



# Ferrari N.V. SUSTAINABILITY REPORT 2017



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Ferrari N.V.  
SUSTAINABILITY REPORT  
2017



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# Letter from the Chairman and Chief Executive Officer

Dear Shareholders,

2017 marked Ferrari's 70<sup>th</sup> Anniversary. We were surprised and delighted by the enthusiasm and the extraordinary turnout, with tens of thousands of clients and fans participating in the yearlong tour of celebrations all over the world. Events were held in over 60 different countries, providing a truly vivid and unforgettable display of the brand's power.

We had one more reason to celebrate, as 2017 was another year of new fantastic models and a very good, solid financial performance. We continued our growth, offering the widest range of products ever, without compromising on our fundamental principles of exclusivity and leading technological innovation.

We launched three new cars, designed to meet the requirements of very diverse clients: the 812 Superfast, our most powerful and fastest road model ever, the Ferrari Portofino, which tops our V8 GT range, and the FXX K Evo, a track-only "laboratory car" unveiled at the Finali Mondiali in Mugello.

We won the International Engine of the Year award, for the second consecutive year. This is an important acknowledgement of our leading-edge technology as it is one of the most sought-after plaudits in the car industry. The award was won by the 3.9-litre V8 power unit from the 488 family, for the new benchmarks it set in the turbo engine segment. We are, of course, just as determined to create equally impressive hybrid engines for the Ferraris of the future. In 2018 we will lay the groundwork of our future strategy, which will include hybrid technology as well as new models designed to meet the needs of a GT group of customers, which have not been fully addressed yet. In doing so, we will stay true to our strong DNA, ensuring that, whichever technology we use, we will always provide our customers with a unique driving experience, as Ferrari has always done.

On the financial results side, Ferrari ended 2017 with a new record. Two years on from the listing on the U.S. and Italian stock markets, we can confirm that we have not only kept our promises but in certain instance exceeded our own plans. Our adjusted EBITDA grew to over a billion euro, with a margin of 30.3%, two years ahead of the IPO business plan. To mention just a couple of key figures, in 2017, we delivered 8,398 cars, an increase of 4.8% on the previous year, while revenues rose by 10% to 3.4 billion euro.

We delivered equally important results on the sustainability front in 2017. Among our many social and environmental achievements and milestones, I am particularly proud of the work we did to help our staff develop their potential, as



we truly believe our employees are a vital source of innovation. In 2017 we provided our workforce with over 35,500 hours of training. That investment was rewarded by the 7,600 suggestions our production staff submitted to help us improve our products and processes. Our commitment to sustainability includes naturally a constant reduction of CO<sub>2</sub> emission for our models.

Ferrari takes its role as an active member of society extremely seriously and decided to make a particular contribution to good causes in its 70<sup>th</sup> Anniversary year. In September, we donated an exclusive LaFerrari Aperta to Save the Children. Save the Children raised 8.3 million euro, which will be used to provide access to education for thousands of the most vulnerable children across all five continents.

We sealed new licensing agreements in the course of the year, something we will continue to do with great caution, as we are conscious of the importance of protecting the brand's value. We have just started our path and there is still a lot to do.

Last but not least, our sports activities: we had a season with some satisfaction, but also a few regrets. On the GT side, it proved an exceptionally rewarding year crowned by both Constructors' and Drivers' titles in the FIA World Endurance Championship. The Formula 1 World Championship taught us a big lesson, we were proud to return to the circuits as protagonists and with a single-seater well up to what seemed like an impossible challenge even as the first grand prix approached. Unfortunately, it still was not quite enough, but we are now more determined than ever to compete in the upcoming Championship - and many more to come - without betraying the true essence of the sport.

I would like to conclude by thanking you - our valued shareholders - who flanked us along the way and spurred us to grow. We reiterate to you and all our stakeholders our commitment to living up to the Ferrari legend worldwide each and every day.

February 23, 2018

Sergio Marchionne  
Chairman & Chief Executive Officer







# A 70-year journey to sustainability

Ferrari has always put people and their passion at the centre of all its processes and involvement in motorsport, starting with our employees and their families then extending outward to our clients and the community as a whole.

In 1990s, we embarked on the Formula Uomo programme which has changed the whole look and fabric of the factory complex. Ferrari's production facilities are designed and built around the workers' well-being, thanks also to the advanced technologies for functional and ergonomic working, and to the highest eco standards of the buildings up to the new net zero energy protocols, not to mention the 25,000 plants on campus, with trees and gardens around every corner.

By deliberately fostering a culture of safety, leading-edge technologies and sustainability, Formula Uomo has created a workplace that allows the talents of all of our employees to be expressed in our cars of excellence.


Ferrari provides over 35,500 hours of employee training per year and this is a source of huge innovation. In fact, we consider it the most strategic of our investments. Our commitment has been fully reciprocated by our employees who, in 2017 alone, submitted 7,600 suggestions as to how products and processes could be improved.

Employees' families too are included in a vast programme of services and opportunities, not least the free medical check-ups delivered last year as part of Formula Benessere (Formula Well-Being). We also have various agreements and subsidies in place to assist with academic studies and leisure pursuits. Children in particular can have consultations with doctors in areas such as sport orientation and can attend the "Formula Estate Junior" Summer Camp.

Our clients benefit directly from the improved workplace environment, boosted process efficiency and technological innovations – from the Ferrari world in other words. Clients are the backbone of the business and our best advertisement for the integrity and success of our brand, through strict quality control and the continued training and support for our dealers' services.

When clients purchase one of our cars, they are invited to experience the exhilaration of driving as part of a community by participating in a rich calendar of events that will also enhance their loyalty to the brand. The results have been impressive: in 2017, 66% of our new cars were sold to Ferrari owners, while 32% of clients own more than one Ferrari.





This is how Ferrari has become part of both society and its heritage, working to reduce environmental impact in a sphere that stretches out from Maranello to over 60 different export markets. Our sustainability takes concrete form, for instance, in a trigeneration plant which met 86% of our energy requirements in 2017, while the remainder was generated from renewable sources like our photovoltaic system. We also follow a waste reduction policy in line with the circular economy concept. Most of all, we are working on an ambitious hybrid technology research project designed to cut our cars' emissions by 15% between 2014 and 2020.

Ferrari aims to use this first Sustainability Report to continue on a path that in reality, it has been treading since its foundation, from a time when economic growth began keeping pace with social and local area development. Today, as then, enhancing the qualities and passions of individuals to the greatest possible extent consistent with our philosophy of teamwork is the Ferrari way of winning both on the world's markets and circuits.











# Ferrari Group

## About Ferrari

Ferrari is among the world's leading luxury brands focused on the design, engineering, production and sale of the world's most recognizable luxury performance sports cars. Our brand symbolizes exclusivity, innovation, state-of-the-art sporting performance and Italian design and engineering heritage. Our name and history and the image enjoyed by our cars are closely associated with our Formula 1 racing team, Scuderia Ferrari, the most successful team in Formula 1 history. From the inaugural year of Formula 1 in 1950 through the present, Scuderia Ferrari has won 229 Grand Prix races, 16 Constructor World titles and 15 Drivers' World titles. We believe our history of excellence, technological innovation and defining style transcends the automotive industry, and is the foundation of the Ferrari brand and image. We design, engineer and produce our cars in Maranello, Italy, and sell them in over 60 markets worldwide through a network of 164 authorized dealers operating 185 points of sale.

We believe our cars are the epitome of performance, luxury and styling. Our current product range consists of six range models, including three sports cars (488 GTB, 488 Spider and 812 Superfast) and three GT cars (GTC4Lusso, GTC4Lusso T and California T), one special series car (F12tdf) and one limited edition supercar (LaFerrari Aperta). We also produce very limited editions series (*fuori serie*) and one-off cars. The 812 Superfast was launched in February 2017 and the Ferrari Portofino, which is the successor of the California T (which is being phased out), was unveiled in September 2017 with shipments expected to begin in the second quarter of 2018. The LaFerrari Aperta was unveiled in September 2016 to celebrate our 70th anniversary in 2017.

We pursue a low volume production strategy whilst broadening our product portfolio to target a larger customer base in order to maintain a reputation of exclusivity and scarcity among purchasers of our cars and carefully manage our production volumes and delivery waiting lists to promote this reputation. We divide our regional markets into EMEA, Americas, China, Hong Kong and Taiwan (on a combined basis) and Rest of APAC, representing respectively 44.5 percent, 33.5 percent, 7.3 percent and 14.7 percent of units shipped in 2017.

We license the Ferrari brand to a selected number of producers and retailers of luxury and lifestyle goods. In addition, we design, source and sell Ferrari-branded products through a network of 18 Ferrari-owned stores and 30 franchised stores (including 8 Ferrari Store Junior), as well as on our website. As one of the world's most recognized premium luxury brands, we believe we are well positioned to selectively expand the presence of the Ferrari brand in attractive and growing



lifestyle categories consistent with our image, including sportswear, watches, accessories, consumer electronics and theme parks which we believe enhance the brand experience of our loyal following of clients and Ferrari enthusiasts.

We focus our marketing and promotion efforts in the investments we make in our racing activities, in particular Scuderia Ferrari's participation in the Formula 1 World Championship, which is one of the most watched annual sports series in the world, with over 350 million television viewers in 2017 (*Source: FOM/Kantar Media 2017*). Although our most recent Formula 1 world title was in 2008, we are enhancing our focus on Formula 1 activities with the goal of improving recent racing results and restoring our historical position as the premier racing team in Formula 1. We believe that these activities support the strength and awareness of our brand among motor enthusiasts, clients and the general public.

We will continue focusing our efforts on protecting and enhancing the value of our brand to preserve our strong financial profile and participate in the premium luxury market growth. We intend to selectively pursue controlled and profitable growth in existing and emerging markets while expanding the Ferrari brand to carefully selected lifestyle categories.

## Our DNA

Working in Ferrari means being part of a unique future-focused team in which people are the most valuable resource. Together we compete on the track and markets all over the world.

Together we have crafted the Vision, Mission and Values that are the very essence of feeling part of Ferrari and which guide us through our day-to-day challenges.

**VISION:** Ferrari, Italian Excellence that makes the world dream.

**MISSION:** We build cars, symbols of Italian excellence the world over, and we do so to win on both road and track. Unique creations that fuel the Prancing Horse legend and generate a "World of Dreams and Emotions".

## Our Values

**INDIVIDUAL AND TEAM:** People are our greatest resource but even they can only achieve truly great results if working as a team in a company that prioritises merit, competency and professional growth. Ferrari employees enjoy a strong sense of belonging, relish challenge and strive to improve both themselves and their company each and every day.

**EMOTION:** Ferrari - an experience to be embraced wholeheartedly with pride and enthusiasm. The challenges that arise each day remind us that we are part of a unique and truly extraordinary company that inspires huge emotions in all of us.

**INTEGRITY:** We are conscious of being part of a world-renowned company and are thus committed to adhering to the core values of respect, honesty, loyalty and consistency. We strive to guarantee a sustainable future.

**TRADITION AND INNOVATION:** We represent a company in which tradition and innovation are melded each and every day to fuel the Ferrari legend. Our rich heritage and ability to combine developing extreme technological solutions with human-scale artisanal craftsmanship are a direct result of our company history and the international and multicultural context in which we operate.

**PASSION AND EXCELLENCE:** We are driven by our passion for both the road and the track. The challenge we relish most is to set ambitious targets and guarantee our clients' complete satisfaction. We observe the outside world with open-minded curiosity to help grow our own competencies. We are committed to the pursuit of excellence on a daily basis.

## Our Strategy

Our strategy focuses on maintaining our leading position in the luxury performance sports car market, enhancing and protecting the value and exclusivity of the Ferrari brand. We focus on cost-efficiencies and aim to achieve profitable growth by pursuing the following strategies.

- *Controlled growth in developed and emerging markets*
- *Regular new model introductions and enhancements*
- *Pursue excellence in racing*
- *Controlled growth in adjacent luxury and lifestyle categories*



# Our Business

## Sports and GT Cars

Our current product range includes six range models and one special series, equipped with either eight or twelve cylinder engines and divided into two classes: Sports cars and GT cars. We target end clients seeking high performance cars with distinctive design and state of the art technology. Within these parameters, we offer different models to meet our clients' varying needs and to differentiate our line-up from that of other manufacturers, ranging from the exceptional performance of our Sports cars to the luxury and drivability of our GT cars. Our diversified product offering includes different architectures (such as front-engine and mid-rear engine), engine sizes (V8 and V12), body styles (such as coupes and spiders), and seating (2 seaters, 2+2 seaters and 4 seaters).

Our sports cars are characterized by compact bodies, a design guided by performance and aerodynamics, and often benefit from technologies initially developed for our Formula 1 single-seaters. They favor performance over comfort, seeking to provide a driver with an immediate response and superior handling, leveraging state of the art vehicle dynamics components and controls. In our sports car class, we offer three models: two of which are equipped with mid-rear V8 engines, namely the 488 GTB (with 670 hp) and the 488 Spider (with 670 hp); and one equipped with a front V12 engine, the 812 Superfast (with 800 hp). Our GT cars, while maintaining the performance expected of a Ferrari, are characterized by more refined interiors with a higher focus on comfort and quality of life on-board. In our GT class, we offer two models equipped with our V8 engine, the California T (with 560 hp) and the GTC4Lusso T (with 610 hp), the first Ferrari 4 seater equipped with a V8 turbo engine. We also offer one GT model equipped with our V12 engine, the GTC4Lusso (with 690 hp), our sport-luxury 4 seater and 4 wheel drive. The Ferrari Portofino (with 600 hp), the replacement of the California T, was unveiled in September 2017 and shipments are expected to begin in the second quarter of 2018.

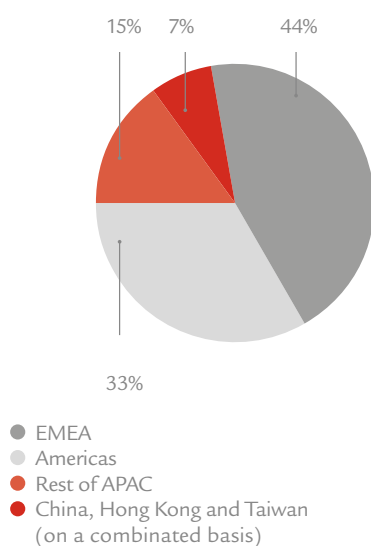
We also from time to time design, engineer and produce special series cars which are based on our range models but introduce novel product concepts. These cars are characterized by significant hardware and software mechanical modifications designed to enhance performance and drivability. Our special series cars are particularly targeted to collectors and, from a commercial and product development standpoint, they facilitate the transition from existing to new range models. Our current special series model is the F12tdf, equipped with a V12 engine with 780 hp.



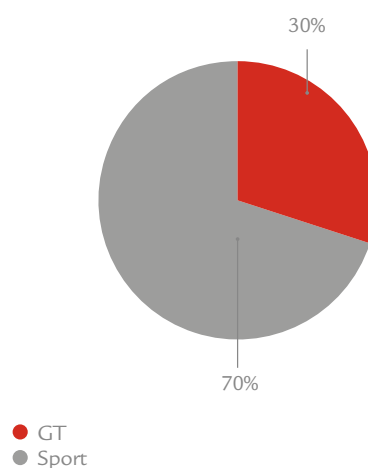
In addition to our range models and special series described above, we also continue the longstanding Ferrari tradition of limited edition supercars, very limited series (*fuori serie*) and one-off cars. Our limited edition supercars, which we typically launch in seven to 10 year intervals, are the highest expression of Ferrari performance and are often the forerunners of technological innovations for the future range models, with innovative features and futuristic design. At the Mondial de l'Automobile 2016 show in Paris we introduced an open top version of the LaFerrari, LaFerrari Aperta, to celebrate the 70<sup>th</sup> anniversary of Ferrari in 2017. Our *fuori serie* cars can be based on range or special series mechanical components, but are characterized by important exterior body modifications resulting in an innovative product by concept or design. These exclusive cars are linked to specific events or celebrations, such as the F60 America (celebrating our 60<sup>th</sup> anniversary of sales in the United States) and the J50 (celebrating our 50<sup>th</sup> anniversary of sales in Japan). Our one-off cars are designed to meet the varying needs of our most loyal and discerning clients. They reflect the exact design and specifications required by our clients and are produced as a single, unique vehicle. (See “*Sports and GT Cars - Limited Edition Supercars, Fuori serie and One-Offs*”).

The graph below sets forth our unit shipments for the years ended December 31, 2017 by geographic market and with a breakdown of Sports and GT cars:

Shipments by geographic market, 2017



Shipments with breakdown of Sports and GT cars, 2017





We are also actively engaged in after sales activities driven, among other things, by the objective of preserving and extending the market value of the cars we sell. We believe our cars' performance in terms of value preservation after a period of ownership significantly exceeds that of any other brand in the luxury car segment. High residual value is important to the primary market because clients, when purchasing our cars, take into account the expected resale value of the car in assessing the overall cost of ownership. Furthermore, a higher residual value potentially lowers the cost for the owner to switch to a new model thereby supporting client loyalty and promoting repeat purchases.

#### RANGE MODELS AND SPECIAL SERIES

Our products include the range models and special series described below. Our range models currently consist of six models, including three sports cars, the 488 GTB, the 488 Spider and the 812 Superfast, and three GT cars, the California T, the GTC4Lusso and the GTC4Lusso T. The Ferrari Portofino will replace the California T, with shipments expected to begin in the second quarter of 2018.

We also offer special series cars based on our range models. These cars are characterized by significant hardware and software modifications (engine, aerodynamics, and dynamics among others), designed to enhance performance and drivability when compared to current range models. Our latest special series, unveiled in October 2015, is the F12tdf, which is based on the F12berlinetta.

All of our range and special series models feature highly customizable interior and exterior options such as forged rims, luxury leathers, seat style, panoramic roof, dashboard and steering wheel inserts (see "*Sports and GT Cars - Personalization Program and Tailor Made Program*").



## 812 Superfast

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V12 engine

## GTC4Lusso

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V12 engine



## 488 GTB

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V8 engine

## 488 Spider

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V8 engine



## GTC4Lusso T

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V8 engine

## Ferrari Portofino

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V8 engine



## PERSONALIZATION PROGRAM AND TAILOR MADE PROGRAM

All of our models feature highly customizable interior and exterior options, which together comprise our personalization catalogue. Some of these options include custom shop wheels, alternate brake caliper colors, parking cameras, MagneRide dual mode suspension, sport exhaust systems, panoramic roof option, various door configurations, steering wheel inserts and state of the art custom high fidelity sound systems.

With our “Special Equipment” program, we offer clients additional customization choices for their car. Our specialists are able to guide clients in creating a very customized car through a wide catalog of special items such as different types of rare leathers, custom stitching, special paints, special carbon fiber, and personalized luggage sets designed to match the car’s interior.

The “Atelier” and “Tailor Made” programs provide two additional levels of personalization in accordance with the expectations of our clients. In particular, in the “Tailor Made” program a dedicated Ferrari designer assists clients in selecting and applying virtually any specific design element chosen by the client. Our clients benefit from a large choice of finishes and accessories in an array of different materials (ranging from cashmere to denim), treatments and hues. To assist our clients’ choice we also offer three collections inspired by Ferrari’s own tradition: *Scuderia* (taking its lead from our sporting history), *Classica* (bringing a modern twist to the styling cues of our signature GT models) and *Inedita* (showcasing more experimental and innovation-led personalization).

## TAILOR MADE 70TH ANNIVERSARY COLLECTION

As part of activities to mark the 70th anniversary of the company, Ferrari Tailor Made, together with the designers of the Ferrari Design Center have put a modern twist on the stylistic features that distinguished 70 iconic Ferraris of the past interpreted in a contemporary way on five of our range models for a total of 350 special edition liveries. All the cars are distinguished by the commemorative logo of the 70th anniversary along with an ID plaque with the name of the model that inspired it. The project was unveiled at the Paris Motor Show in September 2016.

## LIMITED EDITION SUPERCARS, FUORI SERIE AND ONE-OFFS

In line with our tradition of supercars starting with the 288 GTO in 1984 through to the Enzo in 2002 and the LaFerrari Aperta, our latest supercar which we launched in 2016, we also produce limited edition supercars. These are the highest





expression of Ferrari road car performance at the time and are often the forerunners of technological innovations for future range models, with innovative features and futuristic design. Furthermore, in connection with certain events or celebrations, we also launch very limited edition cars (our *fuori serie*). These models can be offered globally, or may be limited to specific local markets. Based on an exotic product concept not available on the standard Ferrari model range, these cars feature completely unique design and specifications compared to our other models.

#### ONE-OFFS

Finally, in order to meet the varying needs of our most loyal and discerning clients, we also from time to time produce one-off models. While based on the chassis and equipped with engines of one of the current range models for homologation and registration purposes, these cars reflect the exact exterior and interior design specifications requested by the clients, and are produced as a single, unique car. Some of the most iconic models to have emerged from our One-Off program include the SP12 EC, the F12 TRS (a radical two-seat roadster created on the platform of the F12berlinetta in 2014) and the 458MM Speciale. The program is expanding due to increasing demand.





## NON-REGISTERED RACING CARS

Based on our Sports and GT cars, we also develop and manufacture special racing cars. These cars are not registered for use on the road and may only be used on track in competitive and non-competitive race events. This activity is managed by the Attività Sportive GT Department which includes: Competizioni GT (taking care of the GT racing) and Corse Clienti (taking care of the Ferrari Challenge one-make series, The Corso Pilota driving courses, the XX Programmes and the F1 Clienti activity).

### *488 GTR/GTLM and 488 GT3/GTD*

They are sold to clients and private teams as racing cars specifically developed for professional racing with the aim to compete in the FIA World Endurance Championship, in several GT International series and also historical races like Daytona 24 Hours, Le Mans 24 Hours.



### *XX Programme*

Since 2005, we have been operating our XX Programme, a non-competitive “owner-test drivers” program organized at some of the best known race tracks in Europe, Asia and North America. Through the XX Programme, we test advanced solutions and technological innovations by providing a select group of clients the opportunity to drive cars enhanced with superior power and performance characteristics. As part of this program, we have developed the FXX K, based on LaFerrari, shipments of which started in the second quarter of 2015. Although conceived as a track-only model, the FXX K was specially styled by Ferrari Design Centre working closely with the aerodynamics engineers. The FXX K received the Red Dot “Best of the Best” Design Award in 2015, one of the most recognized design awards in the world. The FXX K Evo was launched in October 2017 at the Finali Mondiali in Mugello.



