

# Ferrari N.V. 2019 Remuneration Report

## Introduction

The description below summarizes the guidelines and the principles followed by Ferrari in order to define and implement the remuneration policy applicable to the executive directors and non-executive directors of the Company, and members of the SMT. In addition, this section provides the remuneration paid to these individuals for the year ended December 31, 2019. The form and amount of compensation received by the directors of Ferrari for the year ended December 31, 2019 was determined in accordance with the remuneration policy. The Compensation Committee oversees the remuneration policy, remuneration plans and practices of Ferrari and recommends changes when appropriate. The Committee is solely comprised of non-executive directors from the Board of Directors who are independent pursuant to the Dutch Corporate Governance Code. Through this document, Ferrari aims to provide its stakeholders with a high level of disclosure in order to strengthen the trust they and the market place in Ferrari, and provide them with the tools to assess the Company's remuneration principles and exercise shareholders' rights in an informed manner. The Company may from time to time amend the remuneration policy, subject to our shareholders' approval when necessary.

This Compensation Report consists of two sections:

1. Remuneration strategy: our current remuneration policy (which is available on our corporate website) governs compensation for both executive and non-executive directors. In 2019, Ferrari revised some remuneration features in order to provide an enhanced alignment with shareholders' interests and long-term sustainability of our business.  
Our current remuneration strategy further strengthens such alignment and adopts some new features to reflect developing best practices in the Dutch Corporate Governance Code.
2. Implementation of remuneration strategy: details how remuneration features have been implemented during the 2019 financial year and actual remuneration received by each executive and non-executive director. In 2019, there was no deviation from the Remuneration Policy.

## 1. Remuneration Strategy for the 2019 Financial Year

### *Remuneration principles*

The main goal of Ferrari's remuneration strategy is to develop a system which consistently supports the business strategy and value creation for all shareholders, establishing a compensation structure that allows us to attract and retain the most highly qualified executive talent and motivate such executives to achieve business and financial goals that create long-term value for shareholders in a manner consistent with our core business and leadership values and taking into account the social context around the Company, as outlined below.

The main principles of Ferrari's remuneration policy are outlined in the chart below:

<b>1</b>	<b>Alignment with Ferrari Industrial's Strategy</b>	Compensation is strongly linked to the achievement of target aligned with the Company's publically disclosed objectives.
<b>2</b>	<b>Pay For Performance</b>	Compensation must reinforce our performance driven culture and meritocracy.
<b>3</b>	<b>Competitiveness</b>	Compensation set in manner to attract, retain and motivate highly qualified executives and very effective leaders.
<b>4</b>	<b>Long-Term Shareholder Value Creation</b>	Target triggering any variable compensation payment aligned to interests of shareholders and business sustainability
<b>5</b>	<b>Compliance</b>	Ferrari compensation policies and plans are designed to comply with applicable laws and corporate governance requirements

#### *Overview of remuneration elements*

The structure of the remuneration applicable to our executive directors, non-executive directors and other key management under Ferrari's remuneration policy consists of some or all of the following elements: fixed remuneration, short-term incentives, long-term incentives and non-monetary benefits. The purpose and features of the different elements of our remuneration structure for 2019 are outlined in the table below:

