third Parties' selection process in accordance with the applicable laws and regulations and shall use its best efforts in order to assure that those Third Parties, once selected to work with Ferrari, comply with such laws and regulations.



As detailed in the following paragraphs, Ferrari adopts specific internal measures and mitigating actions that shall be implemented both before formalizing an agreement with each Third Party and during the contractual relationship with the latter.

3.1. Third Parties' management before contractual relationship

Ferrari collaborates only with Third Parties that meet certain requirements in terms of proven professionalism, ethics, integrity, transparency and that share Ferrari own values: the Code indeed clearly states that *"before establishing any business relationship with a third party, the Ferrari Group and its officers or employees shall check available information (including financial information) on its proposed business partners and suppliers to ensure that they are reputable and involved in a legitimate business"*.

In order to fulfill this principle, Ferrari adopts accurate qualification and selection processes aimed at verifying and assessing not only Third Parties' technical capacity (so called *"technical evaluation"*, that may include also qualitative checks related to data protection and cybersecurity requirements) and economic and financial solidity (so called *"financial evaluation"*) but also - as far as regards the purpose of this Practice - their **reliability in terms of ethics, integrity and reputation** (so called *"compliance evaluation"*).

These processes and evaluations, besides representing essential activities for the creation of value for Ferrari and its shareholders and guaranteeing innovation and continuous improvement, are aimed at protecting Ferrari's integrity and reputation in an overall and long-term vision.

More in detail, before establishing any business relationship with a Third Party, Ferrari Group competent Departments conduct an adequate **compliance evaluation** on the potential Third Party in order to examine its ethical reliability and reputation, its involvement in a legitimate and lawful business and its commitment to share Ferrari values of integrity, fairness and compliance. As further outlined below, the roles and responsibilities of the Departments involved in said compliance evaluation may vary depending on the type of the concerned Third Party.

The compliance evaluation is capable of identifying **potential risks** for Ferrari under different angles and perspectives, such as: anti-corruption, international sanctions, money-laundering, conflict of interests, ethics and reputation.

By way of example: appointing an agent that has been involved in criminal proceedings related to corruption may entail reputational issues and potential risk of recurrence; engaging a supplier of goods whose mother company is established in sanctioned countries raises potential issues related to international sanctions' compliance; engaging a



dealer whose owner is married with a local politician may entail risks in terms of conflict of interests and breach of anticorruption legislation; receiving contractual payments from an engaged active sponsor that is unknown on the market, apparently with no structure and low activities, can raise issues relating to money-laundering and, more in general, reputation.

Depending on the type of Third Party, relevant Ferrari internal procedures apply, describing in detail the process and the related compliance evaluation to be performed and outlining (i) the roles and responsibilities of all the Departments therein involved, (ii) the single checks and verifications to be performed and (iii) how the outcome of the evaluation shall be taken into consideration, managed and internally approved.

Internal procedures may indeed require **different checks and verifications** depending on the type and the nature of the Third Party, the peculiarity of the business activity and – adopting a risk-based approach – in light of the related inherent risk: *e.g.* the analysis on an intermediary or a lobbyist shall be slightly different from the one conducted with respect to a supplier of goods or to a direct client; the evaluation related to an agent shall be deeper if it is not already known to Ferrari or is doing business in countries with a high CPI¹ corruption index, rather than if it is well known or is doing business in countries with a low CPI corruption index.

In any case, the compliance evaluations on all Third Parties – regardless of their type and nature – shall **include at least the following areas of investigation**:

- clear identification and analysis of the Third Party, its business activities and, in case of legal person, its ownership structure and control chain;
- checks regarding the inclusion of the Third Party's and – in case of legal person – its top management and shareholders, including potential ultimate beneficial owners, within: i) the Economic and Financial Sanctions Lists²; ii) the PEP (i.e. Politically Exposed Persons) Lists³ or iii) other Ferrari Internal "Watch Lists"⁴;

¹ The Transparency International Corruption Perceptions Index ("CPI") ranks, on an annual basis, approximately 200 countries and territories by their perceived levels of public sector corruption.

² Lists related to the application of Economic and Financial Sanctions, published by the European Union, the United Nations Security Council, the US Treasury Department, etc.

³ PEP Lists contain the names of the Politically Exposed Persons, identified according to the criteria set forth in the Directives of the Financial Action Group against Money Laundering (FATF - FATF Financial Action Task Force on Money Laundering), in addition to the rules and regulations valid worldwide. PEP are natural persons resident in EU states or in non-EU states that hold, or have ceased to hold for less than a year important public offices, as well as their family members and those with whom these people are known to have close ties.

⁴ Ferrari internal "Watch List" may include natural or legal persons that have revealed criticalities in any kind of relationships or business activities with Ferrari.