### *F1 Clienti*

Introduced in 2003, the F1 Clienti program allows a limited number of exclusive Ferrari lovers to both purchase previously-used Scuderia Ferrari Formula 1 cars and experience them in full. Formula 1 cars that we sell as part of this program include recent cars of the 21<sup>st</sup> century, such as those driven by Kimi Raikkonen and Felipe Massa, and cars from decades ago, such as the 412 T2 of 1995, the last Formula 1 car to be powered by a 12-cylinder engine which is now back on the racetrack thanks to F1 Clienti.

Owners can focus exclusively on the driving experience, while the F1 Clienti program can arrange for the cars to be kept at Maranello for safekeeping, where F1 technicians and mechanics perform regular maintenance of the cars. The F1 Clienti program includes a series of events throughout the year that enable customers to experience the pleasure of driving on prestigious tracks in front of a live crowd.



#### *Ferrari Challenge Trofeo Pirelli - 488 Challenge*

Ferrari Challenge is the biggest one-make series in the world. The series was established in 1993 and the events are FIA approved, thus ensuring very high safety standards and dependable organization. The championship was an immediate success: the formula for the event ensures that cars are very closely matched, thus putting the focus on the drivers. There are three series: Europe, which is the oldest, North America and Asia-Pacific.

The 488 Challenge marks the 25th anniversary of the Ferrari Challenge and was launched in December 2016 at the Finali Mondiali in Daytona. The 488 Challenge is the first equipped with a turbo engine to get on track in the Ferrari one-make series. It is the most powerful car in the Challenge history thanks to 670 hp from the V8 3.9-liter engine derived from the 488 GTB. Ferrari's patented Slip Slip Angle Control software is installed for the first time on a Challenge car, improving the longitudinal acceleration through bends by 4.2 percent. Production started in 2017.



#### *Corso Pilota Driving Courses*

Initiated in 1993, Corso Pilota driving courses enable Ferrari customers to experience and appreciate the full formidable performance of the Ferrari models in a safe environment. It provides an opportunity to attend various, increasingly technical and complex courses that begin with the Sport, Advance, and Evolution levels, and culminate with the Challenge course. Led by professional instructors with years of Ferrari driving experience, the courses are designed to progressively develop participants' driving style and skills so that they will obtain sufficient mastery to compete safely in real Challenge Championship races. The selection and preparation of the Ferrari cars used for the courses is of fundamental importance and the current fleet consists of 488 GTB, 812 Superfast and 488 Challenge models.

## Formula 1 Activities

Participation in the Formula 1 World Championship with Scuderia Ferrari is the core element of our marketing effort and an important source of technological innovation for the engineering, development and production of our Sports and GT cars. The Formula 1 World Championship is the pinnacle of motorsports with over 350 million television viewers in 2017 (*Source: FOM/Kantar Media 2017*), which make it one of the most watched annual sport series in the world.

Scuderia Ferrari has been racing in the Formula 1 World Championship since the series launched in 1950, and won its first Grand Prix in 1951. We are the only team that has competed in each season since launch and the oldest and most successful in the history of Formula 1, with 229 Grand Prix wins. Throughout our racing history, we have won 15 drivers' championships and 16 constructors championships, more than any other team. Many of the best known drivers in the sport's history have raced in Scuderia Ferrari's distinctive red single-seaters including Alberto Ascari, Juan-Manuel Fangio, Niki Lauda, Gilles Villeneuve, Alain Prost and Michael Schumacher. Our drivers' line-up currently comprises four-time World Champion Sebastian Vettel, who joined Ferrari at the beginning of 2015, and Kimi Raikkonen, now in his second term with the Scuderia Ferrari, for which he won the World Drivers title in 2007. Together, the two drivers have won a total of 67 Grands Prix.

The 2017 Formula 1 season was our most successful in the last seven years, with our team achieving five Grands Prix victories and five pole positions. In the Constructors' Championship we achieved our best result since the current point system was implemented in 2010. Reorganization of the team and continuous

research are part of an ongoing process aimed at further improving team performance in the future.

The high brand visibility we achieve through participation in the Formula 1 World Championship has historically enabled us to benefit from significant sponsorships. Philip Morris International has been Scuderia Ferrari's official sponsor for over forty years and, together with Shell (our official sponsor since 1996) remain our principal official sponsors. Banco Santander was also one of our official sponsors from 2008 until the end of 2017. Other official sponsors include Alfa Romeo, UPS, Kaspersky lab, Weichai, Hublot and Ray-Ban. Our official suppliers include, among others, Pirelli, Puma, Ray-Ban, IVECO, Mahle, NGK, Magneti Marelli and OMR.

#### *The Mugello Circuit*

We acquired the international Mugello circuit in Scarperia, near Florence, in 1988. We have renovated its buildings, 5.2 km race track and other testing and racing facilities, making Mugello what we believe to be one of the world's finest circuits of its type, with FIA Grade 1 and FIM Grade A certifications, the highest level of homologation for a racetrack.

We promote the Mugello circuit to event organizers who regularly rent the circuit to host leading car and motorbike races, including the MotoGP World Championship since 1992. In 2017, almost 93,000 people attended the MotoGP World Championship at Mugello, a great attendance for the show.

In 2011, the Mugello circuit won its fifth "Best Grand Prix" award, the highest honor given by the motor sport world for MotoGP organizers. The Mugello circuit is the only track race to have received this award five times.

## Brand Activities

Ferrari is one of the world's leading luxury brands. We engage in brand development and protection activities through licensing contracts with selected partners, retail activities through a chain of franchised or directly managed stores, licensed theme parks and the development of a line of apparel and accessories sold exclusively in our monobrand stores and on our website [www.store.ferrari.com](http://www.store.ferrari.com).

Ferrari owns and manages two museums, one in Maranello and one in Modena, which attracted more than 530,000 visitors in 2017.



## LICENSING AND THEME PARKS

We enter into license agreements with a number of licensees for the design, development and production of Ferrari branded products.

We carefully select our licensees through a rigorous process and we contractually seek to ensure that our brand and intellectual property are protected and that the products which will eventually bear our brand are of adequate quality, appearance and market positioning.

## RETAIL AND E-COMMERCE

Through our network of stores (franchised or directly managed), we offer a wide range of Scuderia Ferrari branded products, including a line of apparel and accessories exclusively sold in our stores and on our website. All products sold in our stores and on our website are either directly sourced from our selected network of suppliers or manufactured by our licensees.

At December 31, 2017, there were a total of 48 retail Ferrari stores, including those in Maranello, Milan, Rome, Macau, New York, Miami, Los Angeles, Johannesburg, Dubai and Abu Dhabi, of which 30 franchised stores (including 8 Ferrari Store Junior) and 18 stores owned and operated by us.

We require all franchisees to operate our monobrand stores according to our standards. Stores are designed, decorated, furnished and stocked according to our directions and specifications.

In recent years, e-commerce has proved to be an increasingly valuable sales channel, with over 490,000 registered users in more than 190 countries and translations in seven languages.

## INTELLECTUAL PROPERTY

We own a number of design and utility patents and registered designs. We expect the number to grow as we continue to pursue technological innovations and to develop our design and brand activities.

We file patent applications in Europe, and around the world (including in the United States) to protect technology and improvements considered important to our business. No single patent is material to our business as a whole.

We also own a number of registered trademarks, designs and patents, including approximately 460 trademarks (word or figurative), registered in several countries and across a number classes.

Our Sports and GT car models and Formula 1 single-seater models are also registered as trademarks (and logotypes) and we also register their designs and domain names.

The protection of intellectual property is also increasingly important in connection with our design and brand activities. Therefore, we adopt and follow internal processes and procedures to ensure both that all necessary protection is given to our intellectual property rights and that no third party rights are infringed by us. In addition, we are particularly active in seeking to limit any counterfeiting activities regarding our Ferrari branded products around the world. To reach this goal we closely monitor trademark applications and domain names worldwide, actively interact with national and local authorities and customs and avail ourselves of a network of experienced outside counsels.

## Materiality Matrix of Ferrari Group

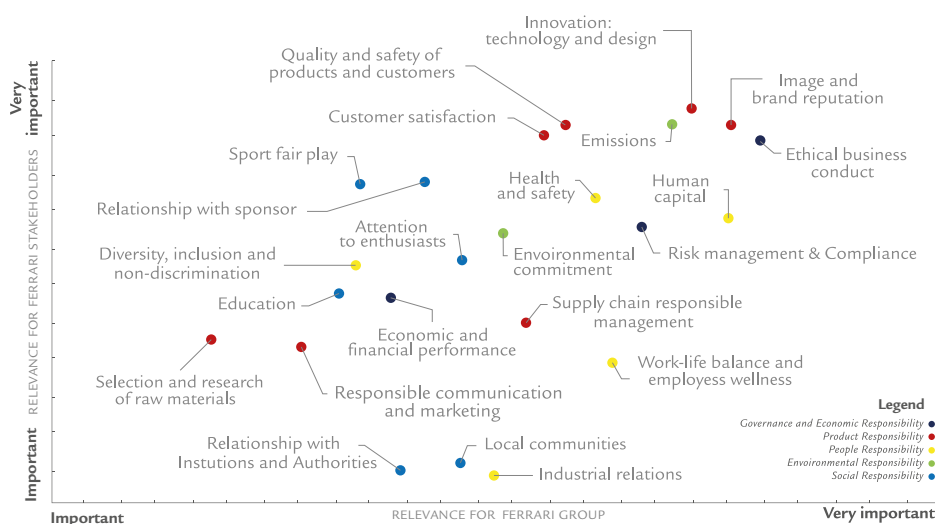
We have updated the analysis of the most relevant sustainability topics (materiality analysis) for us and our stakeholders as disclosed in last year's annual report in order to identify strategic priorities with defined actions.

In the first phase of the analysis, the topics potentially relevant to our Group and our stakeholders were identified. This was done by taking into consideration sector benchmarking analysis, UN Sustainable Development Goals (SDGs), online press reviews, international studies and publications such as the "Sustainability Topics for Sectors: What do stakeholders want to know?" (GRI, 2013).

During the second phase, the Group's senior management, together with a sample of stakeholders, assessed through a questionnaire the relative importance of the identified topics for our Group and our stakeholders (as described in the Stakeholder engagement paragraph).

In order to identify any relevant change in our business context and strategy, this quantitative analysis has been updated in 2017 and has been complemented by a qualitative analysis which resulted in the materiality matrix below.

## MATERIALITY MATRIX OF FERRARI GROUP



The materiality matrix highlights the assessed aspects that are most relevant for the Group and our stakeholders and therefore represent our strategic sustainability priorities, for which actions will be defined.

Specifically, the most relevant topics are related to product responsibility and customer relations: image and brand reputation, quality and safety of product and customers, customer satisfaction, and innovation. The analysis also highlighted the importance of the development of human capital, work-life balance, employees' wellness, health and safety, diversity and inclusion, and industrial relations. Special attention was also paid to ethical business conduct, compliance, risk management, and economic and financial performance. With a particular focus on reducing emissions, our commitment towards the environment is also important. Social responsibility completes the list of topics identified as being the most relevant, with the Group's attention focused on local communities, education (through partnerships with universities and internal talent development), relationships with sponsors, institutions and authorities, engagement with enthusiasts, as well as Ferrari's commitment to setting a positive example in motorsports.

This materiality matrix translated into our sustainability approach characterized by:

1. A high attention and care for products and relationships with clients
  - 1.1 Image and brand reputation
  - 1.2 Quality and safety of products and customers
  - 1.3 Innovation: technology and design
2. Feasible thanks to the effort of the people working in Ferrari
  - 2.1 Human capital
  - 2.2 Work-life balance and employees' wellness
3. A specific focus on compliance and a strong business ethic
  - 3.1 Ethical business conduct and sports and fair play
  - 3.2 Emissions
  - 3.3 Risk management and compliance
4. Keeping the essence of Ferrari alive
  - 4.1 Engagement with enthusiasts
  - 4.2 Relationships with sponsors

For each of the 23 topics that emerged as being material, in order to identify where the issue generates an impact and thus determining its relevance, a specific boundary was identified.

Category	Topics	Boundary
Governance and Economic Responsibility	Ethical business conduct	Ferrari Group, Suppliers, Dealers, Business and Licensing Partners
	Risk management & Compliance	Ferrari Group
	Economic and financial performance	Ferrari Group
People Responsibility	Human capital	Ferrari Group
	Diversity, inclusion and non-discrimination	Ferrari Group, Suppliers, Dealers
	Health and safety	Ferrari Group, Suppliers
	Work-life balance and employee wellness	Ferrari Group
	Industrial relations	Ferrari Group
Product Responsibility	Image and brand reputation	Ferrari Group, Suppliers, Dealers, Business and Licensing Partners
	Customer satisfaction	Ferrari Group, Dealers
	Innovation: technology and design	R&D, Design
	Quality and safety of products and customers	Ferrari Group, Suppliers
	Supply chain responsible management	Purchasing, Suppliers, Business and Licensing Partners
	Responsible communication and marketing	Ferrari Group
	Selection and research of raw materials	R&D, Purchasing, Suppliers
Environmental Responsibility	Environmental commitment	Plants, Circuits
	Emissions	Plants, Circuits, Road Cars
Social Responsibility	Local Communities	Ferrari Group
	Attention to enthusiasts	Ferrari Group, Scuderia Ferrari Club
	Relationship with Institutions and Authorities	Ferrari Group
	Relationship with sponsors	Formula 1 activities
	Education	Ferrari Group
	Sport fair play	Formula 1 activities

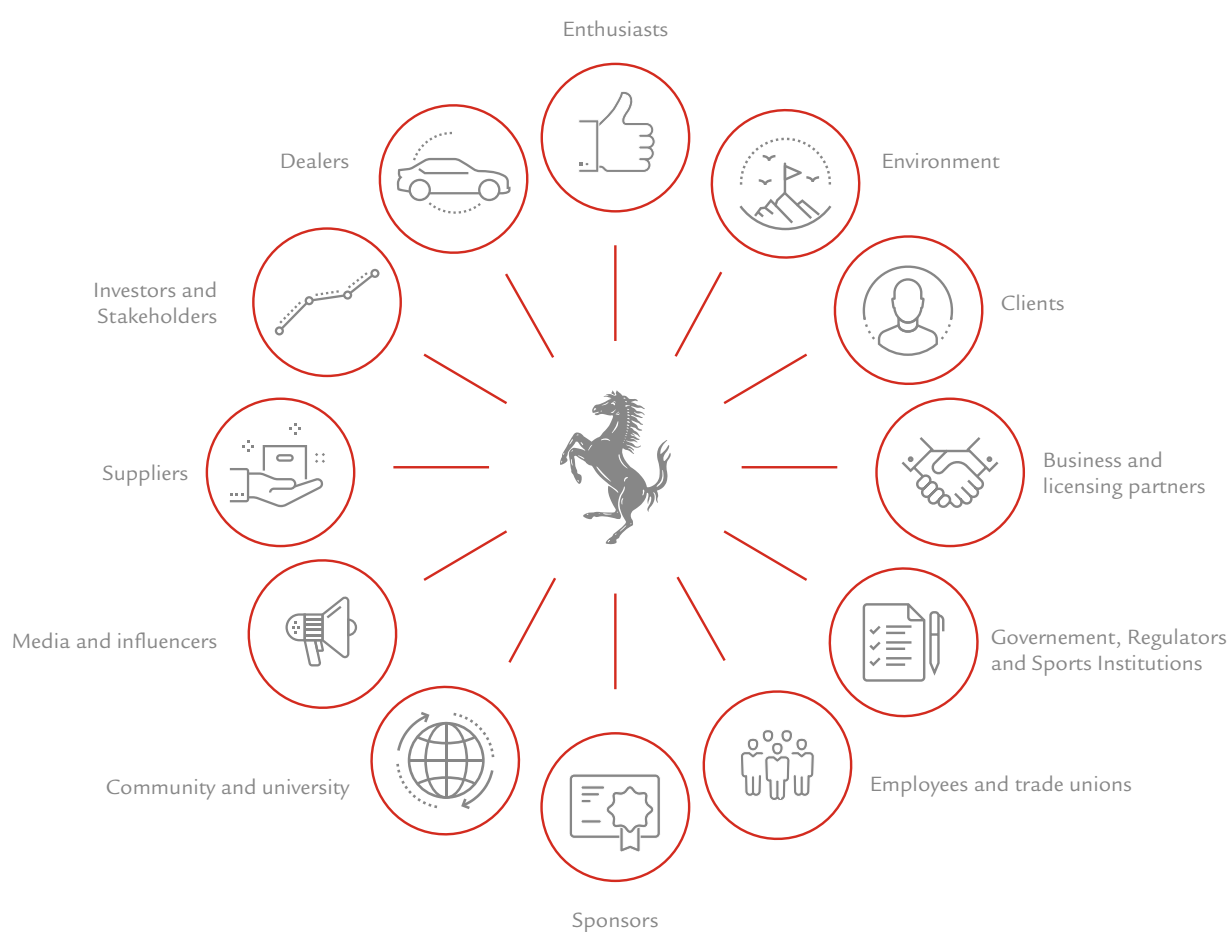
The abovementioned material topics are analyzed in the subsequent chapters within this Sustainability Report and include a qualitative description of management's approach and, where available, selected performance indicators.

## Stakeholder engagement

As an international firm with ambitious corporate objectives and a complex value chain, we need to develop forms of communication and collaboration with both our internal and external stakeholders that allow us to understand their various needs, interests and expectations.

A review of relevant stakeholder groups has been conducted in conjunction with the materiality analysis, addressing material aspects based on their importance to internal and external stakeholders.

This Sustainability Report is addressed to all the stakeholders involved in our activities, as indicated in the following picture:





With regard to stakeholder involvement, we support our brand value by promoting a strong connection with the Ferrari community: our enthusiasts and clients. We focus on strengthening this connection by rewarding our most loyal clients through a range of initiatives.

The high attention and care towards our products is the foundation upon which our success is built, and this is feasible thanks to the efforts of our employees.

We depend on a significant number of suppliers who play an important part in the success of the Group: for the sourcing of certain key components with highly technological specifications, we have developed strong synergistic relationships with some of our suppliers, which are considered “key strategic innovation partners”.

We have invested heavily to minimize our environmental impact. Our vehicles must comply with extensive regional, national and local laws and regulations, and industry self-regulations (including those that regulate vehicle safety).

We are a dual-listed company, therefore, the financial discipline enhanced by the relationship with shareholders and investors supports the company in pursuing its own business targets.

Furthermore, we collaborate with universities and high schools to provide scholarships to exceptional students.

Considering the rising environmental and social changes, these activities are an important part of the sustainability strategy to help us in identifying our sustainability risks and opportunities, as well as to support management in reaching our objectives.

## STAKEHOLDERS DIALOG

Stakeholders	Areas of interest	Communication methods
Enthusiasts	<ul style="list-style-type: none"> <li>F1 Activities</li> <li>Sport and GT Cars</li> <li>“Ferrari Classiche”</li> <li>Brand Value</li> <li>Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Scuderia Ferrari</li> <li>Motor show</li> <li>Website, social media</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Emissions</li> <li>Environmental commitment</li> </ul>	<ul style="list-style-type: none"> <li>Motorshow</li> <li>Website</li> </ul>

Stakeholders	Areas of interest	Communication methods
Clients	<ul style="list-style-type: none"> <li>• Image and brand reputation</li> <li>• Customer satisfaction</li> <li>• Innovation: technology and design</li> <li>• Privacy and security</li> <li>• Quality and safety of products</li> </ul>	<ul style="list-style-type: none"> <li>• Client relations: client and driving events</li> <li>• Personalization Programs</li> <li>• Customer satisfaction survey</li> <li>• Website, social media</li> </ul>
Business and licensing partners	<ul style="list-style-type: none"> <li>• Image and brand reputation</li> <li>• Continuity of the service</li> <li>• Contract terms and conditions</li> <li>• Financial soundness</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Website</li> </ul>
Government, Regulators and Sports Institutions	<ul style="list-style-type: none"> <li>• Compliance with the law</li> <li>• Sport fair play</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogues concerning new regulations and available technologies</li> <li>• Scuderia Ferrari</li> <li>• Financial statements</li> <li>• Website</li> </ul>
Employees and trade unions	<ul style="list-style-type: none"> <li>• Motivation and development</li> <li>• Work-life balance</li> <li>• Welfare</li> <li>• Health and safety</li> <li>• Equal opportunities</li> <li>• Industrial relations</li> <li>• Ethical business conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Induction for new employees and training programs</li> <li>• Internal initiatives</li> <li>• Meetings with Top Management</li> <li>• Collective bargaining agreements</li> <li>• Participation in management-worker health and safety committees</li> <li>• Website, social media</li> </ul>
Sponsors	<ul style="list-style-type: none"> <li>• Formula 1 Activities</li> <li>• Image and brand reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Scuderia Ferrari</li> <li>• Website, social media</li> </ul>
Community and university	<ul style="list-style-type: none"> <li>• Support local initiative</li> <li>• Employment support</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships with universities</li> <li>• Meeting and local events</li> <li>• Website, social media</li> </ul>
Media and influencers	<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Formula 1 Activities</li> <li>• Image and brand reputation</li> <li>• Innovation: technology and design</li> </ul>	<ul style="list-style-type: none"> <li>• Scuderia Ferrari</li> <li>• Press releases</li> <li>• Website, social media</li> <li>• Communication with journalists</li> <li>• New model/technology launch events</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Continuity of the service</li> <li>• Supplier risk assessment</li> <li>• Contract terms and conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Meeting</li> <li>• Contractual documents</li> </ul>
Investors and Stakeholders	<ul style="list-style-type: none"> <li>• Market transparency</li> <li>• Financial soundness</li> <li>• Economic performance</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Financial earnings</li> <li>• Investor Conference</li> <li>• Roadshow</li> <li>• Website</li> </ul>
Dealers	<ul style="list-style-type: none"> <li>• Image and brand reputation</li> <li>• Transparency</li> <li>• Motivation and development</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with Management</li> <li>• Convention</li> <li>• Training course</li> <li>• Website</li> </ul>

## Our Governance

Ferrari N.V. is a public limited liability company, incorporated under the laws of the Netherlands and endorses the principles and best practice provisions of the Dutch corporate governance code issued by the Dutch Corporate Governance Code Committee except for certain provisions as disclosed in its 2017 Annual Report.