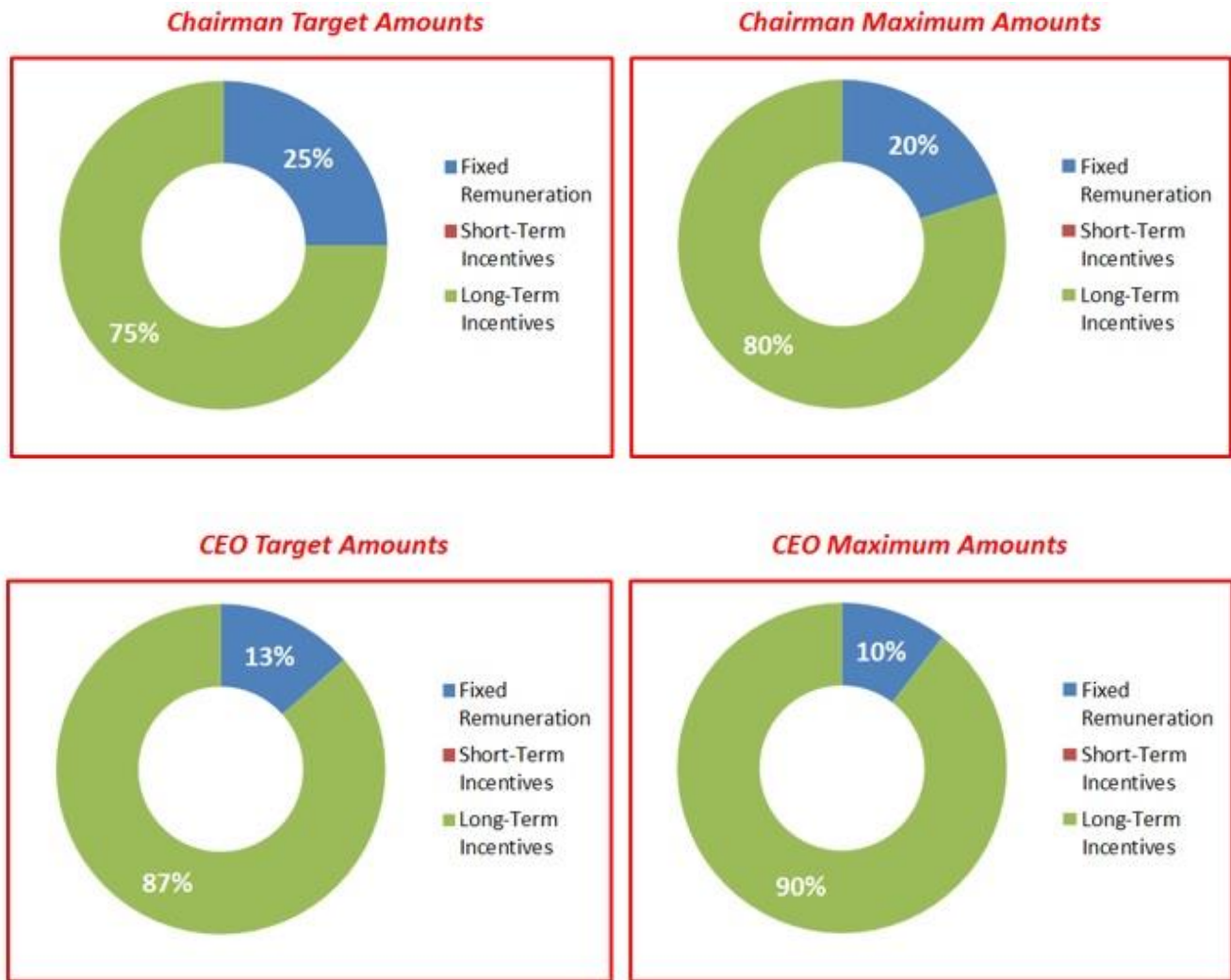
<b>Component</b>	<b>Purpose</b>	<b>Terms and Conditions</b>	<b>Amounts</b>
<b>Remuneration Structure</b>	<ul style="list-style-type: none"> <li>- Attract, retain and motivate highly qualified executives to achieve challenging results</li> <li>- Competitively position our compensation package compared to the compensation of comparable companies, mainly represented by the Peer Group and companies that compete for similar talent</li> <li>- Reinforce our performance driven culture and meritocracy</li> </ul>	<p>Ferrari's remuneration structure is organized as follows:</p> <ul style="list-style-type: none"> <li>- Fixed remuneration</li> <li>- Short-term incentives</li> <li>- Long-term incentives</li> <li>- Non-monetary benefits</li> </ul>	<ul style="list-style-type: none"> <li>- Offer a highly competitive compensation package compared to the reference market</li> <li>- Reference Market: Roles with the same managerial complexity and responsibilities within comparable companies, including those represented by the Peer Group</li> </ul>

