

# Ferrari



ANNUAL GENERAL MEETING  
April 15, 2021

## AGENDA AND EXPLANATORY NOTES



# AGENDA

## ANNUAL GENERAL MEETING OF SHAREHOLDERS OF FERRARI N.V. (THE “COMPANY”) TO BE HELD VIRTUALLY ON THURSDAY, APRIL 15, 2021 AT 12:00 P.M. CEST

### 1. OPENING

### 2. ANNUAL REPORT 2020

- a. Report of the Board of Directors for the financial year 2020 (*discussion*)
- b. Policy on additions to reserves and on dividends (*discussion*)
- c. Remuneration Report 2020 (*discussion and advisory vote*)
- d. Adoption of the 2020 Annual Accounts (*voting*)
- e. Determination and distribution of dividend (*voting*)
- f. Granting of discharge to the directors in respect of the performance of their duties during the financial year 2020 (*voting*)

### 3. RE-APPOINTMENT OF THE EXECUTIVE DIRECTOR AND NON-EXECUTIVE DIRECTORS

- a. Re-appointment of John Elkann (executive director) (*voting*)
- b. Re-appointment of Piero Ferrari (non-executive director) (*voting*)
- c. Re-appointment of Delphine Arnault (non-executive director) (*voting*)
- d. Re-appointment of Francesca Bellettini (non-executive director) (*voting*)
- e. Re-appointment of Eduardo H. Cue (non-executive director) (*voting*)
- f. Re-appointment of Sergio Duca (non-executive director) (*voting*)
- g. Re-appointment of John Galantic (non-executive director) (*voting*)
- h. Re-appointment of Maria Patrizia Grieco (non-executive director) (*voting*)
- i. Re-appointment of Adam Keswick (non-executive director) (*voting*)

### 4. APPOINTMENT OF THE INDEPENDENT AUDITOR (*voting*)

Proposal to appoint Ernst & Young Accountants LLP as the independent auditor of the Company

### 5. DELEGATION TO THE BOARD OF DIRECTORS OF THE AUTHORITY TO ISSUE SHARES IN THE CAPITAL OF THE COMPANY AND TO LIMIT OR TO EXCLUDE PRE-EMPTION RIGHTS

- 5.1 Proposal to designate the Board of Directors as the corporate body authorized to issue common shares and to grant rights to subscribe for common shares as provided for in article 6 of the Company's articles of association (*voting*)



5.2 Proposal to designate the Board of Directors as the corporate body authorized to limit or to exclude pre-emption rights for common shares as provided for in article 7 of the Company's articles of association (*voting*)

5.3 Proposal to designate the Board of Directors as the corporate body authorized to issue special voting shares and to grant rights to subscribe for special voting shares as provided for in article 6 of the Company's articles of association (*voting*)

**6. DELEGATION TO THE BOARD OF DIRECTORS OF THE AUTHORITY TO ACQUIRE COMMON SHARES IN THE CAPITAL OF THE COMPANY (*voting*)**

Proposal to authorize the Board of Directors to acquire fully paid-up common shares in the Company's own share capital as specified in article 8 of the Company's articles of association

**7. APPROVAL OF AWARDS TO THE EXECUTIVE DIRECTOR (*voting*)**

Proposal to approve the plan to award (rights to subscribe for) common shares in the capital of the Company to the executive director in accordance with article 14.6 of the Company's articles of association

**8. CLOSE OF MEETING**



## EXPLANATORY NOTES TO THE AGENDA

### Item 1: Opening

The chairperson of the meeting will open the Annual General Meeting of Shareholders.

### Item 2: Annual Report 2020

#### *2.a. Report of the Board of Directors for the financial year 2020 (discussion)*

The Report on Operations of Ferrari N.V. is contained in the Company's Annual Report 2020. For further details please refer to the "Report on Operations" section of the Annual Report.

#### *2.b. Policy on additions to reserves and on dividends (discussion)*

##### Dividend Policy

The share capital of Company consists of common shares and special voting shares.

##### Common shares

The Company has adopted a dividend policy in 2018 for the coming years contemplating an annual ordinary dividend to be distributed by the Company to the holders of common shares equal to 30 percent of the annual net profit of the relevant previous financial year. The actual level of dividend to be distributed by the Company will be subject to earnings, cash balances, commitments, strategic plans and other factors that the Board of Directors may deem relevant at the time of a dividend distribution, including adjustments for income or costs that are significant in nature but expected to occur infrequently. The Company refers to the Annual Report 2020 for a further description of the dividend policy.