### DIRECTORS AND COMMITTEES AS OF DECEMBER 31, 2017

Directors	Executive	Independent <sup>1</sup>	Committees			Directors from <sup>2</sup>
			Audit	Compensation	Governance and Sustainability	
Sergio Marchionne (Chairman and CEO) <sup>3</sup>	•					2, January 2016
John Elkann (Vice Chairman)				•	•	15, April 2016
Piero Ferrari (Vice Chairman)					•	2, January 2016
Louis C. Camilleri (Senior non-executive)		•		•		2, January 2016
Delphine Arnault		•				15, April 2016
Giuseppina Capaldo		•	•			2, January 2016
Eddy Cue		•			•	2, January 2016
Sergio Duca		•	•		•	2, January 2016
Lapo Elkann						15, April 2016
Amedeo Felisa <sup>4</sup>						2, January 2016
Maria Patrizia Grieco		•	•			15, April 2016
Adam Keswick		•				15, April 2016
Elena Zambon		•		•		2, January 2016

### DIRECTORS BY AGE GROUP AND GENDER

Directors	31.12.2017			
	30-50	>50	Total	Total %
Male	3	6	9	69%
Female	2	2	4	31%
Total	5	8	13	100%

For more information, please refer to the “Corporate Governance” paragraph of 2017 Annual Report.

<sup>1</sup> Within the meaning of the Dutch Corporate Governance Code.

<sup>2</sup> References in this table to directors refers to Ferrari N.V. formerly named FE New N.V.. The Board of Directors are appointed annually on each annual general meeting of shareholders.

<sup>3</sup> Mr. Sergio Marchionne has been appointed Chairman on 2, January 2016 and CEO on 2, May 2016

<sup>4</sup> Mr. Amedeo Felisa was an executive director until April 2017.

## OUR SUSTAINABILITY GOVERNANCE

The Governance and Sustainability Committee is responsible for, among other things, assisting and advising the Board of Directors with: (i) the identification of the criteria, professional and personal qualifications for candidates to serve as Directors, (ii) periodical assessment of the size and composition of the Board of Directors, (iii) periodical assessment of the functioning of individual Directors and reporting on this to the Board of Directors, (iv) proposals for appointment of executive and nonexecutive Directors, (v) supervision of the selection criteria and appointment procedure for senior management, (vi) monitoring and evaluating reports on the Group's sustainable development policies and practices, management standards, strategy, performance and governance globally, and (vii) reviewing, assessing and making recommendations as to strategic guidelines for sustainability-related issues, and reviewing the annual Sustainability Report.

The Governance and Sustainability Committee currently consists of Mr. John Elkann (Chairperson), Mr. Cue, Mr. Duca and Mr. Ferrari. The Governance and Sustainability Committee is elected by the Board of Directors and is comprised of at least three Directors. No more than two members may be non-independent, and at most one of the members may be an executive Director.

In 2017 the Governance and Sustainability Committee met once. The Committee reviewed the Board's and Committee's assessments, the Sustainability achievement and objectives, and the recommendations for Directors' election.

## INTEGRITY OF BUSINESS CONDUCT

The foundation of Ferrari's governance model is the Code of Conduct that reflects our commitment to a culture dedicated to integrity, responsibility and ethical behavior. Ferrari endorses the United Nations ("UN") Declaration on Human Rights, the International Labor Organization ("ILO") Conventions and the Organization for Economic Co-Operation and Development ("OECD") Guidelines for Multinational Companies.

Accordingly, the Code of Conduct is intended to be consistent with such guidelines and aims to ensure that all members of Ferrari Group's workforce act with the highest level of integrity, comply with applicable laws, and build a better future for our Company and the communities in which we do business.

Ferrari's integrity system is comprised of these primary elements:

- Principles that capture the Company's commitment to important values in business and personal conduct
- Practices that are the basic rules that must guide our daily behaviors required to achieve our overarching Principles
- Procedures that further articulate the Company's specific operational approach to achieving compliance and that may have specific application limited to certain geographical regions and/or businesses as appropriate.

Our Code of Conduct is approved by the board of directors of Ferrari N.V. and applies to all board members and officers, as well as full-time and part-time employees of the Ferrari Group. The Code of Conduct also applies to all temporary, contract and all other individuals and companies that act on behalf of the Ferrari Group.

Internal Audit investigates possible violations of the Code of Conduct during standard periodic audits and through specific Business Ethics Compliance (BEC) Audits.

The company's policies includes policies for respecting Human Rights which prohibits child and forced labor and pays attention to safe working environment for our employees.

#### ANTI-BRIBERY AND CORRUPTION

Included in Ferrari's Code of Conduct are, among others, rules related to anti-bribery, anti-corruption, competitive behavior and conflicts of interest. Ferrari is committed to the highest standards of integrity, honesty and fairness in all internal and external affairs and will not tolerate any kind of bribery. The laws of virtually all countries in which Ferrari operates prohibit bribery. Ferrari's policy is that no one - director, officer, or other employee, agent or representative - shall, directly or indirectly, give, offer, request, promise, authorize, solicit or accept bribes or any other perquisite (including gift or gratuities with the exception of commercial items universally accepted in an international context of modest economic value, permitted by applicable laws and in compliance with the Code of Conduct and all applicable practices and procedures) in connection with their work for Ferrari at any time or for any reason.

A violation of anti-bribery and anti-corruption laws is a serious offense for both companies and individuals, which can result in significant fines, reputational damage and imprisonment of individuals.



## WHISTLEBLOWING

Violations of the Code of Conduct are determined through periodic activities carried out by our Internal Audit, through the analysis of the reports received in accordance with the Ethics Helpline Management Procedures and through checks forming part of the standard operating procedures.

The Ethics Helpline is a dedicated channel that allows employees, suppliers, dealers, consumers and other stakeholders to request advice about the application of the Code of Conduct, and to report any concerns about alleged situations, events, or actions that they believe may be inconsistent with the Code of Conduct. Stakeholders can also report alleged violations anonymously. The Ethics Helpline can be accessed either by phone or by web intake (with multiple language available) and is an essential element of the management process, in accordance with the Code of Conduct, in relation to raised concerns. It is managed by an independent provider, available 24 hours a day, seven days a week.

Furthermore, Ferrari employees may also seek advice concerning the application and interpretation of the Code of Conduct by contacting their immediate supervisor, Human Resources representatives, or the Legal Department.

The Internal Audit and Legal departments assess all the allegations received, and the results and potential disciplinary actions are reported based on the necessary escalation process (the relevant internal functions are notified of the violations).

On November 15, 2017, Italy's law for whistleblowing, which contains provisions for the protection of reporters of crimes or irregularities that have come to light in the context of a public or private employment relationship, was definitively adopted (Law n. 179/2017). The law concerns the protection of workers, public or private, who report or denounce crimes or other illegal conduct which they have come to know about in the context of their employment relationship. Our whistleblowing procedures are already in line with the new provisions of Law n.179/2017.

The violations of the Code of Conduct have been categorized according to the Principles of the Code of Conduct. Accordingly, Managing Our Assets and Information includes Communicating Effectively, Protecting Ferrari Assets and Maintaining Appropriate Records. The category Interacting with External Parties comprises Avoiding Conflicts of Interest and Supporting Our Communities.

Conducting Business covers Sustainably Purchasing Goods or Services, Transacting Business Legally and Engaging in Sustainable Practices. Finally, Protecting Our Workforce includes behaviours related to Maintaining a Fair and Secure Workplace, and Ensuring Health and Safety. For all Code of Conduct violations, the disciplinary measures taken are commensurate with the seriousness of the case and comply with local legislation.

#### WHISTLEBLOWING REPORTING AS OF DECEMBER 31, 2017

Category	Reports received in 2017	Total 2017 reports closed	Reports in which a violation was confirmed
Conducting business	3	3	3
Interacting with external parties	6	6	2
Managing our assets and information	2	1	0
Protecting our workforce	11	8	1
<b>Total</b>	<b>22</b>	<b>18</b>	<b>6</b>

Periodic reporting is provided to the Chairman and CEO as well as to the Audit Committee.

#### COMPLIANCE

In 2017, there were no significant final judgements relating to breach of (i) corruption law, (ii) anti-competitive, antitrust and monopoly laws, (iii) environmental laws and (iv) social and economic area laws. In the reporting period there were no significant fines and/or non-monetary sanctions with respect to points (iii) and (iv) above and we have not identified incidents of discrimination.

## Sustainability Risks

We are committed to create a culture of sustainability. Creating such a culture requires effective risk management, responsible and proactive decision-making and innovation. Our efforts are aimed at minimizing the negative impacts of our business.

Our risk management approach is an important business driver and it is integral to the achievement of the Group's long-term business plan. We take an integrated approach to risk management, where risk and opportunity assessments are at the core of the leadership team agenda. The Board of Directors is responsible for considering the ability to control strategic, operational, compliance, financial

and reporting risks crucial to achieving its identified business targets, and for the continuity of the Group.

Ferrari has adopted the COSO Framework (Committee of Sponsoring Organizations of the Treadway Commission Report - Enterprise Risk Management Model) as the foundation of its risk management framework. The Group Executive Council (“GEC”), which is supported by senior management, is responsible for identifying, prioritizing and mitigating risks and for the establishment and maintenance of a risk management system across our business functions. At least annually, our risk management framework and risks are discussed with the Group’s Audit Committee.

We have integrated the analysis and assessment of socio-environmental risks in our risk management framework and are currently integrating our risk management activities with the outcomes of the materiality analysis described in the paragraph “Materiality analysis”.

In particular, the most material topics identified by Ferrari are strongly connected with the following key risks and risk trends:

Topics	Key risks and risk trends
Image and brand reputation	Brand Image
Innovation: technology and design	Brand image; Competition
Customer satisfaction	Brand image; Competition

The preservation and enhancement of the value of the Ferrari brand is crucial in driving demand for our cars and our revenues. The perception and recognition of the Ferrari brand are of strategic importance and depend on many factors such as the design, technology, performance, quality and image of our cars, the appeal of our dealerships and stores, the success of our client activities, as well as our general profile, including our brand’s image of exclusivity.

The prestige, identity and appeal of the Ferrari brand also depend on the continued success of the Scuderia Ferrari racing team in the Formula 1 World Championship.

We believe that we compete primarily thanks to our brand image, the performance and design of our cars, our reputation for quality and the driving experience for our customers.

Topics	Key risks and risk trends
Ethical business conduct	Non-compliance with laws, regulations, local standards (including tax) and codes
Emissions	Non-compliance with laws, regulations, local standards (including tax) and codes
Risk management and Compliance	Non-compliance with laws, regulations, local standards (including tax) and codes
Quality and safety of products and customers	Non-compliance with laws, regulations, local standards (including tax) and codes

We are subject to comprehensive and constantly evolving laws, regulations and policies throughout the world. In Europe and the United States, for example, significant governmental regulation is driven by environmental, fuel economy, vehicle safety and noise emission concerns and regulatory enforcement has become more active in recent years.

Topics	Key risks and risk trends
Human capital	Attraction, development and retention of talents
Health and Safety	Attraction, development and retention of talents

Our success depends on the ability of our senior executives and other members of management to effectively manage individual areas of our business and our business as a whole. If we are unable to attract, retain and incentivize senior executives, drivers, team managers and key employees to succeed in international competitions or devote the capital necessary to fund successful racing activities, new models and innovative technology, this may adversely affect potential clients' enthusiasm for the Ferrari brand and their perception of our cars, which could have an adverse effect on our business, results of operations and financial condition. A detailed description of how we respond to these risks can be found in the section "Risk, Risk Management and Control Systems" of 2017 Annual Report.





# Product Responsibility

## Research, Innovation and Technology

Innovation is in our DNA and we will continue pushing boundaries to respond to customers' desires, always setting new standards in the "Ferrari way". Innovation drives products and processes which represent one of our key differentiating factors. This is why we are focused on developing new technologies and distinctive designs.

Participation in the Formula 1 world championship with Scuderia Ferrari is an important source of technological innovation, which is then transferred into Sports and GT cars. The product development efforts continually focus on improving core components, such as the powertrain and the car dynamics, vehicle safety, as well as the use of materials such as special aluminum alloys and carbon fiber. Throughout our history, we have registered various patents, some of which were genuinely revolutionary.

We have been building all-aluminum cars (both body shell and chassis) as standard since 1999 as the material's high performance lightness and stiffness guarantees a far better time-cost ratio for large scale production runs. The Modena plant aluminum hub has perfected more than 25 different alloys, some of which are being used for the first time in the automotive sector. This has led to significant weight savings thereby boosting performance and safety.

One of our other focuses is on innovating our working methods, which involves stimulating the creativity of our employees. With this in mind, we have implemented programs designed to encourage the development of ideas and solutions that will improve products, methods and the working environment. Pole Position Evo, for instance, rewards ideas put forward by individual staff members. In 2017, we received more than 7,600 suggestions from employees (+13% vs. 2016).

In recent years, several of our innovations have been recognized, for instance, by winning the International Engine of the Year award in both 2016 and 2017.

Our focus on excellence requires a strong collaboration with our suppliers, and only a handful of them are considered "key strategic innovation partners". Collaborations with leading universities are also in place to foster the development of new ideas.

Technological breakthroughs are then enhanced through design. In 2010, the Ferrari Design Center was established as a best-in-class in-house design department to improve our control over the design process and to ensure long-

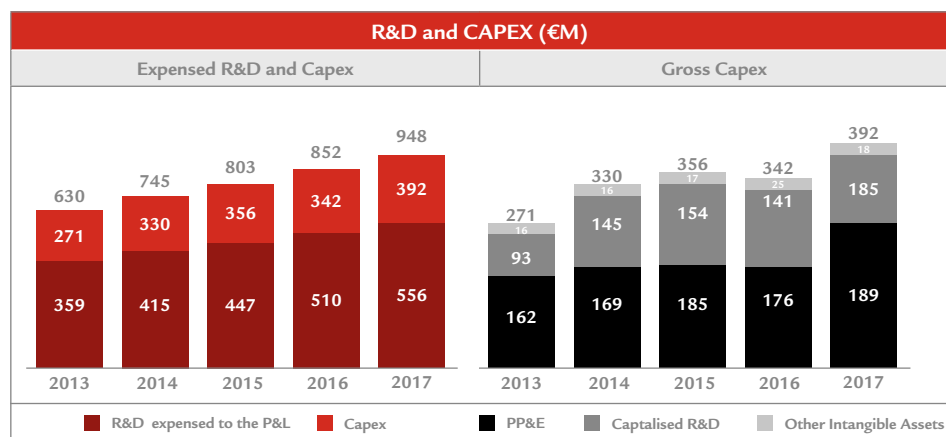


term continuity of the Ferrari style. A guiding principle of the Ferrari style is that each new model represents a clear departure from prior models and introduces new and distinctive aesthetic elements, delivering constant innovation within the furrow of tradition. Our designers, modelers and engineers work together to create car bodies that incorporate the most innovative aerodynamic solutions within the slick and powerful lines typical of Ferrari cars.

The Design team has been presented with several design awards such as the Red Dot Best of the Best award which was granted for three years in a row (2015 – 2017).

We continue to regularly launch new cars with enhanced technological innovations and design improvements. Our plan is to launch at least one new model every year as the purpose is to maintain the product portfolio's leading position and to respond quickly to market demand and technological breakthroughs.

We relish new challenges and are now working hard on the integration of hybrid technology more broadly into our car portfolio. The R&D investments and expenses to fuel the growth of our Group are represented in the charts below.



## DESIGN

The design of our cars is an essential and distinctive component of our products and our brand. Our designers, modelers and engineers work together to create car bodies that incorporate the most innovative aerodynamic solutions in the sleek and powerful lines typical of our cars. The interiors of our cars seek

to balance functionality, aesthetics and comfort. Our cockpits are designed to maximize the driving experience, more sporty or more comfortable, depending on the model through an ergonomic layout of all main controls clustered on the steering wheel, and our cars' interiors boast elegant and sophisticated trims and details. A guiding principle of our design is that each new model represents a clear departure from prior models and introduces new and distinctive aesthetic elements, delivering constant innovation within the furrow of tradition.

For the design of our cars we have relied historically on Italian coachbuilders such as Carrozzeria Touring, Vignale, Scaglietti and especially Pininfarina. The privileged partnership with Pininfarina, spanning over six decades, has helped define Ferrari's design language and has established Ferrari at the forefront of design advance and excellence. Throughout the years this has been recognized repeatedly by a long series of awards being bestowed upon Ferrari road cars.

## PRODUCT DEVELOPMENT

Our product development process is highly structured with the aim of allowing us to respond quickly to market demand and technological breakthroughs and to maintain our position at the top end of the market for car performance and luxury. All of our cars are designed and engineered in Italy, at our factories in Maranello and Modena (Carrozzeria Scaglietti).

Our product development includes innovation programs, components programs and car programs, with regular management reviews and detailed cycle milestones. Our components programs are intended to ensure technological innovation and support the development of future models rather than to create an "off the shelf" catalog of available components.

All our cars are designed and manufactured based on two highly modular architectures incorporating front and mid-rear engines respectively. This allows for flexible manufacturing at low volumes and easy adaptation to different models with limited additional investment. Our architectures utilize a number of common structures, reducing tooling investment for new model production. When developing a new platform, we focus on innovation, leveraging on our collaboration with the select research centers and universities, and flexibility, allowing us to respond efficiently to potentially varied market demand. The flexibility of our platforms enables us to introduce our highly innovative contents on a wide range of models while, at the same time, reducing the fixed costs connected to the use of multiple platforms.

Consistent with our mission to develop cutting edge sports and GT cars, our product development efforts continually focus on improving core components, such as the powertrain, car dynamics, and the use of materials such as special aluminum alloys and carbon fiber (see “*Product Responsibility - Production Process*”).

The expertise we acquired in these fields has recently guided our efforts to combine improved performance with reductions in CO<sub>2</sub> emissions. In recent years, calls for CO<sub>2</sub> emissions reductions have come from regulatory initiatives as well as market demand. LaFerrari is an example of such efforts, and we believe it shows our ability to apply our core mechanical know-how to new and expanding fields such as hybrid technology.

Until 2017, we applied a development cycle for our range models which included “modified” or “M” models that incorporated certain elements of their predecessor models with relevant modifications not only for aesthetic updates but also for key technological improvements. As a result of the progressive implementation of a broadened and hybridized product portfolio we are converging our models into common platforms that will provide additional flexibility to manage propulsion systems and their subsequent evolution and will be aimed at targeting multiple elements such as weight reduction, increased performance, contents and technological adaptations in connection with market regulations.

We also run specific programs for our most critical components, independently from the development of new car models. This is the case of our engines, which we manufacture according to cycle milestones not necessarily connected with the release of a new car model. We have also been producing engines exclusively for Maserati. In 2011 we started the production of the F160 3.0-liter V6 Turbo, and since 2016 we also produce the F161 V6. In 2017, we produced approximately 46,000 engines for Maserati. Many of our components, such as those relating to transmission, power steering, navigation systems and the instrument cluster, are co-designed by us and our suppliers based on our specifications.

Our research and development operations constantly focus on innovating our cars’ concept and package, powertrains design, car architecture and components development.

#### ***Vehicle Concept***

Achieving the most efficient combination of lightweight materials and optimal weight distribution gives our cars their superior longitudinal and lateral driving dynamics. We employ a range of technologies to reduce car weight. For our range models we are currently developing an aluminum lightweight chassis and body,

which is competitive with a carbon fiber chassis. For LaFerrari we are currently using state of the art carbon fiber technologies, which we developed in conjunction with our Formula 1 research and development team. We are currently developing a new architecture, aimed at further reducing car weight and increasing performance, and thus improving stiffness and reducing noise, vibration and harshness (NVH), among other things.

### ***Powertrain***

The powertrain is a core area of our research and development. As with other research and development areas, powertrain research benefits from a constant exchange between the Formula 1 team and designers of our Sports and GT cars.

#### ***Engines***

Our V12 engines' output ranges from 690 hp (in the GTC4Lusso), to 780 hp (in the F12tdf), and up to 800 hp (in the LaFerrari Aperta). This range highlights our versatility in developing V12 aspirated engines, as there are no other carmakers which currently boast such specific high power ratios. With the California T and the 488 GTB, we transitioned from aspirated V8 engines to turbo charged engines. This allowed us to increase specific engine power more than 20 percent, while reducing emissions by up to eight percent. All Ferrari turbo engines are designed to have the same throttle response delivered by a naturally aspirated car. To achieve this goal we are investing in cutting edge turbo charging technologies (such as aluminum-titanium-alloys and ball bearings), with our strategic partner IHI.

To further improve efficiency with respect to emissions and performance we continuously improve on our engines, researching new materials with higher specifications for friction, thermal and mechanical stress. We are also investing in technologies that improve the combustion process, with research focusing on high pressure injection.

#### ***Transmissions***

Our 7-shift double clutch gearbox is a core element of Ferrari powertrains. The architecture of the gearbox, combined with the shifting technologies developed by Ferrari, allow for one of the fastest and most performance orientated shifts on the market. The 488 GTB demonstrates the potential of this gearbox, reaching the 4th gear limiter in full acceleration in six seconds.

### ***Vehicle dynamics***

Suspension, braking systems and tires are key elements of vehicle dynamics. Our vehicle suspensions allow for a very rigid and direct force transmission which increases the response of the car, and we combine those with magnetorheological



ride dampers. We continuously collaborate with our strategic partners in our effort to increase damper dynamics.

All Ferraris are equipped with carbon ceramic brakes, renowned for superior breaking performance. With the 458 Speciale we introduced a new generation of carbon ceramic brakes with even higher breaking performance and reduced weight, which have also been equipped on the F12tdf and we plan to introduce such brakes on our future sports cars.

### ***Aerodynamics***

We are constantly seeking to improve the aerodynamics of our models, working specifically on drag resistance and downforce.

We also use passive and active spoiler systems. Thanks to our collaboration with the racing team, who assist with calculations and testing, we believe we are able to develop innovative solutions in shorter timeframes.

### ***Hybrid technology***

With LaFerrari we developed not only a supercar with cutting edge engine performance and driving dynamics, but also a highly sophisticated hybrid car. In conjunction with our partner Magneti Marelli, we developed a compact electric power unit and DC/DC charger. The battery was developed in conjunction with our Formula 1 team, who has extensive know-how in high performance powertrains.

The LaFerrari project greatly expanded our knowledge of powertrain electrification and its implications on performance and efficiency. We actively work to improve performance and efficiency of electric powertrains and to extend the range of electric components in our cars (e.g. electric power steering).

We are undertaking an important program to understand the potential of hybrid technology and we are researching how to improve the performance and driving experience of our cars without losing fuel efficiency advantages.

We are working intensively to develop an efficient package introducing new electrified components. While maintaining the compactness of the car, we are also seeking to lower the weight as a low center of gravity is crucial not only to performance but also for maximizing the overall driving experience. In our research program we are also considering new technologies outside powertrain.