Component	Purpose	Terms and Conditions	Amounts
<b>Fixed Remuneration</b>	Reward skills, contribution and experience required for the position held	<ul style="list-style-type: none"> <li>- Executive Chairman: Fixed remuneration is set in relation to the delegated powers assigned over the term and positions held in line with the reference market</li> <li>- CEO: Fixed remuneration is set in relation to the delegated powers assigned over the term and positions held in line with the Reference Market</li> <li>- SMT Members: annual remuneration is based on the role assigned, in line with reference market offering for roles of similar responsibility and complexity</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman: €250,000 annually</li> <li>- CEO: €700,000 annually</li> <li>- Non-Executive Directors: \$75,000 annually</li> <li>- SMT Members: the fixed remuneration is related to the position held and the responsibilities attributed, as well as the experience and strategic nature of the resource</li> </ul>
<b>Short-Term Incentive Plan</b>	<ul style="list-style-type: none"> <li>- Achieve the annual financial, operational and other targets and additional business priorities</li> <li>- Motivate and guide executives' activities over the short-term period</li> </ul>	<p>2019 Short-term incentives targets:</p> <ul style="list-style-type: none"> <li>- Based on achievement of annually predetermined performance objectives</li> <li>- Annual financial, operational and other identified objectives</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman: The Chairman compensation package for 2019 did not include short-term incentives</li> <li>- CEO: The CEO compensation package for 2019 did not include short-term incentives</li> <li>- SMT Members: variable incentive percentage of fixed remuneration based on the position held</li> </ul>

Component	Purpose	Terms and Conditions	Amounts
<b>Long-Term Incentive Plan</b>	<ul style="list-style-type: none"> <li>- Align the behavior of executives critical to the business with shareholders' interests</li> <li>- Motivate executives to achieve long-term strategic objectives</li> <li>- Enhance retention of key resources</li> </ul>	<ul style="list-style-type: none"> <li>- Equity awards to promote creation of value for the shareholders</li> <li>- PSUs and RSUs: vesting in installments</li> <li>- PSUs: 50% linked to TSR compared to Peer Group, 30% linked to EBITDA; 20% linked to a qualitative factor related to the sustainability and innovation of business</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman: Target pay-opportunity is 300% and maximum pay-opportunity is 400% of base salary, in accordance with the long-term shareholder value creation and pay for performance principles of Ferrari's remuneration policy</li> <li>- CEO: Target pay-opportunity is 643% and maximum pay-opportunity is 857% of base salary</li> <li>- SMT Members: variable incentive percentage of fixed remuneration based on the position held</li> </ul>
<b>Non-monetary Benefits</b>	<ul style="list-style-type: none"> <li>- Retain executives through a total reward approach</li> <li>- Enhance executive and employee security and productivity</li> </ul>	<p>Represent an integral part of the remuneration package with welfare and retirement-related benefits</p>	<p>Customary fringe benefits such as company cars and drivers, personal/home security, medical insurance, accident insurance, tax preparation and financial counseling</p>
<b>Share Ownership Guidelines</b>	<ul style="list-style-type: none"> <li>- Ensures alignment with shareholders' interests</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Directors, other SMT members, other senior leaders and key employees are expected to build up share ownership over a period of 5 years</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman and CEO: 6 times net base salary</li> <li>- SMT Members: 3 times net base salary</li> </ul>

### Executive directors' pay-mix

In light of the foregoing considerations, our Executive Chairman's and CEO's compensation packages are structured as follows:



As shown in the charts above, the Chairman and CEO compensation packages for 2019 do not include short-term incentives.