- checks regarding the involvement of the Third Party and – in case of legal person – its top management and shareholders, including potential ultimate beneficial owners, in criminal investigations and/or convictions, as well as other judicial proceedings able to undermine its ethical reliability;
- assessment of further situations and/or circumstances that can raise issues under compliance, ethics or reputation point of view such as, by way of example: presence of conflict of interests; Third Party with limited business activities and/or without internal structure and/or with business non coherent with the activities to be performed for Ferrari; Third Party with very limited available information, etc.

The outcome of the compliance evaluation consists in an assessment of the ethical integrity and reputation of the Third Party – including, where necessary and/or appropriate, also the possible mitigating actions identified with the support of Group Compliance Department – that Ferrari considers as a **crucial element** to taking business decisions fully aware and conscious of all the potential consequences underlying any relationships with Third Parties.

3.2. Third Parties' management during contractual relationship

As also outlined in the Code, once the contractual relationship has been established, Third Parties *"are expected to comply with [applicable] laws in connection with any activities or business these third parties conduct on the Ferrari Group's behalf"*.

This represents a key principle in the subject matter: if a Third Party does not act in compliance with relevant laws, regulations and ethical behaviors, Ferrari may be held even directly liable for those actions and therefore undergo different kind of sanctions and penalties (*e.g.* considerable fines, debarment, independent compliance monitor, claims for damages) and – more significantly – adverse reputational consequences.

To this end, Ferrari ensures that in every agreement with Third Parties is explicitly included a **clear contractual commitment** of the Third Party to adhere to ethical and compliance standards in the fulfillment of its obligations for Ferrari. Even if contractual representations and obligations may vary depending on: (i) the peculiarity of each business, (ii) the type and nature of each Third Party and (iii) the risk underlying every single operation, relevant contracts shall **include** the commitment of the Third Party to respect the principles outlined both in the Code and - where applicable - in this Practice.

By sharing and making available to its Third Parties, and requesting them the adherence to said essential internal documents on business behaviors, Ferrari is committed to defining and disseminating compliance principles and policies in order to guide its Third Parties' actions towards the respect for any applicable law and of Ferrari ethical standards.



Depending on the nature of the agreement and the type of Third Party, **further compliance clauses, commitments and undertakings** may be included, together with specific mitigation contractual measures identified from time to time, with the support of Group Compliance Department, depending on the risks emerging from each operation.

By way of example: in a consultancy agreement shall be included the commitment to adhere to the principles outlined in the Ferrari Anticorruption Compliance Practice; in a dealership contract shall be included clauses governing Ferrari audit rights on the dealer's activity; in an intermediary contract shall be included Ferrari rights in respect to monitoring of the counterparty's activity and its change of control; if a counterparty has a red flag related to presence in the PEP Lists, appropriate conflict of interest and anticorruption clauses should be included in the agreement.

In the event of a significant breach of the compliance commitments by the Third Party - considering that compliance with these clauses represents an **essential condition** of the commercial relationship with Ferrari - all necessary corrective measures will be implemented in order to properly assess the situation and Ferrari reserves in any case the right to terminate the contract and to claim for damages according to applicable legislation.

It is clear that, by adhering to the principles outlined in the Code and in this Practice, Third Parties are expected not only to act in compliance with applicable laws and Ferrari ethical standards but also to become **active parties towards their own employees and their respective third parties** in order to disseminate a culture of compliance, integrity and transparency in business relationships.

Ferrari makes its Third Parties actively involved in the risks' prevention process and may also provide support and advice to them (*e.g.* through the participation to training sessions) in order to help them improve their awareness and meet the goals defined in this Practice.

4. MONITORING AND IMPROVEMENTS

The Internal Audit Department, where necessary with the assistance of external parties, will independently carry out appropriate **audits and controls** in order to verify the correct implementation of this Practice.

The Group Compliance Department will periodically review this Practice and monitor its implementation to ensure it remains at **maximum efficiency** taking into consideration any organizational changes, emerging "best practices" or possible violations or criticalities that have been identified through its and Internal Audit's activities.



5. WHISTLEBLOWING

Ferrari Group encourages employees and any Third Party to report in good faith any violation of Ferrari Code of Conduct and, in particular, of this Practice.

Said reports can be made to the Group Internal Audit and Compliance Departments, and generally through all the other channels outlined in the Ferrari Whistleblowing procedure and in the relevant section of the Internet Company Website (ref. *Contact List* and *Ethics Helpline*). Ferrari Group treats reports and concerns confidentially, in order to protect the identity of the reporter and of others involved or referenced in the report. Furthermore, Ferrari Group explicitly prohibits retaliation and protect those making reports from retaliation, after they have in good faith raised or reported a concern regarding the application of this Practice.

6. TRAINING AND DISCIPLINARY MEASURES

Ferrari Group employees shall be informed on the importance of compliance with this Practice and **mandatory training programs** will be developed by Group Compliance Department with the support of Human Resources Department.

Ferrari Group shall use every reasonable action to prevent any conduct in violation of this Practice. To the extent permitted by the applicable collective employment contract, Ferrari Group will take adequate measures against those employees whose actions have violated this Practice, and disciplinary action - in accordance with applicable local labor laws - may include termination of employment.