## Client Relations

Our clients are the backbone of our business together with our brand and our technology. We do not promote our brand or our cars through general advertising. Our main brand marketing and promotional activities have two principal targets.

Firstly, we target the general public. Our most significant effort in this respect is centered on our racing activities and the resonance of Scuderia Ferrari (see “*Formula 1 Activities*”). We also engage in other brand-promotional activities, including participation in motor shows and other public events.

Secondly, we target existing and prospective clients, seeking to promote clients’ knowledge of our products, and their enjoyment of our cars both on road and on track, and to foster long term relationships with our clients, which is key to our success. In 2017, 66 percent of our new cars were sold to Ferrari owners.

By purchasing our cars, clients become part of a select community sharing a primary association with the Ferrari image and we foster this sense of fellowship with a number of initiatives. We strive to maximize the experience of our clients throughout their period of interaction with Ferrari — from first contact, through purchasing decision process, to waiting-time management and ownership.

### CLIENT EVENTS

We organize a number of client events at Maranello and elsewhere.

Our factory in Maranello is the core of our client engagement strategy and a symbolic hub attracting clients and prospects worldwide. Upon invitation, clients and prospects can visit the factory, witness some of its workings and experience several Ferrari core values such as heritage, exclusivity and customization. At the factory, clients have the opportunity to configure their cars through our personalization and bespoke program (see “*Sports and GT Cars - Personalization Program and Tailor Made Program*”).

Every new model launch is carefully staged and selected clients and prospects have preferential access to the new car. The new model presentation begins with the release of images providing a preliminary, often partial view of its design. Clients are then invited to a preview or world premiere. A public model presentation generally follows at motor shows where clients are provided access to the Ferrari stand. Further country and regional events follow before delivery of the first cars to dealers.

During 2017, to celebrate our 70th anniversary, over 60 nations hosted Ferrari events crafted to treat clients and enthusiasts to a string of unique experiences as part of the “*Driven by Emotion*” concept. Thus March 12, 2017 marked the start of the anniversary events, with Australasia opening the program.

The anniversary celebrations were flanked by many initiatives paying homage to the Cavallino Rampante heritage, not least two exclusive tours through Tuscany: the *Cavalcade Classiche* in May devoted to the cars that have made the history of Ferrari, and the *250 GTO rally*, dedicated to one of the best known and admired Ferraris of all time.

On September 7 and 8, moreover, clients were invited to a two day *World Premiere of the Ferrari Portofino*, the new GT convertible with a 600 hp V8 engine, at the famous former fishing village whose name it bears.

The festivities for the 70th anniversary culminated in Maranello on the weekend of September 9 and 10, when Ferrari hosted over 4,000 clients and almost 1,000 cars from all over the world at its Fiorano track.

## DRIVING EVENTS

Driving events serve the dual objective of allowing clients to experience at their best the emotion of driving a Ferrari car, and to foster client loyalty and repeat purchases by creating superior car-usage occasions. Track and sporty driving activities are mainly targeted to clients with a preference for sports models.

In addition to several track day activities, organized by local sales departments and dealers to allow clients to use their cars on ad-hoc rented tracks, Ferrari has a central department responsible for professionally organizing races and racing courses, *Corse Clienti*. The *Corse Clienti* activities take place on some of the world’s most famous race tracks, and include both competitive races, such as the Ferrari Challenge Championships, and non-competitive events, such as with *XX and F1 Programme*. The *XX and F1 Programme* is a highly selective initiative dedicated to a restricted group of clients who own non-homologated GT race cars and F1 cars previously used in the Formula 1 Championship. Ferrari Challenge and XX/Formula 1 events are sometimes accompanied by so-called *Ferrari Racing Days*. These events are open to non-competing clients and prospects and a wider audience, and they offer the opportunity for important client gatherings.

In addition to on-track racing, we organize various on-the-road driving events, including both proprietary formats (*Ferrari Cavalcade*, also including the *International*

*Edition*) or with a branded presence within an established driving event. For example, in the *Ferrari Tribute to Mille Miglia* and the *Ferrari Tribute to Targa Florio* modern Ferrari cars participate in their own regularity rally taking place shortly before the start of the classic Mille Miglia and Targa Florio races.

We see nurturing our clients' passion for driving as a key asset for our future commercial success, particularly in markets where racing traditions are less pronounced. We offer to our prospective and existing clients interested in new Ferrari models our *Esperienza Ferrari* initiative, which consists of driving sessions designed to allow participants to experience the pleasure of driving a Ferrari with a team of highly qualified and skilled Ferrari instructors and technicians professionally trained in high-performance driving. In addition we also offer on-track driving courses to our clients, catering to different levels of skill and experience and teaching essential driving skills for high performance cars. In our newer markets, such as China, we also offer complimentary driving courses on track to any new car buyer.

## DEALER NETWORK

We sell our cars exclusively through a network of authorized dealers (with the exception of one-offs which we sell directly to end clients). In our larger markets we act as importer either through wholly owned subsidiaries or, in China, through a subsidiary partly owned by a local partner, and we sell the cars to dealers for resale to end clients. In smaller markets we generally sell the cars to a single importer. We regularly assess the composition of our dealer network in order to maintain the highest level of quality. The dealer assessment and selection process may cause a variation of the number of dealers from time to time. Following our decision to terminate the distributor in Hong Kong in 2016, we now import cars into Hong Kong directly and have appointed a new dealer which became fully operational during the third quarter of 2017. Moreover, we decided to establish a fully-owned subsidiary aimed to be closer to the market and enhance the brand visibility in this market. At December 31, 2017, our network comprised 164 dealers operating 185 points of sale.

We do not own dealerships and, while our strategy does not contemplate owning dealerships, we retain flexibility to consider all market requirements from time to time.

We believe that our careful and strict selection of the dealers that sell our cars is a key factor for promoting the integrity and success of our brand. Our selection criteria are based on the candidates' reputation, financial solidity and track

record. We are also mindful to select dealers who are able to provide an in-store experience and to market and promote our cars in a manner intended to preserve the Ferrari brand integrity and to ensure the highest level of client satisfaction.

While dealers may hold multiple franchises, we enjoy a high degree of prominence and level of representation at each point of sale, where most of the client interface and retail experience is exclusive to Ferrari. Our network and business development team works directly with individual dealers to ensure various standards are met. All dealers must conform to our rigorous design, layout and corporate identity guidelines ensuring uniformity of the image and client interface. Through the Ferrari Academy we provide training to dealers for sales, after sales and technical activities to ensure our dealer network delivers a consistent level of market leading standards across diverse cultural environments. We train and monitor dealers intensively and we collect and observe data relating to their profitability and financial health in order to prevent or mitigate any adverse experience for clients arising from a dealer ceasing to do business or experiencing financial difficulties. Our representatives visit dealerships regularly to measure compliance with our operating standards. We have the right to terminate dealer relationships in a variety of circumstances including failure to meet performance or financial standards, or failure to comply with our guidelines.

## PARTS

We supply parts for current and older models of Ferrari to our authorized dealer network. In addition to substitution of spare parts during the life of the car, sales are driven by clients' demand for parts to customize their cars and maximize performance, particularly after a change in ownership and to compete in the Ferrari Challenge and other client races. We also supply parts to Ferrari models currently out of production, with stocks dating back to 1995. The stock of parts for even older models is currently owned and managed by a third party which in some cases also manufactures out-of-stock parts based on our design. The sale of parts is a profitable component of our product mix and it is expected to benefit from the increase in the number of Ferrari cars in circulation.

## AFTER SALES

Dealers provide after sales services to clients, either at facilities adjacent to showrooms, or in stand-alone service points across 231 facilities worldwide. After sales activities are very important for our business to ensure the client's continued enjoyment of the car and the experience. Therefore, we enforce a strict quality control on our dealers' services activities and we provide continued training

and support to the dealers' service personnel. This includes our team of "flying doctors," Ferrari engineers who regularly travel to service centers to address difficult technical issues for our clients.

We also sell certain cars together with a scheduled program of recommended maintenance services in order to ensure that these cars are maintained to the highest standards to meet our strict requirements for performance and safety.

While we do not have any direct involvement in pre-owned car sales, we seek to support a healthy secondary market in order to promote the value of our brand, benefit our clients and facilitate sales of new cars. Our dealers provide an inspection service for clients seeking to sell their car which involves detailed checks on the car and a certification on which the client can rely, covering, among other things, the authenticity of the car, the conformity to original technical specifications, and the state of repair. Furthermore, we offer owners of classic Ferrari cars maintenance and restoration services.

#### FINANCIAL SERVICES

We offer retail client financing for the purchase of our cars through Ferrari Financial Services (FFS) in our major markets, including the United States, as well as certain European markets through our associate Ferrari Financial Services GmbH ("FFS GmbH"). We also offer dealer financing through FFS in the United States. Until December 2014 we offered dealer financing in the UK, Germany, Belgium and Switzerland and until May 2015 in Japan.

#### CUSTOMERS' SATISFACTION

We are devoted to the highest level of customer satisfaction. We have a structured process to assess the overall customer satisfaction on product, service provided, events organized by us and the overall customer experience with the car. Specific KPIs are constantly monitored and analyzed by the marketing department. The KPIs are measured through bespoke surveys for each car launch and collected for every new model, from range vehicles to special and limited editions. A similar approach is followed for evaluating the quality of service and satisfaction of events.

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*In 2017, 66% of our new cars  
were sold to Ferrari owners.  
32% of the customers own  
more than one Ferrari*

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The assessment process can involve proactively submitting online questionnaires and conducting telephone interviews with a sample of customers, or by the customers directly reaching out to Ferrari.

Product satisfaction is evaluated through two different questionnaires which enable Ferrari to collate customer comments and feedback. Ferrari conducts the “Report200” to collect the first customer impressions of new models just launched. The “Report200” is a brief questionnaire which is sent to the initial customers a month after the car has been delivered but with only the first 200 replies being collated. A few months following the launch, a second survey named New Car Buyer Satisfaction (“NCBS”) is submitted to customers. The NCBS is a more complete, in depth and detailed assessment on the car and is composed of more than 100 questions aimed at gathering a thorough feedback of the vehicle. In addition, customer satisfaction is also surveyed at an earlier stage following Demo Test Drives at dealer showrooms.

Service satisfaction is evaluated through two different indices: Customer Satisfaction Index (“CSI”) and Ferrari Relationship Index (“FRI”). The purpose of both indices, built on the results of two different tailor-made questionnaires, is to evaluate customer satisfaction in respect of sale and after-sale service. CSI focuses more on the latest service offered by the dealer, while FRI is designed for gauging the long-term relationship established between clients and Ferrari. All results are then collated and analyzed with a statistical model at our headquarters.

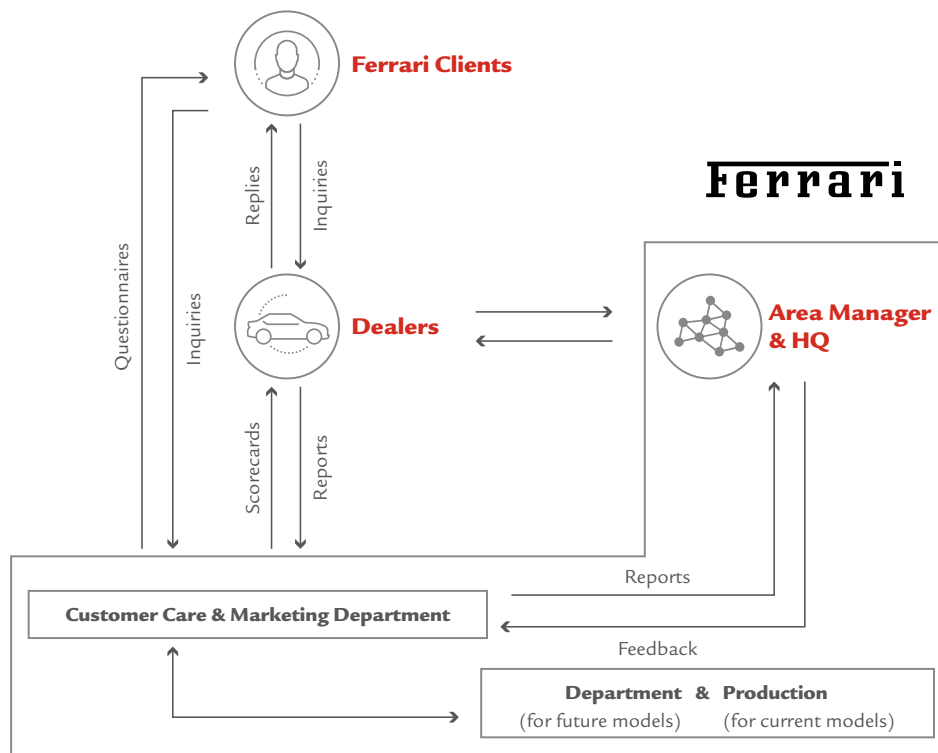
The results of the product and service satisfaction analyses are used to outline any necessary action plan for current models and, additionally, to identify potential features to be added to the next generation of vehicles. Recent surveys show that customer satisfaction for Ferrari products and services has constantly stayed at a very high level.

Starting from 2017, the Customer Satisfaction for the main events organized by headquarter has also been evaluated. The process is aimed at understanding the customer impressions of headquarter events (such as Cavalcade, World Premiere, etc) in order to improve them. All the results are collated and shared with Operative Marketing.

In addition, customer satisfaction is also surveyed on Ferrari Driving Courses worldwide (US, Europe, China) in order to improve these events. All the results are collated and shared with Corse Clienti department. With the sole exception of the “China, Hong Kong and Taiwan” region, customer services is centralized at Group level. When a customer enters into contact with customer services, every single

inquiry is categorized, monitored and managed until resolved and all specifics are integrated in a globally shared database. Detailed reports are periodically created to assess the status of inquiries and subsequently shared within company departments and made available to dealers.

The below chart shows the flow between us and our clients.



We have developed an integrated system between our customer care, dealers, marketing department, and area managers, to track all contact with clients and to share and manage inquiries and the results of customer satisfaction analysis.

## CUSTOMERS' PRIVACY

Customer information is one of Ferrari's cornerstones and a key component of our competitive advantage.

According to the current legislation, the protection of the customers' privacy is regulated by the upcoming new General Data Protection Regulation "GDPR" (EU Regulation 2016/679), which is entering into force on May, 25th 2018 and will replace the previous EU regulation and the national data protection laws.

The new regulation requires the application of increased transparency obligations, the introduction of common records of processing activities and - where advisable - privacy impact assessments.

Within this context, in 2017 we embarked on a path to ensure full compliance with the new regulation. A specific project, involving most of the Company's functions, was started with the aim of:

- Analyzing the requirements of the new data protection regulation;
- Screening and mapping all the sensible information related to each company area;
- Deploying the proper strategy.

We will provide training concerning data privacy compliance to all the relevant employees. In addition, considering their fundamental role as a point of contact with the clients, specific training sessions will be dedicated to certain group of Ferrari dealers in order to protect customers' data and take into account individuals' privacy.

## Vehicle Safety

Vehicle safety is among our top priorities and Ferrari cars are always designed and manufactured with the safety of our customers and other road users in mind. Given the nature of our cars, the electronic equipment is developed with an integrated approach, ensuring the best balance between safety, control and best-in-class performance, to always maintain Ferrari DNA of driving emotions.

All of our range models are subject to a series of tests to obtain approval from the relevant authorities. Moreover, we start assessing all our new models at an early stage of planning and design to identify areas of improvement.

Vehicle safety is the starting point for the guidelines passed down to the

engineers that participate in the design of every component, from the car framework to the end. Moreover, specific devices are installed in racing cars to obtain FIA (Federation International de l'Automobile) approval.

With the aim of solving issues beforehand and reducing the environmental impact of these activities, all tests are reproduced in a state-of-the-art virtual environment before conducting them with real cars. Prior to being delivered, every Ferrari, complete a 40-Kilometer road test-drive.

We believe that the future developments of vehicle safety will be linked to advanced driver assistance systems (ADAS) and human-machine interface (HMI), and we are currently assessing the feasibility of the implementation of the most recent trends and development in terms of simplifying and easing the interaction between the car and the driver to avoid any distraction.

Vehicles sold in Europe are subject to vehicle safety regulations established by the EU or by individual Member States. In 2009, the EU established a simplified framework for vehicle safety, repealing more than 50 directives and replacing them with a single regulation aimed at incorporating relevant United Nations standards. This incorporation process began in 2012. With respect to regulations on advanced safety systems, the EU now requires new model cars from 2011 on to have electronic stability control systems and tire pressure monitoring systems (beginning in 2012). Also introduced were regulations on low-rolling resistance tires. From April 2009, the criteria for whole vehicle type approval were extended to cover all new road vehicles, to be phased in over five years depending on the vehicle category. The framework is reviewed periodically, and a revised version of the General Safety Regulation is currently under discussion. As revised, the regulation would mandate new model cars to be compliant, among other things, with to Advanced Driver Assistance Systems (ADAS), pole side impact protection, full overlap frontal crash, small overlap crash requirements. In 2017 the EU published technical requirements for the Emergency Call (eCall) system, mandatory for new model cars starting from 2018.

Under U.S. federal law, all vehicles sold in the United States must comply with Federal Motor Vehicle Safety Standards ("FMVSS") promulgated by the NHTSA. Manufacturers need to provide certification that all vehicles are in compliance with those standards. In addition, if a vehicle contains a defect that is related to motor vehicle safety or does not comply with an applicable FMVSS, the manufacturer must notify vehicle owners and provide a remedy at no cost to the consumer. Moreover, the Transportation Recall Enhancement, Accountability, and Documentation Act requires manufacturers to report certain information related to claims and lawsuits

involving fatalities and injuries in the United States if alleged to be caused by their vehicles, and other information related to client complaints, warranty claims, and field reports in the United States, as well as information about fatalities and recalls outside the United States. Several new or amended FMVSSs will take effect during the next few years in certain instances under phase-in schedules that require only a portion of a manufacturer's fleet to comply in the early years of the phase-in. These include an amendment to the side impact protection requirements that added several new tests and performance requirements (FMVSS No. 214), an amendment to roof crush resistance requirements (FMVSS No. 216), and a new rule for ejection mitigation requirements (FMVSS No. 226). Because of our status as SVM, Ferrari is required to be compliant at the end of the phase-in period. Under the Transportation Recall Enhancement, Accountability, and Documentation Act ("TREAD"), we must log certain information, including incidents involving death or injury, with the NHTSA. In 2014 we paid a \$3.5 million civil penalty to the NHTSA for reporting failures related to the period 2011-2014 and for failure to comply with early warning reporting requirements in connection with three fatalities. We have upgraded our procedures for compliance.

On July 14, 2015, we issued a safety recall report with the NHTSA, after being notified by Takata Corporation that certain driver's side airbags manufactured by Takata, installed in certain model year 2015 cars, were defective. The recall impacts 814 of our model year 2015 cars sold in the United States and also relates to up to an additional 1,600 model year 2015 cars in other regions. The defect, caused by pre-assembled airbags supplied by Takata, relates to insufficient gluing of the airbag cover and a possible incorrect installation of the driver's airbag cushion. The replacement component has been produced with improved gluing methods as well as improved airbag assembly measures. We have implemented a recall to remedy this safety defect. In addition, Ferrari cars were included within the NHTSA Consent Order Amendment dated May 4, 2016 with Takata (the "Amended Consent Order") due to a defect which may arise in the non-desiccated Takata passenger airbag inflators mounted on certain Ferrari cars. As a result of such Amended Consent Order, Ferrari filed a Part 573 Defect Information Report on May 23, 2016 with the NHTSA and has initiated a global recall relating to certain cars produced between 2008 and 2011. In December 2016, the NHTSA issued a Third Amendment to the Coordinated Remedy Order ("ACRO") which included the list of Ferrari vehicles sold in the United States up to model year 2017 to be recalled. As a consequence of the ACRO, Ferrari has decided to extend the Takata global recall campaign to all vehicles worldwide mounting non-desiccated Takata passenger airbag inflators. In January 2017 Ferrari, in accordance with the Amended Consent Order and the ACRO, filed with the NHTSA a Part 573 Defect Information Report to include Model Year 2012 Zone A vehicles. In January 2018,

Ferrari, in accordance with the Amended Consent Order and the ACRO, also filed with the NHTSA a Part 573 Defect Information Report to include Model Year 2013 Zone A vehicles. As a result of the ACRO and the decision to extend the worldwide Takata airbag inflator recall, Ferrari increased its provisions for the estimated charges for Takata airbag inflators recalls to €37 million in the year ended December 31, 2016 to cover the cost of the worldwide global Takata recall due to uncertainty of recoverability of the costs from Takata. At December 31, 2017 the provision amounted to €35 million.

In December 2015, we issued two safety calls reports with the NHTSA, after learning that certain low pressure fuel lines manufactured and supplied by Dytech – Dynamic Flued Technologies S.p.A. were defective. The recall impacts 185 California T vehicles and 119 488 GTB vehicles sold in the United States and 65 California T Vehicles and 199 488 GTB vehicles sold in other regions. The defect was due to an improper coating treatment made by the supplier Dytech on the metallic part of the fuel pipe where it connects to the fuel pump. The replacement component has been produced with the proper coating. We have implemented a separate recall on each model to remedy this safety defect.

In 2016, the NHTSA published Phase II draft guidelines for driver distraction, for portable and aftermarket devices, and the associated compliance costs may be substantial. These guidelines, together with previously published Phase I provisions focus, among other things, on the need to modify the design of car devices and other driver interfaces to minimize driver distraction. Compliance with these new requirements, as well as other possible future NHTSA requirements, is likely to be difficult and/or costly. We are in the process of evaluating these guidelines and their potential impact on our results of operations and financial position and determining what steps and/or countermeasures, if any, we will need to make.

In 2017 Chinese authorities published the updated version of the current General Safety Regulation, becoming the driver market for the Event Data Recorder mandatory installation starting from 2021. Technical requirements will be defined through a dedicated standard within 2018.

## Responsible Supply Chain

Our focus on excellence, in terms of luxury, quality, aesthetics and performance, requires us to implement a responsible and efficient supply chain management in order to select suppliers and partners that are able to meet our high standards. We source a variety of components (among which transmissions, brakes, driving-safety systems and others), raw materials (such as aluminum and precious metals),



supplies, utilities, logistics and other services from numerous suppliers.