Our remuneration policy is aligned with Dutch law and the Dutch Corporate Governance Code. In particular, the Dutch Corporate Governance Code requires listed companies to disclose certain information about the compensation of their Board and Executive Directors. Through this remuneration strategy, Ferrari fulfills the requirements of the Code ensuring full transparency with our shareholders.

## *2019 remuneration of executive directors and SMT members*

The Board of Directors determines the compensation for our executive directors following the recommendation of the Compensation Committee and with reference to the remuneration policy. The compensation structure for executive directors and SMT members includes a fixed component and a variable component based on short and long-term performance. We believe that this compensation structure promotes the interests of Ferrari in the short and the long-term and is designed to encourage the executive directors and SMT members to act in the best interests of Ferrari. In determining the level and structure of the compensation of the executive directors, the non-executive directors will take into account, among other things, Ferrari's financial and operational results and other business objectives, while considering the executive directors' view concerning the level and structure of their own remuneration. Performance targets are set by the Compensation Committee to be both achievable and stretching, considering Ferrari's strategic priorities and the automotive landscape. The performance measures that are used for variable components have been chosen to better support Ferrari's strategy, long-term interests and sustainability. We establish target compensation levels using a market-based approach and we monitor compensation levels and trends in the market. In addition, we periodically benchmark our executive compensation program against other companies in similar industries with whom we are most likely to compete for the executive talent.

On the basis of the remuneration policy objectives, compensation of executive directors and SMT members consists, inter alia, of the following elements discussed below. Only the long-term incentives element of variable compensation was applicable to executive directors in 2019.

### *Fixed component*

The primary objective of the base salary (the fixed part of the annual cash compensation) for executive directors and SMT members is to attract and retain highly qualified senior executives. Our policy is to periodically benchmark comparable salaries paid to executives with similar experience by comparable companies.

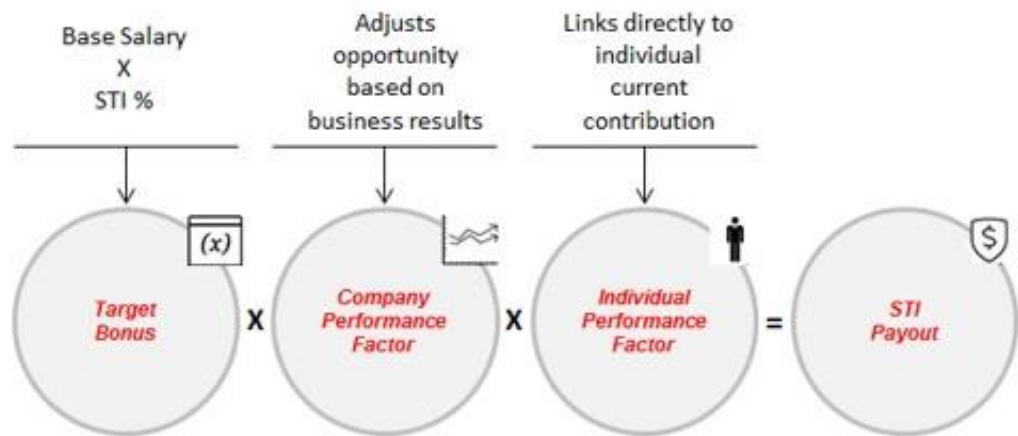
### *Variable components*

Executive directors and SMT members are also eligible to receive variable compensation subject to the achievement of pre-established financial and other identified performance targets. The short and long-term components of executive directors' and SMT members' variable remuneration are linked to predetermined, assessable targets in order to create long-term value for the shareholders.

#### *Short-term incentives*

The primary objective of our performance-based short-term variable cash-based incentives is to incentivize the executive directors and SMT members to focus on the business priorities for the current or next year. The short-term incentive plan is designed to motivate its beneficiaries to achieve challenging targets, by recognizing individual contributions to the Group's results on an annual basis. The Compensation Committee believes that it is appropriate to use a balance of corporate financial targets, strategic objectives and individual performance objectives.