In compliance with the abovementioned dividend policy, the Company intends to make a dividend distribution on the common shares, as further mentioned under item 2.e.

##### Special voting shares

The holders of special voting shares are not entitled to any distributions, but pursuant to the Company's articles of association, from any amount of profits not reserved by the Board of Directors, first an amount shall be allocated and added to a separate special voting shares dividend reserve for the benefit of the holders of special voting shares, in accordance with article 23.4 of the articles of association of the Company (the "**Special Voting Shares Dividend Reserve**").

The Company has no intention to propose any distribution from the Special Voting Shares Dividend Reserve.

#### *2.c. Remuneration Report 2020 (discussion and advisory vote)*

The directors' remuneration report for 2020 is available on the Company's website. For further details please refer to the following link:



<https://corporate.ferrari.com/en/investors/stock-and-shareholder-corner/shareholders-meetings>. The remuneration report for 2020 will be discussed. Shareholders may render an advisory vote regarding the remuneration report. Shareholders can either vote in favour of, or against, a positive advice with respect to the remuneration report. Any votes "against" will qualify as a negative advice. The results of the voting will be regarded as an advisory – non-binding – vote with respect to the remuneration report for 2020 and in the remuneration report for 2021 the Company will explain how the voting by the shareholders in this Annual General Meeting of Shareholders has been taken into account.

#### *2.d. Adoption of the 2020 Annual Accounts (voting)*

The 2020 Annual Accounts have been audited by Ernst & Young Accountants LLP, the Netherlands, who have issued an unqualified opinion in respect thereof. It is proposed that the 2020 Annual Accounts will be adopted by the General Meeting of Shareholders.

#### *2.e. Determination and distribution of dividend (voting)*

Subject to the adoption of the 2020 Annual Accounts (including the consolidated and statutory financial statements) by the General Meeting of Shareholders (in accordance with article 22, paragraph 8 of the articles of association of the Company), the Board of Directors proposes to distribute a dividend in cash of EUR 0.867 per outstanding common share, totalling approximately EUR 160 million.

Assuming the shareholders approve such dividend distribution, the outstanding common shares will be quoted ex-dividend from April 19, 2021; the record date for the dividend shall be April 20, 2021 on both *Mercato Telematico Azionario* and New York Stock Exchange. It is expected that the dividend on the outstanding common shares will be paid on May 5, 2021.

The balance between the total amount of the dividend distribution for the financial year 2020 and the full amount of profits shown in the Company's 2020 Annual Accounts shall be reserved in order to further fund capital requirements of the Company's Group.

#### *2.f. Granting of discharge to the directors in respect of the performance of their duties during the financial year 2020 (voting)*

The General Meeting of Shareholders is requested to grant discharge to the executive directors in office in 2020 in respect of the performance of their management duties as such management is apparent from the financial statements or otherwise disclosed to the General Meeting of Shareholders prior to the adoption of the 2020 Annual Accounts and to grant discharge to the non-executive directors in office in 2020 in respect of the performance of their non-executive duties as such performance is apparent from the financial statements or otherwise disclosed to the General Meeting of Shareholders prior to the adoption of the 2020 Annual Accounts.

### **Item 3: Re-appointment of the executive director and non-executive directors**

#### *3.a. Re-appointment of John Elkann (executive director) (voting)*



Article 14, paragraph 3 of the articles of association of the Company determines that the term of office of the executive director will expire on the day the first Annual General Meeting of Shareholders is held in the following calendar year, while also allowing the annual re-appointment of its executive director. John Elkann is eligible and has stated his willingness to accept a re-appointment as executive director.

The Board of Directors believes that the director seeking re-appointment at the Annual General Meeting of Shareholders contributes significantly to the Company and performs his duties effectively, and that he demonstrates commitment to his role in the Company. Accordingly, upon recommendation of the Governance and Sustainability Committee, the Board of Directors recommends to the shareholders the re-appointment of John Elkann as executive director.

The relevant biographical details and curriculum vitae of the nominee is available for inspection at the offices of the Company as well as on the Company's corporate website (<http://corporate.ferrari.com>).