All suppliers must respect the Ferrari Code of Conduct, which includes the set of values recognized, adhered to and promoted by the Company. The Code of Conduct was updated to include specific guidelines relating to the respect of human rights and conflicts of interest. The Ferrari Group made its best effort to ensure that the Code is regarded as a best practice of business conduct and followed by third parties, including long lasting relationship business partners such as suppliers, dealers, advisors and agents.

Notwithstanding the low volume of cars manufactured, our production process requires a great variety of inputs entailing a complex supply chain management to ensure continuity of production.

Our focus on excellence, in terms of luxury and performance, require us to select suppliers and partners that are able to meet our high standards. For the sourcing of certain key components with highly technological specifications, we have developed strongly synergic relationships with some of our suppliers, which we consider “key strategic innovation partners.” We currently rely on 14 key strategic innovation partners, including GETRAG and Brembo for the supply of transmissions and brakes respectively. We have also developed strong relationships with other industrial partners for bodyworks and chassis manufacturing and for powertrain and transmissions, among other things. Pursuant to our make-or-buy strategy, we generally retain production in-house whenever we have an interest in preserving or developing technological know-how or when we believe that outsourcing would impair the efficiency and flexibility of our production process. Therefore, we continue to invest in the skills and processes required for low-volume production of components that we believe improve product quality.

Products sold through Ferrari’s wholesale network, stores (franchised or directly managed) and on our website are either developed directly or produced through licensing agreements.

## Production process

Our production facilities are located in Maranello and in Modena, Italy. Our production processes include supply chain management, production and distribution logistics of cars in our range models and special series, as well as assembly of prototypes and avanseries.

Most of the manufacturing process takes place in Maranello, including

aluminum alloy casting in our foundry, engine construction, mechanical machining, painting, car assembly, and bench testing; at our second plant in Modena (Carrozzeria Scaglietti) we manufacture our cars' aluminum bodyworks. All parts and components not produced in house at Ferrari are sourced from our panel of suppliers.

In recent years we have made significant investments in our manufacturing facilities, and between 2002 and 2012 the plants housing our production processes were entirely renovated or rebuilt. We plan our investment activities based on an estimated plant useful life of approximately 20 years. Equipment, on the other hand, may require substantial investment with the introduction of new models, particularly in the case of shell tools for the foundry, tools for machining, feature tools for body welding and special mounting equipment for the assembly.

Unlike most low volume car producers, we operate our own foundry and machining department producing several of the main components of our engines, such as engine blocks, cylinders heads and crankshafts. We believe this accelerates product development and results in components that meet our specifications more closely.

#### *Engine Production*

Our engines are produced according to a vertical structure, from the casting of aluminum in our foundry up to the final assembly and testing of the engine. Several of the main components of our engines, such as blocks and cylinders heads are produced at our foundry in Maranello. For this purpose, we use a special aluminum alloy that includes seven percent silicon and a trace of iron, which improves mechanical integrity, and our own shell and sand casting molds. Once all components are ready, engines are assembled, on different lines for our V8 engines, V12 engines and for the V6 engines we manufacture for Maserati. The assembly process is a combination of automatic and manual operations. At the start of the assembly process, each engine is identified with a barcode and operations are recorded electronically. Every engine then goes to the test benches where its power and torque output are measured to ensure it delivers the expected performance. In 2017 we produced an average of approximately 240 engines per day, including approximately 12 V12, 41 V8 (including 2 V8 turbo and 12 V8 aspirated for Maserati) and 187 V6 engines for Maserati.

#### *Body Assembly*

In parallel with the assembly of our engines, we prepare our body-shells at our panel shop Carrozzeria Scaglietti in Modena. The main components of body-shells are not manufactured internally but are sourced from manufacturers such

as Officine Meccaniche Rezzatesi for chassis and Fontana Group and SuperForm for bodies. At Carrozzeria Scaglietti we have two different production lines dedicated to the assembly of our V8 and V12 aluminum bodies. We carefully check the alignment of the various parts —most importantly the engine cover and the wings —with electronic templates and gauges. Our highly trained specialists also perform surface controls to the aluminum panels and eliminate any imperfections by either filing or panel beating. In our Scaglietti plant we also have a dedicated line for the assembly of a special carbon fiber body for our supercar “LaFerrari Aperta”.

#### *Painting*

Our paint shop was inaugurated in 2004 with what we believe to be state-of-the-art technology. When transferred to our paint shop, the bodies are mounted on a loading bay, immersed in the cataphoresis tanks and subsequently transferred to a fixing gas fired oven at 140 degrees. Primers are then applied and fixed at 190 degrees until the completely grey body-shell is ready for painting. All body-shells are cleaned with automatic pressure blowers (to avoid the electrostatic effect) and carefully brushed with emu feathers (because of their natural electrostatic properties) to clean off any dirt particles or impurities before painting. The painting process is automated for the larger surfaces, while it is done by hand for some other localized areas. The whole car is painted at the same time to ensure color harmony. The bodies are finally polished with lacquer to fix the paint and give the bodies their final finish. In 2017 we substituted the robot which applies the base coat with a new generation robot to improve quality and technical efficiency.

#### *Assembly Line and Final Checks*

The final assembly of our cars takes place in our body-shop, built in 2008. We have two different lines placed at ground level and the first floor of the building. For each model, the initial assembly operations take place simultaneously on different lines and sections to maximize efficiency so while the body is assembled on the main line, the powertrain, as well as the cockpit and the doors, are prepared on a specific sub-line.

#### *Personalization and Road Tests*

During the process of assembly of our cars we manage the fitting of all bespoke interiors, components and special equipment options that our clients choose as part of our personalization program (see “*Sports and GT Cars - Personalization Program and Tailor Made Program*”). After the assembly phase, every car completes a 40-kilometer road test-drive.

#### *Finishing and Cleaning*

After the road test all cars go to the finishing department. There, we thoroughly clean interior and exterior, check the whole car, polish and finish the bodies to give them their final appearance.

## Conflict minerals

Ferrari supports the goal of preventing the exploitation of minerals violating human rights. As part of Ferrari's commitment to respect and promote human rights and the sustainability of its operations, Ferrari selects suppliers based not only on the quality and competitiveness of their products and services, but also on their adherence to social, ethical and environmental principles, as outlined in Ferrari's Code of Conduct.

Many geopolitical experts believe that conflicts may increasingly arise over access to raw materials. For this reason, Ferrari places a high priority on responsible sourcing and the integrity of its suppliers.

Ferrari promotes socially responsible sourcing by making reasonable effort to trace the source of conflict minerals contained in our products.

The complex global challenge of managing multiple layers of suppliers is a driving force in working with peers to address ethical and social sourcing risks. Ferrari has developed strategies addressing Section 1502 of the Dodd-Frank Act, as well as subsequent rules promulgated by the U.S. Securities and Exchange Commission (SEC), regarding conflict minerals. The rule requires companies to determine whether tin, tantalum, tungsten, or gold (3TG) in their supply chain originated from the Democratic Republic of the Congo (DRC) or surrounding countries, and if the sale of those minerals supported the armed conflict in the DRC. Therefore, Ferrari is currently surveying whether and to what extent any of Tantalum, Tin, Tungsten (and the minerals that they are derived from – Columbite-tantalite (coltan), cassiterite and wolframite and Gold) are necessary to the functionality or production of a product manufactured by Ferrari or contracted by Ferrari to be manufactured, with a view to designing appropriate policies and procedures specifically applicable to the supply chain for those minerals.

In addition, Ferrari is obtaining conflict minerals reporting information through the iPoint Conflict Minerals Platform (iPCMP), a web-based data management tool based on the Conflict Minerals Reporting Template.

Ferrari reviews the information and works with suppliers to ensure the fulfillment of due diligence obligations under the SEC conflict minerals rule. Ferrari's initial public offering was completed in October 2015 and, in accordance with the rules and regulations of the U.S. Securities and Exchange Commission applicable to Ferrari, Ferrari expects to file its first report relating to conflict minerals in May 2018, if any will be required, with respect to the calendar year 2017.





# Our people

The high attention and care for our products is the foundation upon which Ferrari's success is built and this is feasible thanks to the efforts of the people working in Ferrari. One of the many strengths is the ability to attract, retain and develop talents. Since 1997, we have developed the "Formula Uomo" initiative, with the intention of developing a high quality working life for our employees.

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*"I believe factories are made of machines, walls and people. Ferrari is made most of all by people" E. Ferrari*

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Over the years, the project has become a pillar of our culture, based on redesigning the working environment, enforcing a safety-first culture, enabling individual development, enhancing teamwork and building a community now comprising 40 different nationalities.

## Working environment

We know that the best individual and team performance is only achieved if employees feel they are in the right environment. We also believe that the quality of our products cannot be separated from the lives of the people working in Ferrari.

That is why the working environment and wellbeing of the company's employees are among our most important priorities.

Our complex in Maranello, a state-of-the-art work environment was designed to reinforce the synergistic relationship between work and results. Our manufacturing facilities are specifically designed with the needs of employees firmly in mind and combines carefully designed lighting systems, green areas (there are numerous trees along the roads and plants within the factory), a new restaurant, and special measures aimed at reducing the environmental impact and noise through the use of advanced technologies.

Over the past few years, a significant investment has been made to increase the green areas. These can be found both inside and outside of the various factory buildings, and today cover a surface area of 165,000 square metres.

To promote an active lifestyle among our employees, we have launched the "Formula Benessere" program, aimed at providing preventative healthcare to employees and their children. A gym is available for all the employees at Maranello







3,380  
EMPLOYEES  
UP 4% VS 2016



> 35,500

HOURS OF TRAINING



2,200

MEDICAL CHECKUPS AND SPECIALISTIC  
CHECKUPS PERFORMED THROUGH  
"FORMULA BENESSERE"



44

SCOLARSHIPS

570

REFUNDS FOR  
CHILDREN'S TEXTBOOKS

> 700

CHILDREN ATTENDED  
THE SUMMER CAMP  
"FORMULA ESTATE JUNIOR"



and employees at the Modena plant have free membership in one of the city gyms. Initially provided to the F1 racing team as part of their training program for the Grand Prix activities, the initiative was subsequently rolled out to all employees.

As part of the “Formula Benessere” benefits, preventative healthcare is provided to all employees and their children. Medical specialists are available for consultation in areas such as cardiology, osteopathy and dermatology, among others. A free annual check-up focusing on general health and fitness is provided to senior managers and to the children of all employees.

Our attention to the promotion of health and safety among our employees goes beyond what is required by law and special workshops are organized for employees to raise awareness on the importance of these topics.

Having a healthy working environment is the aim of a series of initiatives within the “Formula Uomo” program. As an example, the Machining Department building is designed to maximize the amount of natural light and, similar to many other facilities, benefits from several internal and external green areas. Its design is aimed at providing the workshops with maximum acoustic comfort thanks to noise reduction solutions (source and reverberation).

We have also invested in our own on-site foundry, where we manufacture aluminum alloys as well as parts of engines and bodyworks. Since 2013, the foundry has included a cooling system that makes it air-conditioned and climate controlled.

To foster a sense of belonging among employees and their families and to provide them with support during the summer vacation, we have launched the program “Formula Estate Junior”, a free day camp for children of employees aged 3 to 13, with various programs including sports, outdoor activities, excursions and workshops. The program has a duration of 11 weeks (with a shorter 3-day version taking place during Easter holidays) and allows children to enjoy an exciting experience with a didactic purpose: each edition of the “Formula Estate Junior” camp has an educational theme developed by around 80 professional educators and is organized in collaboration with the local community.

Education is also the focus of a series of different initiatives that provide scholarships to exceptional junior high, high school and university students. In 2017, we reimbursed 570 employees for the cost of their children’s textbooks (reimbursement is offered to all employees’ children until high school) and, in certain cases, we reimburse the cost of school textbooks for employees in continued

education. In 2017, we provided 44 scholarships and, going forward, we aim to offer specific scholarships to help children of employees to study abroad.

We offer additional benefits to our employees, including personalized loans at competitive rates in local banks, discounts in various commercial and service outlets and the opportunity to ask questions at the Info point of the Maranello plant. To foster the sense of belonging, the Company organizes multiple events such as the “Natale Bimbi” and the “Family Day”, where we open the gates to the families and friends of all employees.

To celebrate our 70th Anniversary, 18,000 people crowded the Maranello and Modena plant complex for the 2017 edition of the Family Day event, which was also attended by Chairman and CEO Sergio Marchionne and Vice-Chairman Piero Ferrari. Some of our most exclusive areas were opened to the visitors especially for the occasion. Family Day also provided a close look at the past and present single-seaters as well as other racing cars.

All these benefits are provided to all our employees.

## Training and talent development

Along with the need to hire, develop, and retain talents, we are aware that we must manage human capital as a critical resource to achieve the best possible results.

The success, prestige and appeal of our brand depends on the ability to attract talents and retain them. In particular, top drivers, racing management, engineering talent and all the employees that make Ferrari unique have to be rewarded, as they deserve based on their ability, determination, and expectations. This is why we provide career progression opportunities tailored to each individual's strengths and ambitions, and the company's own requirements, underpinned by substantial investments in training.

Human capital development ensures that the company has the appropriate skill set to execute the business strategy and improve employee attraction, retention, as well as motivation, and, as a result, enhance productivity and the quest for innovation.

Regarding specific training initiatives, in 2009 we started the "Scuola dei mestieri" for training both office staff and operatives with the help of in-house tutors and external instructors, the "Maestri", who attend dedicated educational programs to learn how to transfer their know-how.

The "Scuola dei mestieri" is a unique in-house technical training project which increases the professionalism of junior talents and motivates senior employees, recognizing their competencies by asking them to become Maestri and pass on Ferrari's unique heritage to the next generation. The initiative combines different didactic methodologies, including on the job sessions and in-classroom training, both focused on the consolidation of competencies and skills with a particular focus on innovation. Moreover, the initiative allows Ferrari to interact with technical institutes, which are the cradle for future talents.

## NUMBER OF PARTICIPATIONS AND TOTAL TRAINING HOURS OF “SCUOLA DEI MESTIERI” <sup>5</sup>

	2017	2016
<b>Participations</b>	1,580	643
<b>Training hours</b>	11,912	3,310

On one hand, the Maestri transfer their know-how to other employees, while on the other, we also developed internally the “Department Team Leaders”, who are expert workers in our manufacturing processes. In the last couple of years, we have decided to strongly invest in the team leaders’ professional and soft skills. Our purpose is to create a cross functional group to be the point of reference for the rest of the team. Department Team Leaders (around 100 employees) are also responsible for the Pit Stop and Pole Position programs among their shift colleagues.

We offer an ongoing language training program, covering both professional development and specific interests of employees.

Additionally, all training rooms are located within the plant, surrounded by green areas and equipped with noise reduction solutions to foster acoustic comfort.

## AVERAGE HOURS OF TRAINING BY GENDER AND BY EMPLOYEE CATEGORY

Gender	2017	2016
<b>Male</b>	10.98	9.39
<b>Female</b>	7.18	8.86
<b>Total</b>	<b>10.51</b>	<b>9.33</b>

Employee category	2017	2016
<b>Senior Managers</b>	27.90	10.23
<b>Managers and Professionals</b>	16.24	13.60
<b>White collars</b>	10.08	11.32
<b>Workers</b>	8.50	7.19
<b>Total</b>	<b>10.51</b>	<b>9.33</b>

<sup>5</sup> Data also refers to participations and training hours provided to external workers.

Anti-corruption and human rights training is provided in conjunction with our Code of Conduct: all employees are required to complete an online training, and specific educational material is provided to workers. A similar approach has been taken for online trainings on SOX topics and Cyber Security Training Basic Rules.

## RECRUITMENT, SELECTION AND EMPLOYEE RETENTION

At Ferrari, recruitment and selection is about sourcing the right qualities and skills that will represent the backbone of future success and innovation. Our recruitment process provides a platform to engage with future employees, to assess competencies through a structured selection process, and to prepare for post-recruitment integration and development.

Firstly, we evaluate Curricula Vitae and letters to make an initial assessment of the suitability and motivation of candidates. The first interview is then carried out by Recruitment and Selection specialists and/or HR Management. Video interviews may be run to bridge time or distance. Technical interviews are then organized with the relevant Department heads. We have developed internally a Graduates Project aimed at identifying and recruiting the most talented graduates from the world's best universities.

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*Ferrari Graduates Project  
is aimed at identifying and  
recruiting the most talented  
graduates from the world's  
best universities*

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The process may also include assessments (individual or group) and aptitude tests, depending on the role or specific recruitment program. Due to our multicultural environment, fluency in English is required in all functions for graduates and experienced hires.

To ease employees into the new job, Ferrari provides a two-day induction program. The first day is dedicated to introducing the company culture and mission, as well as guiding new joiners through the corporate offices and production plants. The following day is focused on health and safety training.

All employees receive a regular performance and career development review, tailored to their role. Semi-annual formal reviews are carried out for all Senior and Middle managers as well as a relevant portion of Employees, with the results linked to their variable remuneration. Workers are subjected to a different kind of review which envisages regular assessments aimed at developing their internal career path. Ferrari encourages the professional growth of its employees and tries to fill key positions with talented internal candidates before tapping into the external market.



To promote responsible behavior during the assembling phase of cars and engines, we launched many years ago the “Pit Stop” and “Fiorano Race” initiatives, whereby colleagues on the same shift are assigned to “teams”, with key performance indicators in place for occupational health and safety, absenteeism and quality. The teams are then ranked based on this data, with the best performers being rewarded. Furthermore, we organize the “Pole Position Evo” program to evaluate individual performances.

We reward our employees, excluding senior management, through a productivity bonus called “Premio di Competitività” based on yearly shipments and adj. EBITDA results, as well as a product quality index adjusted on individual absenteeism rate. In 2017, we paid a maximum amount of around Euro 4,800. In addition, approx. Euro 5,000 were distributed due to the 70th anniversary of Ferrari.

During 2017, we implemented a specific online tool to assess and monitor the performance of our employees: roughly 800 employees have already been evaluated using this new system that allows tracking and sharing, with the employees themselves and with management, the results of the assessment, strengths and improvement areas, in addition to the aspiration of the employees and their final evaluation. This online tool will be extended to all employees by 2020, ensuring a transparent process for the performance and career development review process.

#### EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW BY GENDER IN 2017

Gender	Percentage
Male	22%
Female	42%

#### EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW BY EMPLOYEE CATEGORY IN 2017

Employee category	Percentage
Senior manager	92%
Managers and Professionals	95%
White Collars	30%
Workers	0%

In 2017, an extensive analysis of the key positions covered by our employees has been conducted: the results have been used to develop specific succession plans, with a timeframe of 2-4 years, to ensure the competitiveness of Ferrari over time and to take advantage of our employees' talent.

## Occupational Health and Safety

We are particularly focused on the safety of our people.

Ferrari S.p.A., which operates the Maranello and Modena plants, is dedicated to the prevention of accidents at work, with safety in the workplace always a priority. Periodic meetings are held with management to review safety issues, in addition to formal meetings also being held with employee representatives. Periodic internal health and safety audits are performed to ensure compliance with the Ferrari health and safety management system, current laws and best practices. The Maranello and Modena plants, and also the Mugello racing circuit, have obtained the OHSAS 18001 certification.

### HOURS OF HEALTH AND SAFETY TRAINING PER YEAR AND NUMBER OF PARTECIPANTS

	2017	2016	2015
Training hours	15,386	14,319	4,965
Number of participants	1,656	703	854

There has been a huge investment in safety at work: improvements in the existing structures and specific training have allowed the company to achieve significant results. As shown in the table above, in 2017 the hours of training more than tripled compared to 2015 and in 2017 we also more than doubled the number of participants in the courses.

Particularly effective has been the program to highlight so-called "near misses": events that could have caused accidents but did not because of the preventative actions of employees. Moreover, every building is provided with a defibrillator along with the standard health and safety equipment.

The table below shows the trend in accidents over last three years. As proof of the efficiency of the occupational health and safety system, the Injury Rate is

low and constant (0.009), with only 5 occurrences in 2017 (6 in 2016). The Rate represents the frequency of accidents occurred during the working activities in the production plants.

The Lost Day Rate, that measures the days of absence for every million hours worked, continues to be low (0.005).

#### INJURY AND LOST DAY RATE<sup>6</sup>

	2017	2016	2015
<b>Injury rate<sup>7</sup></b>	0.009	0.012	0.012
<b>Lost day rate<sup>8</sup></b>	0.005	0.005	0.004

The most common injuries involved hands and fingers.

During the course of 2017, no accidents with fatal consequences have been recorded for employees and external workers in the Maranello and Modena plants.

In the last year, no cases of diseases arising from a work situation or activity, or from a work-related injury have been recorded. Due to the nature of the activity conducted in Ferrari plants, workers are not considered exposed to high risks relating to specific diseases.

Health and safety contents are covered by the CCSL (Contratto Collettivo Specifico di Lavoro) signed on July 7th 2015, and also by the Accordo Premio di Competitività Ferrari signed on June 22nd 2016, providing a specific health and safety Commission, involving, on a monthly basis, both the Company and the workers' representatives for health and safety. CCSL and Accordo Premio di Competitività Ferrari, even in the health and safety provisions, cover 100% of Italian Ferrari employees.

<sup>6</sup> The figures provided are referred to all the employees of Ferrari S.p.A., which includes also the workers who operate the plants of Maranello and Modena.

<sup>7</sup> The injury rate is the ratio of the number of injuries reported (resulting in more than three days of absence) to the number of hours worked (including overtime), multiplied by 1,000,000, excluding commuting accidents.

<sup>8</sup> The lost day rate is the ratio of the number of days of absence due to accidents to the number of hours worked (including overtime), multiplied by 1,000,000, excluding commuting accidents.

## Our employees in numbers

As of 31st December 2017, the number of our Group<sup>9</sup> employees was 3,380, an increase of 4% compared to 31st December 2016 (3,248).

Number of employees	31 <sup>st</sup> December 2017	31 <sup>st</sup> December 2016
<b>Total</b>	3,380	3,248
<b>of which women</b>	12.3%	11.5%

We also rely on external collaborators such as contractors, self-employed persons, workers hired through external agencies and interns.

### PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY BY GENDER

Employment category	31 <sup>st</sup> December 2017			31 <sup>st</sup> December 2016		
	Male	Female	Total	Male	Female	Total
<b>Senior Managers</b>	93.5%	6.5%	92	94.5%	5.6%	90
<b>Middle Managers and Professionals</b>	90.5%	9.5%	422	91.3%	8.7%	392
<b>White Collars</b>	78.6%	21.4%	1,109	79.8%	20.2%	1,015
<b>Workers</b>	92.5%	7.5%	1,757	92.6%	7.4%	1,751
<b>Total</b>	87.7%	12.3%	3,380	88.5%	11.5%	3,248

As indicated in the table above, in the last year the percentage of females in the “Senior Managers” category has increased from 5.6% to 6.5%, females in “Middle Managers and Professionals” positions also increased by around one percentage point. The proportion of women in the other categories has remained relatively constant.

### PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY BY AGE GROUP

Employment category	31 <sup>st</sup> December 2017				31 <sup>st</sup> December 2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total
<b>Senior Managers</b>	0%	68.5%	31.5%	92	0%	68.9%	31.1%	90
<b>Middle Managers and Professionals</b>	0%	75.6%	24.4%	422	0.5%	76.5%	23.0%	392
<b>White Collars</b>	16.1%	71.2%	12.6%	1,109	17.8%	68.8%	13.4%	1,015
<b>Workers</b>	8.7%	75.1%	16.2%	1,757	13.0%	71.7%	15.2%	1,751
<b>Total</b>	9.8%	73.7%	16.5%	3,380	12.7%	71.3%	16.0%	3,248

<sup>9</sup> In this chapter, “Our Group” refers to all the legal entities indicated as consolidated line by line by Ferrari N.V. in 2017 Annual Report.

The majority of the workforce is between the age of 30 and 50 (73.7%). The percentage of workers under 30 is 9.8%.

#### TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, BY GENDER AND REGION.

GROUP						
Employment contract	31 <sup>st</sup> December 2017			31 <sup>st</sup> December 2016		
	Male	Female	Total	Male	Female	Total
Permanent	2,918	395	3,313	2,864	370	3,234
Temporary	47	20	67	10	4	14
<b>Total</b>	<b>2,965</b>	<b>415</b>	<b>3,380</b>	<b>2,874</b>	<b>374</b>	<b>3,248</b>

ITALY						
Employment contract	31 <sup>st</sup> December 2017			31 <sup>st</sup> December 2016		
	Male	Female	Total	Male	Female	Total
Permanent	2,814	344	3,158	2,718	314	3,032
Temporary	31	7	38	9	4	13
<b>Total</b>	<b>2,845</b>	<b>351</b>	<b>3,196</b>	<b>2,727</b>	<b>318</b>	<b>3,045</b>

REST OF THE WORLD						
Employment contract	31 <sup>st</sup> December 2017			31 <sup>st</sup> December 2016		
	Male	Female	Total	Male	Female	Total
Permanent	104	51	155	146	56	202
Temporary	16	13	29	1	0	1
<b>Total</b>	<b>120</b>	<b>64</b>	<b>184</b>	<b>147</b>	<b>56</b>	<b>203</b>

As shown in the tables above, 94.6% of our employees work in Italy, which is considered the only significant location of operation as this is where our plants and most of our workforce are located.

The vast majority of our employees have a permanent contract (98.0%).

## TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE, BY GENDER.

Full-time / Part-time	31 <sup>st</sup> December 2017			31 <sup>st</sup> December 2016		
	Male	Female	Total	Male	Female	Total
Full-time	2,962	397	3,359	2,874	364	3,238
Part-time	3	18	21	0	10	10
Total	2,965	415	3,380	2,874	374	3,248

## NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

GROUP										
EMPLOYEE HIRED										
Number of employees	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	84	142	6	232	7.8%	150	145	7	302	10.5%
Female	24	39	1	64	15.4%	24	34	2	60	16.0%
Total	108	181	7	296	8.8%	174	179	9	362	11.1%
Turnover %	32.6%	7.3%	1.3%	8.8%		42.3%	7.7%	1.7%	11.1%	
EMPLOYEE TURNOVER										
Number of employees	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	17	77	29	123	4.1%	13	61	31	105	3.7%
Female	8	16	3	27	6.5%	5	20	6	31	8.3%
Total	25	93	32	150	4.4%	18	81	37	136	4.2%
Turnover %	7.6%	3.7%	5.7%	4.4%		4.4%	3.5%	7.1%	4.2%	

ITALY										
EMPLOYEE HIRED										
Number of employees	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	80	129	6	215	7.6%	144	124	7	275	10.1%
Female	21	20	1	42	12.0%	22	19	0	41	12.9%
Total	101	149	7	257	8.0%	166	143	7	316	10.4%
Turnover %	32.4%	6.3%	1.3%	8.0%		42.6%	6.6%	1.4%	10.4%	

ITALY										
EMPLOYEE TURNOVER										
Number of employees	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	11	61	29	101	3.6%	7	47	26	80	2.9%
Female	1	11	1	13	3.7%	1	10	4	15	4.7%
Total	12	72	30	114	3.6%	8	57	30	95	3.1%
Turnover %	3.8%	3.1%	5.6%	3.6%		2.1%	2.6%	6.0%	3.1%	

REST OF THE WORLD										
EMPLOYEE HIRED										
Number of employees	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	4	13	0	17	14.2%	6	21	0	27	18.4%
Female	3	19	0	22	34.4%	2	15	2	19	33.9%
Total	7	32	0	39	21.2%	8	36	2	46	22.7%
Turnover %	36.8%	22.2%	0.0%	21.2%		38.1%	22.8%	8.3%	22.7%	
EMPLOYEE TURNOVER										
Number of employees	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	6	16	0	22	18.3%	6	14	5	25	17.0%
Female	7	5	2	14	21.9%	4	10	2	16	28.6%
Total	13	21	2	36	19.6%	10	24	7	41	20.2%
Turnover %	68.4%	14.6%	9.5%	19.6%		47.6%	15.2%	29.2%	20.2%	



All the employees of our Group in Italy are subject to Collective Agreements (CCSL, Contratto Collettivo Specifico di Lavoro and Accordo Premio di Competitività Ferrari). Ferrari pays salaries that are in line with industry standards. In addition to the statutory minimum wages, salaries are often determined by collective bargaining agreements.

All the individual notice periods are provided by the CCSL signed on July 7th 2015, referring to employees category and business seniority. The minimum notice period is fixed in 10 days.

#### ABSENTEEISM RATE IN ITALY <sup>10</sup>

	2017	2016	2015
Workers	2.1%	2.1%	2.7%

The absenteeism rate for 2017 was in the area of 2% and has been stable over the past few years.

<sup>10</sup> The absenteeism rate is calculated as a ratio of hours lost for sickness divided the number of hours to be worked. The perimeter considered relates only to Ferrari S.p.A. workers.



# Our Environmental Responsibility

Our most significant environmental efforts are deployed through efficiencies in the manufacturing processes and a program for the reduction of polluting emissions.

The monitoring and management of the environmental performance of our productive plants is assigned to a team that reports to our Chief Technology Officer. Their effort is aimed at minimizing the impact of our activities on the environment, particularly in relation to the energy consumption of production facilities. A different team is in charge of overseeing regulatory developments while monitoring the emissions of Ferrari cars.

We assemble all of our cars and manufacture all the engines used in our cars or sold to Maserati at our production facility in Maranello<sup>11</sup> (Italy). The Carrozzeria Scaglietti plant, located in Modena (Italy), is where we manufacture aluminum bodyworks and chassis. The two plants cover a cumulative area of approximately 550,000 m<sup>2</sup>. We also own the Mugello racing circuit in Scarperia, near Florence (Italy), which covers an area of 1,700,000 m<sup>2</sup> (of which 1,200,000 m<sup>2</sup> of green or tree-covered areas).

Additional facilities owned by us include a product development center, a hospitality area and the Ferrari museum in Maranello. We also directly operate 18 retail stores and maintain offices for our foreign subsidiaries and other smaller facilities in Italy, such as the Museo Enzo Ferrari (MEF) in Modena. The environmental impact of these additional facilities is deemed negligible and is excluded in this chapter's data, however, it will be monitored and considered for inclusion in the next reporting cycles.

Part of the environmental impact of our activities are related to the product lifecycle. Ferrari cars are perceived as collectibles and therefore the number of cars demolished each year is very scarce. In addition, the products are generally not considered means of transportation.

## Plants and circuits

### ENVIRONMENTAL MANAGEMENT SYSTEMS

We have invested heavily to minimize our environmental impact since 2001, when the company was given the ISO 14001 certification for our plants in Maranello and Modena. In 2016, we obtained the renewal of the certification of our environmental management system according to the new standard ISO 14001:2015. In addition, in 2007, we obtained and renewed the Integrated Environmental Authorization.

<sup>11</sup> Maranello production facility is composed by the main offices and production buildings, the "Nuova Gestione Sportiva" building and the adjacent Fiorano track (of approximately 3,000 meters).





# 100%

OF THE PRODUCTION  
FACILITIES CERTIFIED  
AS ISO 14001

> 90%

OF PURCHASED  
ELECTRIC ENERGY CERTIFIED AS RENEWABLE



119 GWH

ENERGY PRODUCED  
BY FERRARI'S TRIGENERATOR

51.5%

WASTE RECOVERED  
DURING THE MUGELLO  
MOTO GP

27%

REDUCED CO<sub>2</sub> EMISSIONS  
IN 2012 (COMPARED TO 2007)  
ON THE EUROPEAN FLEET

In April 2015, Mugello was the first racing circuit in the world to get the “Achievement of Excellence” certificate, which is the top accreditation level within the environmental sustainability program proposed by FIA. The Mugello circuit obtained the certification for the environmental management system with ISO 14001 and the EMAS (Eco-Management and Audit Scheme).

## ENERGY EFFICIENCY AND PROMOTION OF ALTERNATIVE ENERGY SOURCES

Renewable energy is a priority for us. In 2008, we installed our first solar panels (increased capacity in 2011 and 2015) and from 2009 we started using electricity and hot and cold water generated by the trigeneration plant<sup>12</sup>. In 2017, the trigeneration plant produced 86% of the electricity needed for the Maranello plant, while the remaining 14% was generated from renewable sources<sup>13</sup>.

### *Focus Box:*

#### THE NETZEB FORMULA 1 TEAM HEADQUARTERS

*The Formula 1 team headquarters were designed to facilitate and encourage collaboration between departments in a functional and comfortable environment. The building is designed to maximize the availability of natural light and, similarly to many of the other facilities, benefits from several internal and external green areas.*

*The new building has lower power consumption levels than a Class A-ranked building under Italian energy efficiency standards (standardized consumption over a winter cycle is 3.6 KWh/m<sup>3</sup> per year compared to 8.0 KWh/m<sup>3</sup> per year for eligibility for Class A). The building was also designed to comply with the new net zero energy building protocols (NetZeb), meaning that the total amount of energy used by the building is approximately equal to the amount of renewable energy it generates. Specifically, the building is installed with low-temperature radiating panel climate control systems that also use hot water produced by the thermal solar panels. The photovoltaic system produces more than 500 KW at peak level and provides a significant portion of the electric power required by the lighting and auxiliary climate control systems.*

Our culture embraces energy consumption reduction, constantly implementing actions such as the replacement of traditional illumination systems to LED technology and the use of pumps with inverter technology in the industrial water distribution system. In 2017, we installed a new sand regeneration system which allowed us to achieve an energy saving of 50% compared to the previous technology. In 2016, we also undertook the project of constructing two new buildings: “Nuova Gestione Sportiva” and “New Design Department” that will be completed in the

<sup>12</sup> Even if the trigeneration plant was bought by Ferrari in September 2016, data referring to energy consumption and emissions consolidate trigeneration plant data for the whole 2016 for comparative reasons.

<sup>13</sup> Thanks to a photovoltaic system and purchases of Guarantee of Origin certificates.

next years. In both cases, the new buildings will be Class A-ranked in order to reduce energy consumption. All new facilities are designed and built to the highest eco-friendly standards. These projects follow the path initiated in 2015, with the inauguration of the Formula 1 team headquarters.

Since 2011 the Mugello racing circuit is leading in terms of environmental sustainability themes. A 252 kWp photovoltaic system has been installed on the main tribune, which is able to generate up to 300,000 kWh of annual production, equal to the 20% of the circuit's total needs.

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*The photovoltaic system installed on the main tribune of the Mugello racing circuit is able to generate up to 300,000 kWh of annual production*

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Over the years, our Group has rolled out several initiatives to improve the energy efficiency of its plants, such as a new gas furnace fitted for the production of the main engine components in aluminum (cylinder heads, cam covers, crankcases, pumps). Apart from ensuring even higher manufacturing quality, the furnace consumes 70% less energy, while at the same time increasing the smelting capacity to 1,500 Kg per hour. Furthermore, thanks to the automation of the loading-unloading procedure, the new installation has significantly increased the level of safety for workers, who are no longer exposed to the line of fire.

Our energy consumption mainly relates to the manufacturing of cars and engines. Over the years, our Group has strived to lower its energy consumption and to minimize its environmental impact, adopting innovative solutions and resorting to a trigeneration plant and to the use of renewable energy sources for its manufacturing facilities.

## ENERGY CONSUMPTION WITHIN THE ORGANIZATION

<i>Unit of measurement: GJ</i>	<b>2017</b>	<b>2016</b>
<b>Non-renewable fuel consumption</b>	<b>1,554,134</b>	<b>1,578,699</b>
<i>Natural Gas (used for trigenerator)</i>	1,116,343	1,146,750
<i>Natural Gas (for other uses)</i>	366,636	356,658
<i>Gasoline (for production process)</i>	69,838	74,250
<i>Diesel (for motor room and other uses)</i>	1,316	1,040
<b>Total electricity bought for consumption</b>	<b>87,492</b>	<b>80,963</b>
<i>From renewable sources</i>	81,299	75,171
<i>From non-renewable sources</i>	6,192	5,792
<b>Electricity self-produced for consumption<sup>14</sup></b>	<b>3,117</b>	<b>1,612</b>
<b>Electricity sold</b>	<b>11,910</b>	<b>22,122</b>
<b>Total</b>	<b>1,632,832</b>	<b>1,639,152</b>

The total energy consumption within the Group for 2017 is 1,632,832 GJ, in line with 2016 (1,639,152 GJ), notwithstanding a production increase.

## AIR EMISSIONS

The emissions of CO<sub>2eq</sub> deriving from the Maranello and Modena plants and from the Mugello racing circuit (Scope 1 and Scope 2) are equal to 93,327 tCO<sub>2eq</sub> in 2017 (in line with 93,243 tCO<sub>2eq</sub> in 2016).

<sup>14</sup> From photovoltaic.



## DIRECT AND ENERGY INDIRECT GHG EMISSIONS

<i>Unit of measurement: tCO<sub>2eq</sub></i>	<b>2017</b>	<b>2016</b>
Scope 1 <sup>15</sup>	92,528	92,495
Scope 2 (market-based method) <sup>16</sup>	800	748
Scope 2 (location-based method)	9,795	9,080

GHG Protocol (WRI, WBCSD) definitions

Since 2014 our Group has been purchasing Guarantee of Origin certificates in order to increase the percentage of energy consumed by the Group derived from renewable sources, thus reducing the corresponding CO<sub>2</sub> emissions, as determined by the market-based method of calculation. This resulted in 2017 in a reduction of 8,995 tons of CO<sub>2eq</sub>.

Other significant air emissions are related mainly to volatile organic compounds (VOCs) released during vehicle manufacturing. In addition, NO<sub>x</sub>, SO<sub>x</sub> and dusts emissions are constantly monitored. 87.3% of VOCs emissions are related to the painting activity (48,848 Kg in 2017).

## OTHER SIGNIFICANT AIR EMISSIONS<sup>17</sup>

<i>Unit of measurement: Kg</i>	<b>2017</b>	<b>2016<sup>18</sup></b>
NO <sub>x</sub>	69,610	74,345
SO <sub>x</sub>	995	1,504
Volatile Organic Compounds (VOCs)	55,980	52,507
Dusts	2,432	5,513
<b>Total</b>	<b>129,017</b>	<b>133,869</b>

Furthermore, a new painting process was introduced since 2004 with the aim of reducing VOC emissions.

## WASTE MANAGEMENT

We acknowledge that rational use of raw materials together with careful waste management helps reducing the environmental impact of the manufacturing process. In addition, innovative solutions and advanced technical processes minimize waste and negative environmental impact. The reuse of production scraps in our manufacturing process<sup>19</sup> also has the objective of reducing waste.

To achieve this target, a series of initiatives in the different phases of the manufacturing process have been implemented. As an example, aluminum scraps

<sup>15</sup> Direct greenhouse gas emissions, measured in tons of CO<sub>2</sub> equivalent, were calculated using emission factors indicated in "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2004)". The data reported refers to emissions of carbon dioxide, methane, nitrous oxide emissions.

are melted in the foundry to avoid waste: this is particularly important considering that aluminum is the first raw material used (by weight) in our manufacturing process. Other projects aimed at reducing waste are undergoing a feasibility analysis, in particular, according to the concept of the circular economy, in some cases our production scraps can be used by other business partners in their manufacturing process (e.g. leather scraps, processed sand used in the foundry, aluminum that cannot be smelted).

## WASTE BY TYPE AND DISPOSAL METHOD

NON HAZARDOUS WASTE				
Unit of measurement: tons	2017		2016	
	Weight	Percentage	Weight	Percentage
Recovery	4,862.4	55.0%	4,139.0	55.5%
Incineration	0	0%	0	0%
On-site storage pending disposal	114.7	1.3%	118.2	1.6%
Physico-chemical treatment	3,861.9	43.7%	3,201.4	42.9%
Total	8,839	100%	7,458.6	100%

HAZARDOUS WASTE				
Unit of measurement: tons	2017		2016	
	Weight	Percentage	Weight	Percentage
Recovery	444.3	13.0%	433.8	12.2%
Incineration	0.1	0%	0	0%
On-site storage pending disposal	447.4	13.0%	448.5	12.6%
Physico-chemical treatment	2,538.4	74.0%	2,683.6	75.3%
Total	3,430.2	100%	3,565.9	100%

Total waste for 2017 is equal to 12,269.2 tons. Total waste recovery increased by 1.8% from 41.5% in 2016 to 43.3% in 2017.

None of our waste is disposed in landfills.

<sup>16</sup> The data reported in the table includes the purchased electricity and it was calculated in line with the Market-Based Method. In 2017 and 2016, the Group purchased Guarantee of Origin (GO) certificates for Maranello plant in order to avoid the increase of CO<sub>2eq</sub> emissions in the atmosphere. Indirect greenhouse gas emissions, measured in tons of CO<sub>2</sub> equivalent, were calculated using the Residual Mix emission factors declared in 2015 European Residual Mixes, V.1.0, published by AIB in May 2016.

<sup>17</sup> Only air emissions of the plants of Maranello and Modena have been considered.

<sup>18</sup> Data regarding 2016 with reference to the trigenerator are estimated based on the last three months of 2016.

<sup>19</sup> Only waste generated in the plants of Maranello and Modena have been considered: waste of Mugello racing circuit have an impact of less than 2% of the total waste produced by our Group.

### Focus Box:

#### RECYCLING DURING MUGELLO MOTO GP

*During Kiss Mugello 2017, 20,000 kits for the separate collection of waste were distributed on the Mugello circuit hills, by means of the “L’Orologio di Pontassieve” (Florence) Cooperative.*

*Since the 2016 edition of the Mugello Moto GP, waste edible oils are collected in the paddock and hospitality areas. The service has been kindly offered, in cooperation with “ALIA”, by “Eco.energia” through their program named Olly (the collected oil needs to produce clean energy; in this way, the 160 kg of waste edible oil collected became raw material for renewable energy). The management of the initiative has established that the paddock area operators were correctly informed about the oil and the general waste management modes. Consequently, the operators were given a guide during the days before the GP.*

*Furthermore, within the autodrome, 120 drinkable water distribution points were installed, with a view to reduce the utilization of water bottles and to minimize the relative waste.*

20,000  
recycling kits  
distributed

160 kg of  
waste edible oil  
collected

51.5% of waste  
recovered during  
the Moto GP

#### LOGISTICS

We produce all of our vehicles and spare parts in our Maranello and Modena plants, in central Italy, however, our network of third party dealers is comprised of 185 point of sales around the world. A meticulous work is constantly carried out to optimize logistical operations with the aim of reducing the impact on the environment and associated air emissions.

#### WATER MANAGEMENT

We are well aware of the importance of a responsible management of water and, even if our plants are not located in areas exposed to high or extremely high overall water risks<sup>20</sup>, nor our production process can be considered water intensive, we have developed a series of initiatives to reduce water consumption in our manufacturing processes, such as cooling systems with water recirculation (e.g. cooling towers).

All the water sourced by us comes from municipal water supplies or other utilities and wells: as of today, no water bodies are directly affected by the withdrawal of water.

<sup>20</sup> Source: WRI Aqueduct 2014 (World Resources Institute, 2014).

## WATER WITHDRAWAL BY SOURCE

<i>Unit of measurement: m<sup>3</sup></i>	<b>2017</b>	<b>2016</b>
Surface water	0	0
Wells	524,428	436,348
Municipal water or other water utilities	227,138	152,124
<b>Total</b>	<b>751,566</b>	<b>588,472</b>

We treat our wastewater in accordance with all applicable laws and regulations. All the wastewater of our plants is always monitored and channeled not directly into water bodies but in the public sewage system. The water used in some of the industrial processes (such as washing solutions or paint washing), before its discharge in the public sewer system, is treated by an industrial water treatment plant where it undergoes the necessary chemical, physical, and biological treatment.

## WATER DISCHARGE BY DESTINATION

<i>Unit of measurement: m<sup>3</sup></i>	<b>2017</b>	<b>2016</b>
Effluents / Water bodies	0	0
Public sewer system	378,895	316,732
<b>Total</b>	<b>378,895</b>	<b>316,732</b>

## BIODIVERSITY AND NOISE POLLUTION

Ferrari plants and Mugello racing circuit, as of December 2017, are not located in any protected or highly biodiverse areas and, to our best knowledge, they do not have significant environmental impacts on such areas. Moreover, our plants and circuit are not adjacent<sup>21</sup> to any protected or highly biodiverse areas. This analysis is conducted annually and is based on the World Database on Protected Areas<sup>22</sup>.

However, the Mugello racing circuit arises in an extremely important natural landscaping area. Therefore, the main tribune has been made using eco-active materials with zero impact on the surrounding zone, as a high help to reduce both pollutants and bacteria.

With regard to the noise produced in proximity of the Fiorano and Mugello circuits, the acoustic monitoring of the plant perimeter is regularly carried out: noise levels have resulted in compliance with the 2017 authorization received by the appropriate authorities.

<sup>21</sup> For this analysis, a distance of 3 km or less has been considered as "adjacent".

<sup>22</sup> The database considered for the analysis is managed by the United Nations Environment World Conservation Monitoring Centre (UNEP-WCMC) with support from IUCN and its World Commission on Protected Areas.