The methodology for Short Term Incentive Calculation is the following:



To determine the executive directors' annual performance bonus, the non-executive directors, upon proposal of the Compensation Committee:

- approve the executive directors' targets and maximum allowable bonuses;
- select the appropriate metrics and their weighting;
- set the stretch objectives;
- consider any unusual items in a performance year to determine the appropriate measurement of achievement; and
- approve the final bonus determination.

In 2019, the Compensation Committee defined the Company Performance Factor including four metrics:

- Net Revenues (20%)
- Consolidated Adjusted EBIT (20%)
- Consolidated EBITDA (20%)
- Industrial Free Cash Flow (40%)

The Compensation Committee established challenging goals for each metric, each of which pays out independently. There is no minimum bonus payout. As a result, if none of the threshold objectives are satisfied, there is no bonus payment.

In addition, upon proposal of the Compensation Committee, the non-executive directors have authority to grant special bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effect on Ferrari's results. The form of any such bonus (cash, common shares of Ferrari or options to purchase common shares) is determined by the non-executive directors from time to time.

As described above, our executive directors (Executive Chairman and CEO) were not included in the Short-Term Incentive Plan in 2019, as the focus of their role is primarily on the long-term view.

### Long-term incentives

We believe that the equity incentive plan discussed below increases the alignment between the Company's performance and shareholder interests, by linking the compensation opportunity of the CEO, the Executive Chairman and SMT members of the Group to increasing shareholder value.

#### Equity Incentive Plan 2019-2021

On February 26, 2019, the Board of Directors approved a new equity incentive plan covering a performance period from 2019 to 2021. The Equity Incentive Plan 2019-2021 is consistent with the Company's business plan presented at the Capital Markets Day in September 2018. Under the Equity Incentive Plan 2019-2021, a combination of performance share units ("PSUs") and retention restricted share units ("RSUs"), each representing the right to receive one Ferrari common share, have been awarded to the Executive Chairman and the CEO of the Company (as approved by Annual General Meeting on April 12, 2019), as well as to members of the SMT and other key employees of the Group.

The Equity Incentive Plan 2019-2021 has the features described below.

The PSU awards are based on the achievement of defined key performance indicators relating to: i) a relative total shareholder return ("TSR") target (which is relative to the TSR of a peer group), ii) an EBITDA target, and iii) an innovation target. Each target is measured independently of the other targets and relates to separate portions of the aggregate awards. The RSU awards are service-based and will vest conditional on the Chairman's and CEO's continued employment with the Company at the time of vesting.

	Type of Equity Long-Term Incentive Vehicle	Proportion of Equity Long-Term Grant	Vesting Cycle	Performance Metrics (Weighting)
<b>Executive Chairman</b>	Performance Share Units (PSUs)	67%	3-years cliff vesting	1) TSR (50%) 2) EBITDA (30%) 3) Innovation Performance Goal (20%)
	Retention Restricted Share Units (RSUs)	33%	3-years cliff vesting	N/A
<b>CEO</b>	Performance Share Units (PSUs)	67%	3-years installment vesting: - 12% after 1 year - 12% after 2 years - 76% after 3 years	1) TSR (50%) 2) EBITDA (30%) 3) Innovation Performance Goal (20%)
	Retention Restricted Share Units (RSUs)	33%	3-years installment vesting: - 33% after 1 year - 33% after 2 years - 34% after 3 years	N/A



The number of PSU awards earned is determined based on the level at which the three performance criteria described below are achieved. At the end of vesting period, the total number of PSUs earned is equal to the sum of:

- the number of PSUs earned under the TSR payout factor, plus;
- the number of PSUs earned under the EBITDA payout factor, plus;
- the number of PSUs earned under the Innovation Performance Goal.