- 3.b. Re-appointment of Piero Ferrari (non-executive director) (voting)*
- 3.c. Re-appointment of Delphine Arnault (non-executive director) (voting)*
- 3.d. Re-appointment of Francesca Bellettini (non-executive director) (voting)*
- 3.e. Re-appointment of Eduardo H. Cue (non-executive director) (voting)*
- 3.f. Re-appointment of Sergio Duca (non-executive director) (voting)*
- 3.g. Re-appointment of John Galantic (non-executive director) (voting)*
- 3.h. Re-appointment of Maria Patrizia Grieco (non-executive director) (voting)*
- 3.i. Re-appointment of Adam Keswick (non-executive director) (voting)*

Article 14, paragraph 3 of the articles of association of the Company determines that the term of office of the non-executive directors will expire on the day the first Annual General Meeting of Shareholders is held in the following calendar year, while also allowing the annual re-appointment of its non-executive directors. All non-executive directors were eligible for re-appointment and have stated their willingness to accept a re-appointment as non-executive directors.

The Board of Directors believes that the contribution and performance of each of the non-executive directors seeking re-appointment at the Annual General Meeting of Shareholders continues to be effective, and that they each demonstrate commitment to their respective roles in the Company. Accordingly, upon recommendation of the Governance and Sustainability Committee, the Board of Directors recommends to the shareholders the re-appointment of Piero Ferrari, Delphine Arnault, Francesca Bellettini, Eduardo H. Cue, Sergio Duca, John Galantic, Maria Patrizia Grieco and Adam Keswick as non-executive directors.



The Board of Directors assessed the following candidates as independent pursuant to the Dutch Corporate Governance Code and the New York Stock Exchange Listing Standards: Delphine Arnault, Francesca Bellettini, Eduardo H. Cue, Sergio Duca, John Galantic, Maria Patrizia Grieco and Adam Keswick. For further details as to independence of the candidates, please refer to the paragraph “Independence of the non-executive Directors” in the Company’s 2020 Annual Report.

The relevant biographical details and curriculum vitae of each nominee is available for inspection at the offices of the Company as well as on the Company’s corporate website (<http://corporate.ferrari.com>).

**Item 4: Appointment of the independent auditor (voting)**

Proposal to appoint Ernst & Young Accountants LLP as the independent auditor of the Company

Pursuant to article 21, paragraph 1 of the articles of association of the Company, the General Meeting of Shareholders has the authority to appoint the independent auditor that will conduct the audit of the financial statements. The Audit Committee has reviewed the performance of the independent auditor and the effectiveness of the audit. Based on such review the Audit Committee has recommended the re-appointment of Ernst & Young Accountants LLP as independent auditor of the Company until the 2022 Annual General Meeting of Shareholders. The Board of Directors concurs with the Audit Committee’s recommendation and submits to the shareholders the proposal to reappoint Ernst & Young Accountants LLP as independent auditor of the Company until the 2022 Annual General Meeting of Shareholders.

**Item 5: Delegation to the Board of Directors of the authority to issue shares in the share capital of the Company and to limit or to exclude pre-emption rights**

.At the Annual General Meeting held on April 16, 2020, the shareholders renewed the authority of the Board of Directors to issue shares and to grant rights to subscribe for shares in the capital of the Company. This authorization was granted for a period of 18 months and expires on October 15, 2021. The Board of Directors has also been designated for the same period as the authorized body to limit or exclude the rights of pre-emption of shareholders in connection with the authority of the Board of Directors to issue common shares and grant rights to subscribe for common shares as referred to above.

In order to maintain the necessary flexibility and be able to quickly respond to circumstances that require the issuance of shares and the limitation or exclusion of pre-emption rights, if any, over an adequate period of time and considering the fact that the current authorization of the Board of Directors expires on October 15, 2021, the Board of Directors presents to the General Meeting of Shareholders the following proposals to replace the existing authority.

*5.1 Proposal to designate the Board of Directors as the corporate body authorized to issue common shares and to grant rights to subscribe for*



*common shares as provided for in article 6 of the Company's articles of association (voting)*

In accordance with article 6 of the Company's articles of association, it is proposed to authorize the Board of Directors to issue common shares in the capital of the Company and to grant rights to subscribe for common shares in the capital of the Company.

The authorization is limited to 10% of the issued common shares for general corporate purposes as per the date of the 2021 Annual General Meeting of Shareholders (April 15, 2021), which can be used for any and all purposes necessary in the opinion of the Board of Directors.