## Vehicles environmental impact

Part of the environmental impact of our activities is related to our product lifecycle. Ferrari cars are perceived as collectibles and therefore the number of cars demolished each year is very scarce. In addition, the cars are generally not considered means of transportation.

### VEHICLES EMISSIONS

We are subject to a variety of laws and regulations that, among others, are related to car emissions and fuel consumption. Ferrari vehicles must comply with extensive regional, national and local laws and regulations, as well as industry self-regulations (including those that regulate vehicle safety). However, we currently benefit from certain regulatory exemptions because we qualify as a Small Volume Manufacturer or similar designation in most of the jurisdictions where we sell our cars (for more details refer to the “Regulatory Matters” paragraph of 2017 Annual Report).

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*Ferrari has set a target to  
reduce CO<sub>2</sub> emission by 15%  
on its entire fleet by 2020  
(compared to 2014)*

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In 2012, we achieved a 27% reduction in CO<sub>2</sub> emissions (compared to 2007) for our European fleet through improvements in energy efficiency by increasing the energy produced for the same level of input and therefore reducing the cars' energy requirements.

Following the achievement of this result, we continued focusing on researching technologies that further reduced emissions and, in early 2013, introduced LaFerrari, the first of our cars to use hybrid technology.

Through innovations in areas such as turbochargers, engine downsizing, transmission, electric steering and hybrid technologies, we continue to target further reductions in CO<sub>2</sub> emissions and have set a target to reduce by 2020 CO<sub>2</sub> emission by 15% (compared to 2014) on our entire fleet.

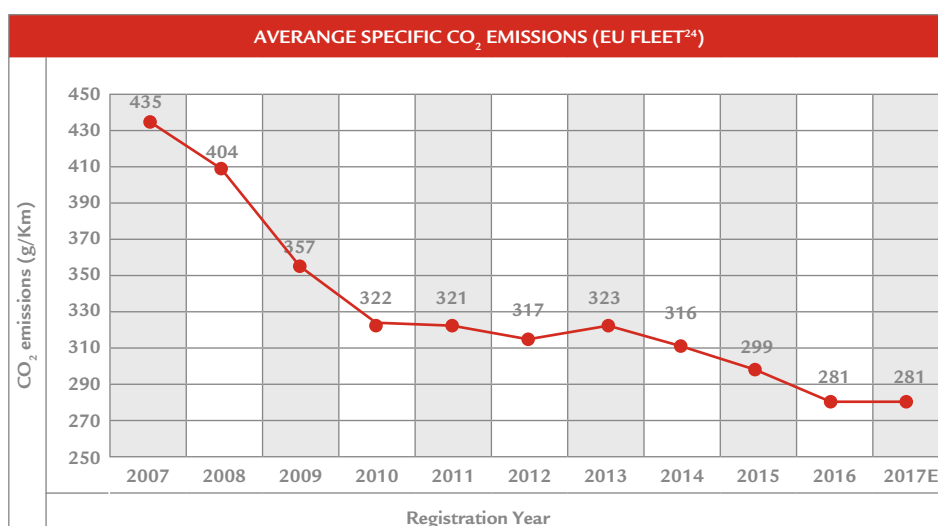
Consistent with our mission to develop cutting edge sports and GT cars, product development efforts continually focus on improving core components, such as the powertrain, car dynamics, and the use of materials such as special aluminum alloys and carbon fiber.

The expertise acquired in these fields has recently guided our efforts to combine improved performance with reductions in CO<sub>2</sub> emissions.

These efforts, through the investment of huge resources, allow the reduction of CO<sub>2</sub> emissions and fuel consumption thanks to the development of CO<sub>2</sub> emission reducing technologies. The main technologies deployed in the Ferrari fleet until 2017 are: lightweight chassis, gasoline direct injection (200 bar), start & stop with improved direct start, Dual Clutch Transmission, increased compression ratio, multi-spark ignition, smart alternator, improved Dual Clutch Transmission oil control system, low friction synchromesh device, downsizing, finger follower valve actuation with rollers, variable displacement oil pump with variable feed pressure, smart aerodynamics systems, smart cooling (transmission). As an example, in 2015 we decided to introduce the start & stop technology as standard for the 488 family: the cars sold afterwards decreased their CO<sub>2</sub> emissions by 6%.<sup>23</sup>

*In 2015 the Group decided to introduce the start & stop technology as standard for the 488 family: the cars sold afterwards decreased their CO<sub>2</sub> emission by 6%.*

We are undertaking an important program to understand the potential of hybrid technology and are researching how to improve the performance and driving experience of our cars without losing fuel efficiency advantages. We are now working hard on the integration of hybrid technology more broadly into our car portfolio (see “Research, Innovation and Technology – Product Development”).



<sup>23</sup> CO<sub>2</sub> emissions in g/km.

<sup>24</sup> For the purpose of this graph, 100% of the Ferrari fleet in EU has been taken into account to determine the average specific emissions of CO<sub>2</sub>, despite the phase-in criteria granted in the years 2010-2014. 2017: provisional fleet average emissions of CO<sub>2</sub>.

## RAW MATERIALS

Car makers consume large amounts of raw materials and a conscientious planning of the manufacturing process is essential to the management of scarce resources.

Among the most used materials in our cars are light alloys, such as aluminum: to reduce the sourcing of aluminum, specific initiatives to reuse scraps have been developed (see “*Our Environmental Responsibility - Waste management*”).

### PERCENTAGE OF MATERIALS USED IN 488 GTB

	Percentage of materials used in 488 GTB
Light alloys and steel	70.1%
Other metals	4.1%
Polymers	12.0%
Elastomers	4.9%
Glass/Ceramics	4.3%
Fluids	1.3%
Other	3.3%
Total	100%

We measure and monitor the presence of hazardous substances in our homologated vehicles, as required by local regulations. Every Ferrari homologated vehicle, therefore every component installed follows the REACH prescriptions. Every Ferrari vehicle is compliant to 2000/53/EC (End-of-life Directive), as applicable.

Our suppliers are requested to comply to 2011/65/UE (RoHS Directive) and 2000/53/EC (End-of-life Directive), and to provide through the International Material Data System all the information related to the composition of substances used in the manufacturing process. Our internal systems automatically reject non-compliant components.

## VEHICLES' END OF LIFE

We are not directly involved in product take back programs due to the nature of our business: the number of Ferrari cars demolished each year is very scarce as Ferrari cars are perceived as collectibles, which the Group also supports through its “Ferrari Classiche” services, and the active preowned market.



The Ferrari Classiche department aims to provide Ferrari customers with a point of reference for managing their historic Ferrari vehicles, with the objective of keeping as many of these classic cars on the road as possible. Services include the certification of the authenticity of classic Ferrari cars and vehicles of particular historical relevance, the management of Ferrari restoration and repair activities, as well as the management of Ferrari spare parts, including when these are no longer available on the market. The department also provides advice on repair operations carried out on Ferrari Classiche cars within its network.

The Ferrari Classiche department in Maranello consists of an office of specialists and a workshop in which historic cars are restored and repaired. In addition, in order to provide an enhanced service to owners away from the proximity of the main workshop in Maranello, starting in 2017 Ferrari Classiche has authorized a new service network with 48 new “Officina Ferrari Classiche” workshops, primarily for vehicle repairs and the certifications’ inspections or revalidation, and the network is expected to expand in future periods.

The originality of the car with respect to the initial specifications is checked via a technical inspection, performed either at the Ferrari Classiche facility in Maranello or at an authorized Officina Ferrari Classiche, and benefits from a comprehensive archive containing drawings of each of the individual chassis details of historical components. Based on the evidence gathered during this inspection, the car is then presented to an expert committee, chaired by the founder’s son, Piero Ferrari, for the certification. In recent years, Ferrari has certified approximately 400 cars each year.

At the Maranello workshop, Ferrari Classiche carries out approximately 10 full restorations every year, along with 20 partial restorations. We use either original components and spare parts or replicas manufactured in accordance with the original specifications, and our restoration service offers our clients the opportunity to reinstate any classic Ferrari to its original pristine conditions.

Ferrari Classiche aims to create a platform of information and technical expertise to preserve and enhance over time the awareness and value of Ferrari’s heritage and brand. We view the surviving Ferrari vehicles of historical value as the tangible legacy and incarnation of our brand.

Nevertheless, we are compliant to the European Directive 2005/64/EU on recyclability and reusability, that requires minimum admitted percentages (i.e. recyclability  $\geq$  85%; reusability  $\geq$  95%). As an example, the Ferrari 488 GTB has been certified as follows: recyclability at 91% and reusability at 96%. Ferrari models

certified as Small Series pursuant to 2007/46/EC are not required to be compliant to this regulation.

## REGULATORY MATTERS

We manufacture and sell our cars around the world and our operations are therefore subject to a variety of laws and regulations relating to environmental, health and safety and other matters. These laws regulate our cars, including their emissions, fuel consumption and safety, as well as our manufacturing facilities and operations, setting strict requirements on emissions, treatment and disposal of waste, water and hazardous materials and prohibitions on environmental contamination. Our vehicles, together with the engines that power them, must comply with extensive regional, national and local laws and regulations, and industry self-regulations (including those that regulate vehicle safety). However, we currently benefit from certain regulatory exemptions, because we qualify as a SVM or similar designation in most of the jurisdictions where we sell cars (including the United States). As outlined below, these exemptions provide a range of benefits, from less stringent emissions caps and compliance date extensions, to exemptions from zero emission vehicle production requirements.

We are in substantial compliance with the relevant regulatory requirements affecting our facilities and products around the world. We constantly monitor such requirements and adjust our operations as necessary to remain in compliance.

### ***Greenhouse gas/CO<sub>2</sub>/fuel economy legislation***

Current European legislation limits fleet average greenhouse gas emissions for new passenger cars to 130 grams of CO<sub>2</sub> per kilometer. This target, implemented gradually between 2012 and 2015, calls for 65 percent of the manufacturer's newly registered cars to comply with the 130 grams limit in 2012, rising to 75 percent in 2013, 80 percent in 2014, and 100 percent from 2015 onwards. Due to our SVM status we benefit from a derogation from the 130 grams per kilometer emissions requirement available to small volume and niche manufacturers. Pursuant to that derogation, we are instead required to meet yearly CO<sub>2</sub> emissions targets, beginning in 2012, reaching a target level of 290 grams per kilometer in 2016 for our fleet of EU-registered vehicles that year. In 2015 we exceeded our alternative target and therefore we were required to pay a penalty of €411 thousand.

In 2014, the European Union set new 2020 emissions targets, calling for 95 percent of a manufacturer's full fleet of new passenger cars registered in the EU in 2020 to average 95 grams of CO<sub>2</sub> per kilometer, rising to 100 percent of the fleet in 2021. The 2014 regulation extends the small volume and niche manufacturers

derogation. Therefore, in December 2015, we submitted to the EU Commission our proposed CO<sub>2</sub> emissions target levels for the 2017-2021 period and the EU Commission approved our derogation in October 2016. Pursuant to that derogation, we are required to meet certain CO<sub>2</sub> emissions target levels in the 2017-2021 period, reaching a target of 277 grams per kilometer in 2021 for our fleet of EU-registered cars that year.

In the United States, both Corporate Average Fuel Economy (“CAFE”) standards and greenhouse gas emissions (“GHG”) standards are imposed on manufacturers of passenger cars. Because the control of fuel economy is closely correlated with the control of GHG emissions, the United States Environmental Protection Agency (“EPA”) and the National Highway Traffic Safety Administration (“NHTSA”) have sought to harmonize fuel economy regulations with the regulation of GHG vehicle emissions (primarily CO<sub>2</sub>). These agencies have set the federal standards for passenger cars and light trucks to meet an estimated combined average fuel economy (CAFE) level that is equivalent to 35.5 miles per U.S. gallon for 2016 model year vehicles (250 grams CO<sub>2</sub> per mile). In August 2012, these agencies extended this program to cars and light trucks for model years 2017 through 2025, targeting an estimated combined average emissions level of 163 grams per mile in 2025, which is equivalent to 54.5 miles per gallon.

In November 2016, the EPA determined that the model years 2022-2025 standards, adopted by EPA in the 2012 final rule establishing the model year 2017-2025 standards, remain appropriate. In March 2017, EPA announced its intention to reconsider this decision, extending the review period for GHG standards definition.

In July 2017, the NHTSA published a notice of intent to prepare an Environmental Impact Statement (“EIS”) for Model Year 2022-2025 Corporate Average Fuel Economy standards, inviting stakeholders to provide comments. The EIS purpose is to define the potential environmental impacts of the Model Year 2022-2025 Fuel Economy standards and represents the first step of the rulemaking process relating to those model years.

For model years 2017-2025, the EPA allows a SVM, defined as manufacturers with less than 5,000 yearly unit sales in the United States, to petition for a less stringent standard. Based on our operational independence from FCA, the EPA has granted us SVM status. We have therefore petitioned the EPA for alternative standards for the 2017-2021 model years, which are aligned to our technical and economic capabilities.

In September 2016, we petitioned NHTSA for recognition as an independent manufacturer of less than 10,000 vehicles produced globally, and we proposed alternative CAFE standards, for Model Year 2017, 2018 and 2019. In December, 2017, we amended the petition by proposing alternative CAFE standards for Model Year 2016, 2017 and 2018, covering also the 2016 Model Year. NHTSA have not yet responded to our petition. We will need in the future to file with NHTSA a petition for 2019-2020 and 2021 model years. If our petitions are rejected, we will not be able to benefit from the more favorable CAFE standards levels which we have petitioned for and this may require us to purchase additional CAFE credits in order to comply with applicable CAFE standards.

In February 2010, the California Air Resources Board (“CARB”) enacted regulations that deem manufacturers of vehicles for model years 2012-2016 which are in compliance with the EPA greenhouse gas emissions regulations to also be in compliance with California’s greenhouse gas emission regulations. In November 2012, the CARB extended these rules to include model years 2017-2025. In 2017 CARB performed a technical assessment regarding greenhouse gas standards for 2022 through 2025 Model Years, in parallel with EPA and NHTSA, the purpose of which is to verify whether the standards defined in 2012 can be still considered appropriate.

While Europe and the United States lead the implementation of these fuel consumption/CO<sub>2</sub> emissions programs, other jurisdictions typically follow on with adoption of similar regulations within a few years thereafter. In China, for example, Stage III fuel consumption regulations targeted a national average fuel consumption of 6.9L/100km by 2015 and Stage IV targets a national average fuel consumption of 5.0L/100km by 2020. In September 2017 the Chinese government issued the Administrative Measures on CAFC (Corporate Average Fuel Consumption) and NEV (New Energy Vehicle) Credits. This regulation establishes mandatory CAFC requirements, while providing additional flexibility for SVMs (less than 2,000 units/year imported in China) that achieve a certain minimum CAFC yearly improvement rate. Manufactures that exceed the CAFC regulatory ceiling are required to purchase NEV credits.

#### ***Exhaust and evaporative emissions requirements***

In 2007, the European Union adopted the latest in a series of more-stringent standards for emissions of other air pollutants from passenger and light commercial vehicles, such as nitrogen oxides, carbon monoxide, hydrocarbons and particulates. These standards were phased in from September 2009 (Euro 5) and September 2014 (Euro 6) for passenger cars. In 2016, the European Union established that Euro 6 limits shall be evaluated through Real Driving Emissions

(RDE) measurement procedure and a new test-cycle more representative of normal conditions of use (Worldwide Light Vehicles Test Procedure). These requirements became effective starting in 2017. SVMs (with a worldwide annual production lower than 10,000 units) are required to be compliant to RDE standards starting from 2020.

In April 2014, the “Tier 3” Motor Vehicle Emission and Fuel Standards issued by the EPA were finalized. With Tier 3, the EPA has established more stringent vehicle emission standards, requiring significant reductions in both tailpipe and evaporative emissions, including nitrogen oxides, volatile organic compounds, carbon monoxide and particulate matter. Beginning in 2017, the emission standards will be phased in and the requirement on fuel producers to reduce sulfur in gasoline will be effective. The new standards are intended to harmonize with California’s standards for 2015-2025 model years (so called “LEV3”) and will be implemented over the same timeframe as the U.S. federal CAFE and GHG standards for cars and light trucks described above. Because of our status as an operationally independent SVM, Ferrari obtained a longer, more flexible schedule for compliance with these standards under both the EPA and California Program.

In addition, California is moving forward with other stringent emission regulations for vehicles, including the Zero Emission Vehicle regulation (ZEV). The ZEV regulation requires manufacturers to increase their sales of zero emissions vehicles year on year, up to an industry average of approximately 15 percent of vehicles sold in the state by 2025. Because we currently sell fewer than 4,500 units in California, we are exempt from these requirements.

Additional stringency of evaporative emissions also requires more advanced materials and joints solutions to eliminate fuel evaporative losses, all for much longer warranty periods (up to 150,000 miles in the United States).

In response to severe air quality issues in Beijing and other major Chinese cities, in 2016 the Chinese government published a more stringent emissions program (National 6), providing two different level of stringency effective starting from 2020. Moreover autonomous regions and municipalities are allowed to implement in advance this more stringent requirement.

To comply with current and future environmental rules related to both fuel economy and pollutant emissions, we may have to incur substantial capital expenditure and research and development expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operation.



# Economic value generated and distributed

The economic value generated and distributed provides an indication on how our Group has created wealth for stakeholders.

The added value generated during 2017 was distributed to various stakeholders: employees, suppliers and service providers are remunerated through wages and the payments, while dividend distribution, net profit attributable to non-controlling interests and financial expenses represent the value distributed to shareholders and providers of capital. Income taxes represent the value distributed to governments, while Community investments include donations. The remaining economic value is retained by our Group.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED (€ thousand)

	2017	
Direct economic value generated	3,163,884	100.0%
Economic value distributed	2,762,491	87.3%
Employees, suppliers and service providers	2,376,438	75.1%
Shareholders <sup>25</sup> and providers of capital	171,700	5.4%
Governments	214,353	6.8%
Economic value retained by the Group	401,393	12.7%

In September 2017, a LaFerrari Aperta was sold for 8.3 million euro at the RM Sotheby's auction during the Prancing Horse's 70th Anniversary celebrations at the Fiorano circuit. The proceeds from the sale of the car have been donated to Save the Children, an international organization that works to improve the lives of disadvantaged children in over 120 countries worldwide. In this case, the funds raised will be used for educational projects in Asia and Africa. The figure is a new record for a 21st century car. The previous record of 7 million dollars was set in December 2016 at Daytona by an exclusive LaFerrari, which went under the hammer to raise funds for earthquake victims in Central Italy.

The LaFerrari auctioned in 2017 is a special extra addition to the initial 209 cars built in this limited-edition special series. It has a unique metallic Rosso Fuoco livery with double metallic Bianco Italia racing stripe on its bonnet and tail.

<sup>25</sup> Subject to approval by the Shareholders at the 2018 Annual General Meeting.







# Ferrari contributes towards the community

Community engagement and involvement with the local territory are of fundamental importance for the Group. All Ferrari cars are manufactured in our production facilities in Maranello and Modena, in the heart of the Italian “Motor Valley”: we are aware of our responsibility towards the community and our efforts are directed to support the development of the local community mainly through collaborations with local universities and thanks to the industry network in the Emilia-Romagna region. To keep alive the spirit of Ferrari and the story of its founder Enzo Ferrari, two different museums have been established.

## Ferrari & universities

We believe that promoting the education of young talents is an essential step to reinforce the connection with local communities. Shaping brilliant engineers with a specific academic background that focuses on new technologies within the automotive industry, and in particular innovative solutions for state-of-the-art performance in luxury cars, is also a prerequisite for the Group to seize future opportunities.

The Motorvehicle University of Emilia-Romagna (MUNER) is an association which was strongly advocated by the Emilia-Romagna region. It was created thanks to a synergetic connection among the universities of Modena and Reggio Emilia, Bologna, Ferrara and Parma along with car companies in the region that represent the excellence of Italian brands, which of course includes Ferrari.

The Motorvehicle University of Emilia-Romagna hub aims at attracting to the region the best university students from all over the world, with the goal of training and introducing into the corporate world tomorrow’s engineers. The training offer is composed of two different master’s degrees, Advanced automotive engineering (AAE) and Advanced automotive electronic engineering (AAEE), during which all the car company partners of the initiative participate in educational activities through seminars, laboratories and lessons, and inviting students to visit production plants. We invest a lot in this activity, in fact some of our Maestri hold a few classes sharing their exclusive Ferrari knowledge.

We have also established since 2015 the “Ferrari F1 Engineering Academy”, based in Maranello, to attract the best engineering graduates or PhDs from all over the world to join the Group within the highly stimulating, fast-paced and challenging work environment of the Scuderia Ferrari F1 team.

From time to time, we also collaborate with top notch universities on specific fields of study.



## Ferrari Museum Maranello & Museo Enzo Ferrari (MEF)

The Ferrari Museum Maranello invites visitors to experience the Prancing Horse dream first-hand, offering visitors a journey through the Group's history, values and automotive world.

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*In 2017, the two museums had more than 530,000 visitors*

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The Museo Enzo Ferrari is built around the house in which Enzo Ferrari was born in 1898. The MEF tells the story of Enzo Ferrari as a young boy discovering the irresistible allure of the world of motor racing, his career as a driver in 1920s, as the driving force behind the Scuderia Ferrari in the 1930s, and then as Ferrari, the Constructor, from 1947 onwards.

During the year 2017, the Ferrari Museum Maranello and the MEF counted more than 530,000 visitors (+12% vs. the prior year).

## Scuderia Ferrari Club

We strive to maintain and enhance the power of our brand and the passion we inspire in clients and the broader community of automotive enthusiasts by continuing our rigorous production and distribution model, which promotes hard-to-satisfy demand and scarcity value in our cars.