Metrics (weight)	Metrics (type)	Benchmark	Rationale	Link between pay and performance														
<b>TSR (50%)</b>	Financial criteria	New Peer Group* (8 companies: Ferrari, Aston Martin, Burberry, Hermes, Kering, LVMH, Moncler, Richemont)	TSR is tracked for both Ferrari and the companies in the defined New Peer Group calculating starting and ending prices as an average of the 30 calendar days prior to grant and award date	<table border="1"> <thead> <tr> <th>Ranking</th> <th>% of Target Awards</th> </tr> </thead> <tbody> <tr> <td>1°</td> <td>150%</td> </tr> <tr> <td>2°</td> <td>120%</td> </tr> <tr> <td>3°</td> <td>100%</td> </tr> <tr> <td>4°</td> <td>75%</td> </tr> <tr> <td>5°</td> <td>50%</td> </tr> <tr> <td>6° - 7° - 8°</td> <td>0</td> </tr> </tbody> </table>	Ranking	% of Target Awards	1°	150%	2°	120%	3°	100%	4°	75%	5°	50%	6° - 7° - 8°	0
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<b>EBITDA (30%)</b>	Financial criteria	5-year Business Plan	Earnings before interest, taxes, depreciation and amortization takes a company's earnings, and subtracts its cost of debt, cost of goods sold and operating expenses and taxes, resulting in an indicator of Ferrari's profitability	<table border="1"> <thead> <tr> <th>Performance</th> <th>Payout</th> </tr> </thead> <tbody> <tr> <td>+10%</td> <td>140%</td> </tr> <tr> <td>+5%</td> <td>120%</td> </tr> <tr> <td>5 Years Plan</td> <td>100%</td> </tr> <tr> <td>-5%</td> <td>80%</td> </tr> <tr> <td>&lt; - 5%</td> <td>0</td> </tr> </tbody> </table>	Performance	Payout	+10%	140%	+5%	120%	5 Years Plan	100%	-5%	80%	< - 5%	0		
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<b>Innovation Performance Factor (20%)</b>	Non-financial criteria	Critical project milestones	The Innovation Performance Factor focuses on the new product launches in line with Ferrari's plan and on technological innovation. It is measured in terms of product launches (milestones, volumes and contribution margin), for a weight of 70%, and key technological projects, for the remaining 30%, to be achieved during the performance period.															

\*Tiffany was removed from the New Peer Group as a consequence of its recently announced acquisition by LVMH in November 2019.

Our non-financial criterion, the Innovation Performance Factor, was added in the Equity Incentive Plan 2019-2021 in order to have a performance indicator directly linked to the long-term sustainability and technological innovation of our business.

The TSR peer group was updated during the course of 2019 in order to consider more strategically relevant comparable companies for Ferrari.

In relation to the vesting of the PSUs awarded to the CEO, for the interim performance periods ending on December 31, 2019 and December 31, 2020, a maximum of 100% of the units subject to the TSR and EBITDA payout factors may be earned and vest even in case of over-performance. Only at the end of the last interim performance period, ending on December 31, 2021, the plan recognizes a possible over-achievement through the recognition of a payout higher than the target award.

In relation to the vesting of the awards to the Chairman, the vesting of all units will occur after the end of the performance period (December 31, 2021), assuming the conditions for vesting are satisfied.

The performance period for the PSUs commenced on January 1, 2019. The fair value of the awards used for accounting purposes was measured at the grant date using a Monte Carlo Simulation model. The fair value of the PSUs that were granted to Mr. Elkann in 2019 is €111.64 per share and the fair value of the PSUs that were granted to Mr. Camilleri in 2019 is €111.25 per share.

The key assumptions utilized to calculate the grant-date fair values for these awards are summarized below:

Key Assumptions	PSU Awards Granted to the Chairman and the CEO in 2019
Grant date share price	€122.90
Expected volatility	26.5%
Dividend yield	0.9%
Risk-free rate	0%

The expected volatility was based on the observed volatility of the Peer Group. The risk-free rate was based on the iBoxx sovereign Eurozone yield.