The proposed authorization will allow the Board of Directors to be flexible and to respond quickly to circumstances that require the issuance of common shares. It will furthermore enable the Board of Directors to meet any obligations resulting from equity incentive plans of the Company.

The authorization is requested for a period of 18 months starting from the date of the 2021 Annual General Meeting of Shareholders on April 15, 2021 up to and including October 14, 2022.

*5.2 Proposal to designate the Board of Directors as the corporate body authorized to limit or to exclude pre-emption rights for common shares as provided for in article 7 of the Company's articles of association (voting)*

In accordance with article 7 of the Company's articles of association it is proposed to designate the Board of Directors as the corporate body authorized to limit or to exclude pre-emption rights in connection with the issue of and/or the granting of rights to subscribe for common shares in the capital of the Company, for a period of 18 months starting from the date of the 2021 Annual General Meeting of Shareholders on April 15, 2021 up to and including October 14, 2022.

The proposed authorization, in combination with the authorization under agenda item 5.1, will enable the Board of Directors to be flexible and to respond quickly to circumstances that require an issue of common shares with or without limited pre-emption rights. The authorization is limited to the percentage of the capital as described under agenda item 5.1.

In accordance with article 7 of the Company's articles of association, this proposal must be adopted with a majority of at least two thirds of the votes cast if less than one half of the issued share capital is represented at the Annual General Meeting of Shareholders. If one half or more of the issued share capital is represented at the Annual General Meeting of Shareholders, the resolution can be adopted with a simple majority of the votes cast.

*5.3 Proposal to designate the Board of Directors as the corporate body authorized to issue special voting shares and to grant rights to subscribe for special voting shares as provided for in article 6 of the Company's articles of association (voting)*





Shareholders may hold special voting shares and common shares or may hold common shares electing to receive special voting shares upon completion of the required holding period registered in the loyalty register of the Company. In accordance with article 5 of the articles of association, subject to a prior resolution of the Board of Directors, which may set certain terms and conditions, the holder of one or more qualifying common shares will be eligible to hold one special voting share for each such qualifying common share.

To enable the Board of Directors to implement article 5 of the articles of association of the Company and to meet possible future requests of shareholders who comply with the terms and conditions qualifying for the issuance of such special voting shares, it is proposed to, in accordance with article 6 of the Company's articles of association, authorize the Board of Directors to issue special voting shares in the capital of the Company and to grant rights to subscribe for special voting shares up to 10% of the maximum aggregate amount of special voting shares as provided for in the Company's authorized share capital as set out in the Company's articles of association, as amended from time to time, for a period of 18 months starting from the date of the 2021 Annual General Meeting of Shareholders on April 15, 2021 up to and including October 14, 2022.

**Item 6: Delegation to the Board of Directors of the authority to acquire common shares in the capital of the Company (*voting*)**

The Board of Directors believes that it is advantageous for the Company to have the flexibility to acquire own common shares, *inter alia*, to ensure coverage of equity-based incentive plans by the Company and to enable the Board of Directors to carry out share buy-back programs if the Board of Directors considers such buy-back would increase earnings per share or otherwise be in the best interests of the Company and its shareholders.

Therefore, it is proposed that the General Meeting of Shareholders, in accordance with article 8 of the articles of association of the Company, renews the Board of Directors' authority to acquire common shares in the capital of the Company, either through purchase on a stock exchange, through a public tender offer, offer for exchange or otherwise, up to a maximum number of common shares equal to 10% of the Company's issued common shares on April 15, 2021 – with the actual number to be determined by the Chairman or Chief Executive Officer – at a purchase price per share between, on the one hand, an amount equal to the par value of the shares and, on the other hand, an amount equal to 110% of the market price of the shares on the New York Stock Exchange and/or the *Mercato Telematico Azionario* (as the case may be), the market price being the average of the highest price on each of the five days of trading prior to the date on which the acquisition is made, as shown in the Official Price List of the New York Stock Exchange and/or the *Mercato Telematico Azionario* (as the case may be), for a period of 18 months from the date of the 2021 Annual General Meeting of Shareholders (April 15, 2021) and, therefore, up to and including October 14, 2022.