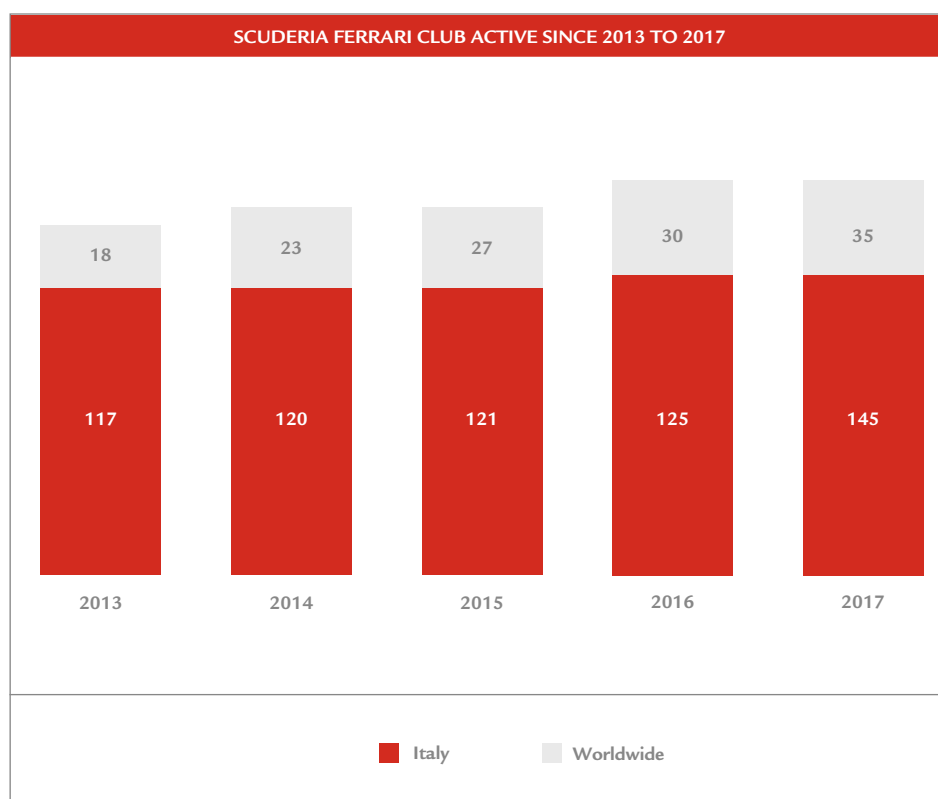
We also support our brand value by promoting a strong connection to our company and our brand among the community of Ferrari enthusiasts.

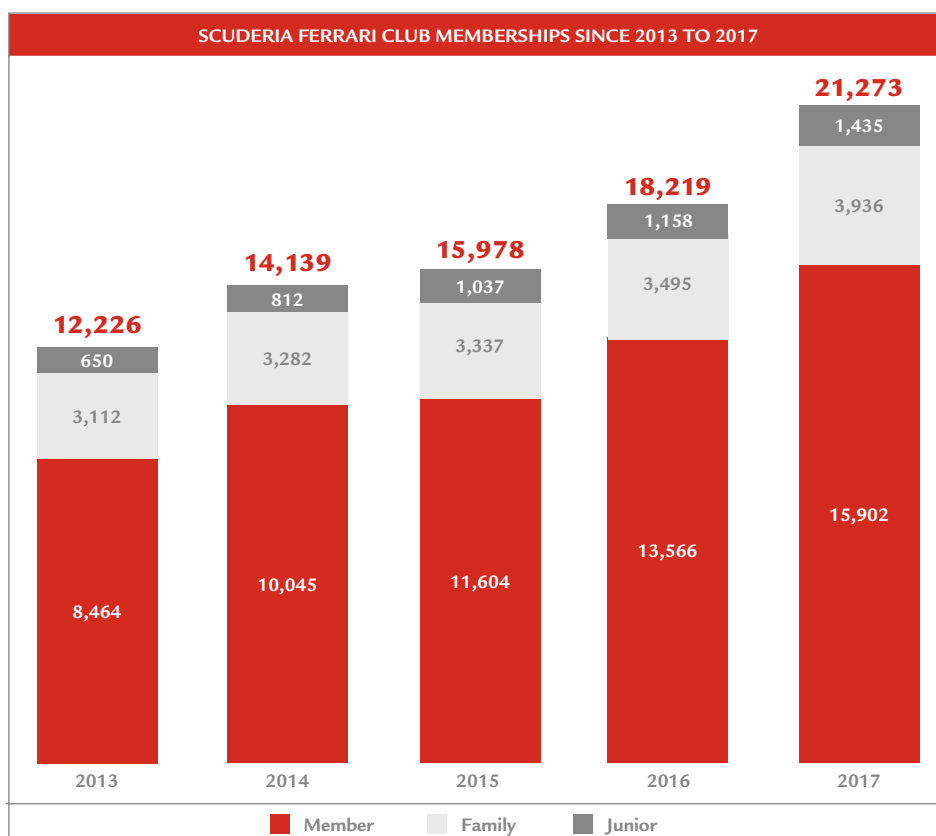


Scuderia Ferrari Club is a not-for-profit consortium company founded in 2006 by Ferrari S.p.A. to coordinate the activities of the Scuderia's many Tifosi which had formed clubs around the world. Today, the company has over 180 officially-recognized Clubs in 20 nations. An incredible mix of different nationalities, cultures and lifestyles all united by one enduring passion: Ferrari.

Scuderia Ferrari Club also collaborates with the Clubs to support the organization their events, providing, in some cases, showcase Ferrari cars.

Before joining the Scuderia Ferrari Club, an organization must demonstrate a significant track record and engage in a conduct that is in line with the values of Ferrari.





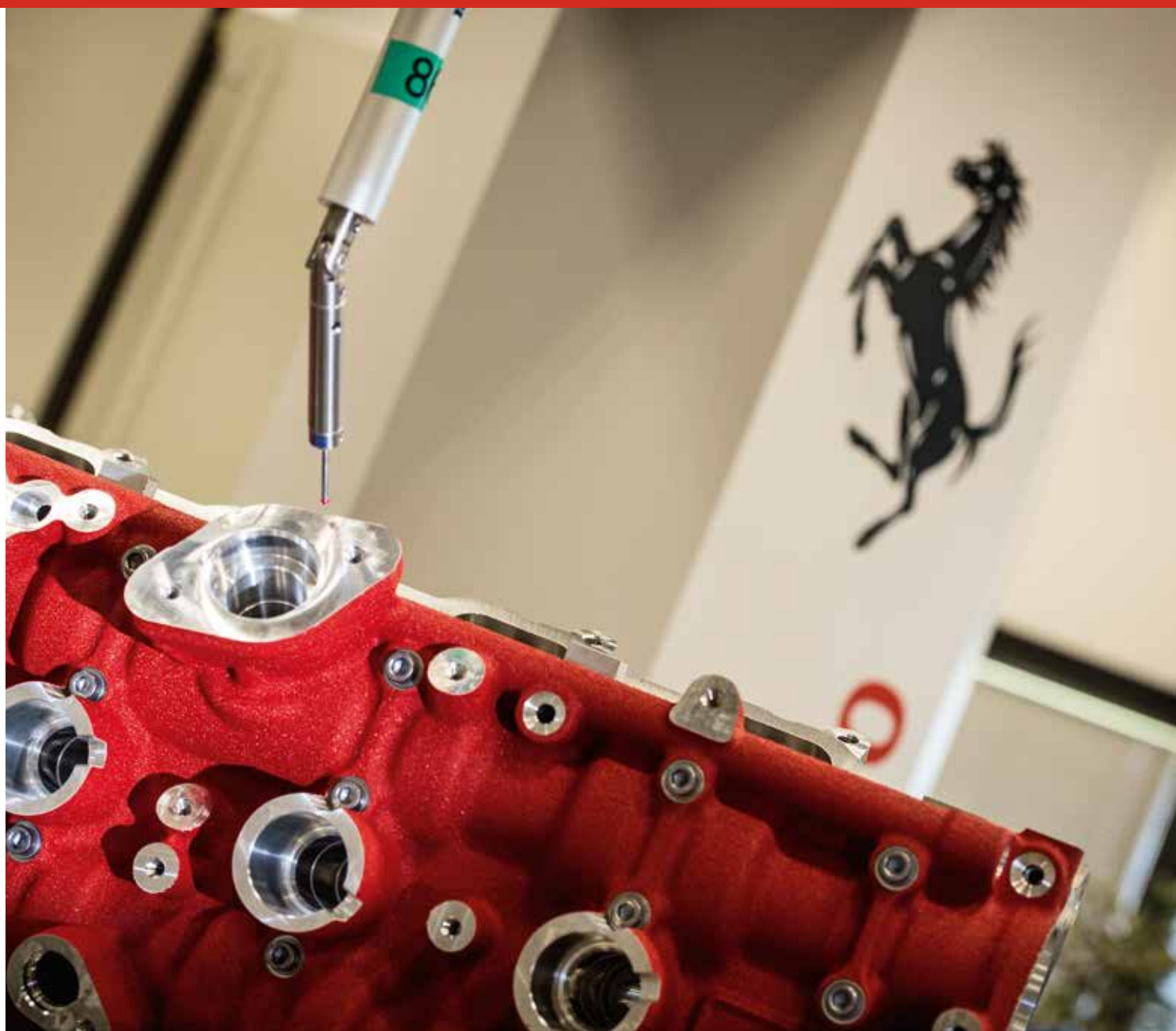
## Ferrari Driver Academy

The Ferrari Driver Academy was founded with the aim of providing young drivers with a training program that will ultimately reward them with a career in a F1 Prancing Horse car.

The Ferrari Driver Academy focuses on fostering the growth and training of talented young drivers who are hand-picked from the international motor racing arena. The aim is to provide these drivers with a 360-degree preparation for a future in the world of Formula 1 or GT racing. In addition to this, the project also encompasses initiatives designed to promote motorsport in Italy and abroad with partnerships to support youth championships in Europe, America and Asia.

The first driver to enter the program was Jules Bianchi in December 2009. The Academy's current drivers are Antonio Fuoco, Guan Yu Zhou, Giuliano Alesi, Marcus Armstrong, Enzo Fittipaldi, Robert Shwartzman, Callum Ilott and Gianluca Petecof. Charles Leclerc joined at the beginning of 2016 and within two years won the GP3 and F2 championships. Next year he will be racing in Formula One with Alfa Romeo Sauber.

The Ferrari Driver Academy's mission is to train drivers not merely from a racing point of view but also to develop them personally and professionally through a program that spans several years. The focus is on developing both the person and the professional at a time in their life when they are growing rapidly, by providing them with all the tools they require to make the right choices at the right time. Hence the idea of creating a "Campus" where the young drivers can live and breathe motorsport and, even more importantly, Ferrari, 24 hours a day.





# Methodology and scope

Through our Sustainability Report, we aim to provide our stakeholders with non-financial information, illustrate our sustainability strategy and our corporate social responsibility initiatives in 2017 (from January 1st, 2017 to December 31st, 2017) to ensure transparent and structured communication with our stakeholders.

This Sustainability Report was prepared under the supervision of Ferrari Group's Chief Financial Officer, in compliance with the "GRI Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative, and in accordance with the GRI Standards: Core option. Several operating departments of the Group have been actively involved in the process of data gathering and report drafting, in order to shape this Sustainability Report. This has been shared with the Executive Officers of the Group and approved by the Governance and Sustainability Committee of the Board of Directors.

With regard to the financial data, the scope of reporting corresponds to that of Ferrari N.V.'s consolidated financial statement.

Regarding the qualitative and quantitative data on social and environmental aspects, the scope of reporting corresponds to Ferrari N.V. and our subsidiaries consolidated on a line-by-line basis (as indicated in the section 3 "Scope of consolidation" of 2017 Annual Report). Any exceptions, with regard to the scope of this data, are clearly indicated throughout the Sustainability Report.

Directly measurable quantities have been included, while limiting, as far as possible, the use of estimates. Any estimated data is indicated accordingly, additionally certain totals in the tables included in this document may not add due to rounding.

During the reporting period, we did not face any significant change concerning the organization's size, structure, ownership or supply chain.

The reporting frequency will be annual.

The Report was subject of a limited assurance engagement (according to the criteria set out by the ISAE 3000 Revised principle) by Deloitte & Touche S.p.A., which, at the end of the work performed, released the Independent Auditor's Report.

This Sustainability Report is also available online at [www.ferrari.com](http://www.ferrari.com). Please refer to the Investor Relations and Sustainability department for your inquiries about Ferrari's sustainability strategy (email: [ir@ferrari.com](mailto:ir@ferrari.com)).





# GRI content index

The following is a summary of the main contents of the Sustainability Report 2017, according to the scheme of “GRI Sustainability Reporting Standards”.

## UNIVERSAL STANDARDS

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
<b>GRI 102: GENERAL DISCLOSURES (2016)</b>			
<b>Organizational profile</b>			
102-1	Name of the organization	Ferrari N.V.	
102-2	Activities, brands, products, and services	17-32	
102-3	Location of headquarters	Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy	
102-4	Location of operations	13	
102-5	Ownership and legal form	2017 Annual Report (History of the Company)	
102-6	Markets served	17-18; 29-32	
102-7	Scale of the organization	13; 70; 2017 Annual Report (Selected Financial and Other Data, Overview of Our Business)	
102-8	Information on employees and other workers	79-81	
102-9	Supply chain	63-64	
102-10	Significant changes to the organization and its supply chain	111	
102-11	Precautionary Principle or approach	32; 43-44; 85	
102-12	External initiatives	32; 39; 40; 77; 85; 87	
102-13	Membership of associations	Ferrari is a member of the following associations, among other: Altgamma, Formula One Management, FIA	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	5-6	
102-15	Key impacts, risks, and opportunities	32-33; 36-37; 43-45; 47; 63; 94-95 2017 Annual Report (Risk Factors and Risk, Risk Management and Control Systems)	



GRI Standard	Disclosure	Page number / Link	Reasons for omissions
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	14; 15; 40-41 Ferrari Code of Conduct	
102-17	Mechanisms for advice and concerns about ethics	40-43 Ferrari Code of Conduct	
<b>Governance</b>			
102-18	Governance structure	39-40	
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	36-38	
102-41	Collective bargaining agreements	83	
102-42	Identifying and selecting stakeholders	36-37	
102-43	Approach to stakeholder engagement	37-38; 57-59	
102-44	Key topics and concerns raised	37	
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	111; Annual Report 2017 (Scope of consolidation)	
102-46	Defining report content and topic Boundaries	35; 111	
102-47	List of material topics	35	
102-48	Restatements of information		Not applicable, this is the first report of Ferrari
102-49	Changes in reporting		Not applicable, this is the first report of Ferrari
102-50	Reporting period	111	
102-51	Date of most recent report		Not applicable, this is the first report of Ferrari
102-52	Reporting cycle	111	
102-53	Contact point for questions regarding the report	111	
102-54	Claims of reporting in accordance with the GRI Standards	111	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
102-55	GRI content index	113-123	
102-56	External assurance	124-125	

## TOPIC-SPECIFIC STANDARDS

GRI 200: ECONOMIC SERIES (2016)			
Topic: Economic Performance			
GRI-103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	43-45; 103	
103-3	Evaluation of the management approach	43-45; 103	
GRI-201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	103	
201-2	Financial implications and other risks and opportunities due to climate change	43-45; Annual Report 2017 (Risk Factors)	
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2017 (Pension plans)	
Topic: Market Presence			
GRI-103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	69; 83	
103-3	Evaluation of the management approach	69; 83	
GRI-202: Market Presence (2016)			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	83	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
Topic: Anti-Corruption			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	40-41; 43-45; 75 Ferrari Code of Conduct	
103-3	Evaluation of the management approach	40-41; 43-45; 75	
<b>GRI-205: Anti-Corruption (2016)</b>			
205-1	Operations assessed for risks related to corruption	40-41; 45	
205-2	Communication and training about anti-corruption policies and procedures	41; 75	
205-3	Confirmed incidents of corruption and actions taken	43	
Topic: Anti-Competitive Practices			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	40-41 Ferrari Code of Conduct	
103-3	Evaluation of the management approach	40-41	
<b>GRI-206: Anti-Competitive Practices (2016)</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	43	
<b>GRI 300: ENVIRONMENTAL SERIES (2016)</b>			
Topic: Materials			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	49-50; 96	
103-3	Evaluation of the management approach	49-50; 96	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
<b>GRI-301: Materials (2016)</b>			
301-1	Materials used by weight or volume	96	
Topic: Energy			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	85; 87-88	
103-3	Evaluation of the management approach	85; 87-88	
<b>GRI-302: Energy (2016)</b>			
302-1	Energy consumption within the organization	89	
302-4	Reduction of energy consumption	88	
Topic: Water			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	85; 92	
103-3	Evaluation of the management approach	85; 92	
<b>GRI-303: Water (2016)</b>			
303-1	Water withdrawal by source	93	
303-2	Water sources significantly affected by withdrawal of water	92	
303-3	Water recycled and reused	92	
Topic: Biodiversity			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	93	
103-3	Evaluation of the management approach	93	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
<b>GRI-304: Biodiversity (2016)</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	93	
304-2	Significant impacts of activities, products, and services on biodiversity	93	
Topic: Emissions			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	85; 89-90; 94-95	
103-3	Evaluation of the management approach	85; 89-90; 94-95	
<b>GRI-305: Emissions (2016)</b>			
305-1	Direct (Scope 1) GHG emissions	90	
305-2	Energy indirect (Scope 2) GHG emissions	90	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	90	
Topic: Effluents and Waste			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	85; 90-91; 93	
103-3	Evaluation of the management approach	85; 90-91; 93	



GRI Standard	Disclosure	Page number / Link	Reasons for omissions
<b>GRI-306: Effluents and Waste (2016)</b>			
306-1	Water discharge by quality and destination	93	
306-2	Waste by type and disposal method	90-91	
306-3	Significant spills	No significant spills occurred in Maranello and Modena plant in the reporting period	
306-5	Water bodies affected by water discharges and/or runoff	93	
<b>Topic: Environmental Compliance</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	85; 87	
103-3	Evaluation of the management approach	85; 87	
<b>GRI-307: Environmental Compliance (2016)</b>			
307-1	Non-compliance with environmental laws and regulations	43	
<b>GRI 400: SOCIAL SERIES (2016)</b>			
<b>Topic: Employment</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	69-72; 75	
103-3	Evaluation of the management approach	69-72; 75	
<b>GRI-401: Employment (2016)</b>			
401-1	New employee hires and employee turnover	81-82	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
<b>Topic: Labor Management Relations</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	69; 83	
103-3	Evaluation of the management approach	69; 83	
<b>GRI-402: Labor-Management Relations (2016)</b>			
402-1	Minimum notice periods regarding operational changes	83	
<b>Topic: Occupational Health and Safety</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	69; 77-78	
103-3	Evaluation of the management approach	69; 77-78	
<b>GRI-403: Occupational Health and Safety (2016)</b>			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	78	Injuries figures with regard to gender breakdown and to external workers are currently unavailable.
403-4	Health and safety topics covered in formal agreements with trade unions	78	
<b>Topic: Training and Education</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	69; 73-76	
103-3	Evaluation of the management approach	69; 73-76	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
<b>GRI-404: Training and Education (2016)</b>			
404-1	Average hours of training per year per employee	74	
404-2	Programs for upgrading employee skills and transition assistance programs	73-74; 76	
404-3	Percentage of employees receiving regular performance and career development reviews	76	
<b>Topic: Diversity and Equal Opportunity</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	69-72	
103-3	Evaluation of the management approach	69-72	
<b>GRI-405: Diversity and Equal Opportunity (2016)</b>			
405-1	Diversity of governance bodies and employees	39; 79-81	
<b>Topic: Non-Discrimination</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	40-41; 69-72 Ferrari Code of Conduct	
103-3	Evaluation of the management approach	40-41; 69-72	
<b>GRI-406: Non Discrimination (2016)</b>			
406-1	Incidents of discrimination and corrective actions taken	43	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
Topic: Local Communities			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	36-38; 105-106	
103-3	Evaluation of the management approach	36-38; 105-106	
<b>GRI-413: Local Communities (2016)</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	105-106	
Topic: Supplier Social Assessment			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	40-41 Ferrari Code of Conduct	
103-3	Evaluation of the management approach	40-41	
<b>GRI-414: Supplier Social Assessment (2016)</b>			
414-1	New suppliers that were screened using social criteria	40-41	
Topic: Customer Health and Safety			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	60-63	
103-3	Evaluation of the management approach	60-63	
<b>GRI-416: Customer Health and Safety (2016)</b>			
416-1	Assessment of the health and safety impacts of product and service categories	60-63	

GRI Standard	Disclosure	Page number / Link	Reasons for omissions
Topic: Marketing and Labeling			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	85	
103-3	Evaluation of the management approach	85	
<b>GRI-417: Marketing and Labeling (2016)</b>			
417-1	Requirements for product and service information and labeling	Depending on the market of destination and whenever applicable, Ferrari vehicles are equipped with labels indicating environmental data (e.g. mercury-free label, fuel consumption and CO2 emissions label, etc.) and additional labels related to the safe use of the vehicle and its components (e.g. battery, Start&Stop system, lubricants, anti-freeze fluid). These labels are sometimes given by an internal self-assessment, otherwise directly received from the authorities.	
Topic: Socioeconomic Compliance			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	33; 35	
103-2	The management approach and its components	40-41	
103-3	Evaluation of the management approach	40-41	
<b>GRI-419: Socioeconomic Compliance (2016)</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	For significant non-compliances with laws and regulations in the social and economic area, please refer to the 2017 Annual Report.	

# Independent Auditor's Report

# Deloitte

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## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of  
Ferrari N.V.

We have carried out a limited assurance engagement on the Sustainability Report of the Ferrari Group (hereinafter the "Group") as of December 31, 2017.

### Directors' responsibility on the Sustainability Report

The Directors are responsible for the preparation of the Sustainability Report in accordance with "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative, as stated in the paragraph "Methodology and scope" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the Group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

### Auditors' independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditors' responsibility

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

The procedures performed on the Sustainability Report included inquiries, primarily with company personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

Antonio Di Biase, Sergio Di Biase, Roberto Di Biase, Roberto Di Biase, Roberto Di Biase, Roberto Di Biase, Roberto Di Biase, Roberto Di Biase, Roberto Di Biase, Roberto Di Biase

Sede legale: Via Tortona, 25 - 20144 Milano (C) Capitale Sociale: € 10.000.000,00

Codice fiscale: 02449560155 - P.E.A. Milano n. 1723239 - Numero IVA: 02449560155

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These procedures consisted in verifying its compliance with the standard "GRI 101: Foundation" for defining report content and quality, and are summarised as follows:

- comparing the economic and financial information and data reported in the chapter "Economic value generated and distributed" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31, 2017, on which another auditor issued the independent auditor's report, dated February 23, 2018;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
  - interviews and discussions with the management of Ferrari Group to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the processes and procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;
  - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that they correctly manage data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the standards identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the legal representative of Ferrari N.V., on the compliance of the Sustainability Report with the standards identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report, as well as the reliability and completeness of the data and information disclosed.

The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

## Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Ferrari Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative, as stated in the paragraph "Methodology and scope" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.



**Franco Amelio**  
Partner

Milan, Italy  
March 30, 2018













**Ferrari**