**Item 7: Approval of awards to the executive director**

In February 2021 the Board of Directors approved a new equity incentive plan. This new plan is consistent with the Company's business plan presented at the Capital Markets Day in September 2018 (the "**Business Plan**"). Under the new equity incentive plan 2021-2023,



a combination of a performance-based component represented by performance share units (“**PSUs**”), equal to two-thirds of the total share units granted, and a service-based component represented by restricted share units (“**RSUs**”), covering the remaining one-third of share units granted, each representing the right to receive one common share in the capital of the Company, will be awarded to the executive director of the Company (subject to the shareholders’ approval at the 2021 Annual General Meeting of Shareholders), as well as to SMT Members and other key members of the Company’s Group (the “**Group**”).

In particular, under the new equity incentive plan 2021-2023, a combination of PSUs and RSUs will be awarded to the executive director subject to the shareholders’ approval and the re-appointment of the executive director as executive director at the 2021 Annual General Meeting of Shareholders. The Board of Directors approved an award to the executive director under the new equity incentive plan 2021-2023 of up to 4,063 PSUs and 1,483 RSUs. The PSU awards are based on the achievement of defined key performance indicators relating to: (i) a TSR target, (ii) an EBITDA target and (iii) an innovation target in line with previous year’s long term incentive plan. Of the total PSU award, 50 percent is based on the TSR target, 30 percent on the EBITDA target and 20 percent on the innovation target. Any PSUs awarded to the executive director, SMT Members and other key members of the Group, will vest in 2023, based on the achievement of each target determined independently. The total number of common shares that will be issued upon vesting of the PSUs will depend on the level of achievement of each target. Upon vesting the payout ranges from 50 percent of the target amount of PSUs if the Company’s TSR is ranked fifth among the industry specific peer group of eight, including the Company (the “**Peer Group**”), up to a maximum of 150 percent of the target amount of PSUs if the Company’s TSR is ranked first among the Peer Group (120 percent if second, 100 percent if third and 75 percent if fourth). If the Company’s TSR is ranked lower than fifth among the Peer Group, none of the PSUs will vest. The Peer Group would consist of the Company, Aston Martin, Burberry, Hermes, Kering, LVMH, Moncler and Richemont. The EBITDA target is based on the Company’s five year Business Plan. The payout ranges from 0 percent if the EBITDA is lower than minus 5 percent of the projected EBITDA as set out in the Company’s Business Plan up to a maximum of 140 percent if the EBITDA is 10 percent higher than the projected EBITDA as set out in the Company’s Business Plan (the payout is 80 percent if the EBITDA is 5 percent lower than the projected EBITDA as contemplated by the Company’s Business Plan, 100 percent if the EBITDA is in line with the projected EBITDA as set out in the Company’s Business Plan and 120 percent the EBITDA is 5 percent higher than the projected EBITDA as set out in the Company’s Business Plan). The Innovation Target focuses on the new product launches in line with Ferrari’s plan and on technological innovation. Of the Innovation Target, 70 percent is based on product launches (milestones, volumes and contribution margin) and 30 percent is based on key technological projects, to be achieved during the performance period up to a maximum of 100 percent.

Any RSUs awarded to the executive director, SMT Members and other key members of the Group, are service-based and will vest in 2023 conditional on the continued employment of the executive director, SMT Members and other key members of the Group with the Company or the Group at the time of vesting.

It is proposed that the maximum number of common shares in the capital of the Company that may be awarded to the executive director pursuant to PSUs and RSUs under the new



equity incentive plan 2021-2023 is 5,545 common shares, based on the continued service and performance conditions summarized above.

The Company believes that the equity incentive plan 2021-2023 described above increases the alignment between the Company's performance and shareholder interests, by linking the variable compensation of the executive director of the Company to increasing shareholder value.

The Board of Directors submits to the General Meeting of Shareholders for its approval the proposed award (and the metrics and targets applicable thereto) of up to 5,545 common shares in the capital of the Company to the executive director, as part of the new equity incentive plan 2021-2023, in accordance with article 14.6 of the Articles of Association and Dutch law.

**Item 8: Close of meeting**

The chairperson of the meeting will close the Annual General Meeting of Shareholders. Final greetings.

FERRARI N.V., March 4, 2021

**WE ARE NOT ASKING FOR YOUR PROXY. THIS IS NOT A PROXY STATEMENT NOR A SOLICITATION OF PROXIES. THE COMMON SHARES AND SPECIAL VOTING SHARES OF FERRARI N.V. ARE EXEMPT FROM THE PROXY RULES OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.**