While the RSUs granted to Mr. Camilleri will vest in 2020, 2021 and 2022 subject to continued employment with the Company, the RSUs granted to Mr. Elkann have a three-years cliff vesting period and will vest in 2022 subject to continued employment with the Company. The fair value of the RSUs that were granted to Mr. Elkann in 2019 is €119.54 and the fair value of the RSUs that were granted to Mr. Camilleri in 2019 is €120.56.

#### *Other benefits*

Executive directors may also be entitled to customary fringe benefits such as personal use of aircraft, company cars and drivers, personal/home security, medical insurance, accident insurance, tax preparation and financial counseling. The Compensation Committee may grant other benefits to the executive directors in particular circumstances.

#### *Severance*

We offer customary perquisites to our CEO. If the Company terminates his services for reasons other than for cause (as defined) or if he terminates his services for good reason (as defined), the Company will pay the CEO an amount equal to his annual base salary, in the amount received for the last fiscal year prior to termination of his services (the “Severance”). If within twenty-four months following a change of control (as defined), the CEO’s services are terminated by the Company

(other than for cause), or are terminated by the CEO for good reason, the CEO is entitled to receive the Severance and accelerated vesting of awards under his long-term incentive plan.

If within twenty-four months following a change of control (as defined), the Chairman's services are terminated by the Company (other than for cause), or are terminated by the Chairman for good reason, the Chairman is entitled to receive the accelerated vesting of awards under his long-term incentive plan.

### *Internal pay ratios*

In line with the Dutch Corporate Governance Code, the internal pay ratio is an important input for determining the Remuneration Policy for the Board of Directors. In the absence of prescribed methodologies within the Dutch Corporate Governance Code, for the financial year 2019 we chose to show two different internal pay ratios:

1. **Fixed Pay Ratio:** considers the annual fixed salary of our executive directors versus the median employee's base salary.

Using the CEO's fixed remuneration of €700,000 in 2019, the resulting CEO pay ratio versus the median employee base salary was 22 (in 2018: 16). The change in the CEO pay ratio is primarily caused by the increase of the CEO's fixed salary from €500,000 in 2018 to €700,000 in 2019. Similarly, the resulting Chairman pay ratio using the Chairman's fixed remuneration versus the median employee base salary was 7.9 for 2019 (not applicable in 2018 as the Chairman did not hold an executive role).

2. **Total Pay Ratio:** considers the annual target compensation of our executives directors versus the median employee's compensation, consisting of actual fixed and variable compensation, excluding fringe benefits and social contributions.

Using the CEO's target annual compensation of €5.2 million, the resulting CEO pay ratio versus the median employee was 138 (in 2018: 148). The change in the CEO pay ratio is primarily caused by the increase of the median employee's compensation from €35,100 in 2018 to €37,694 in 2019, in line with our compensation strategy linked to the Group's performance. Similarly, the resulting Chairman pay ratio using the Chairman's targeted annual compensation of €1.0 million versus the median employee was 26.5 (not applicable in 2018 as the Chairman did not hold an executive role).

The methodology used to calculate the "Fixed Pay Ratio", which takes only the fixed remuneration component and excludes the variable components of compensation, was originally chosen for the following two reasons. First, the overall compensation package (including fixed and variable components) depends on the results achieved by Group. Therefore, poor performance would imply low or null variable remuneration, thereby reducing the pay ratio, with less efficient performance resulting in a lower ratio, which may wrongly signal a virtuous development. Secondly, we exclude variable compensation to ensure comparability of the ratio over time, and to avoid the ratio being skewed in different periods by the vesting features of the plan. We added the "Total Pay Ratio" disclosure in 2019 in order to provide a more complete internal pay ratio disclosure and offer additional insight into the pay ratio when the target annual compensation of our executive directors is considered.

The development of these ratios and any prescribed methodologies within the Dutch Corporate Governance Code will be monitored and disclosed going forward.

### ***Recoupment of incentive compensation (claw back policy)***

The long-term incentive plans (the Equity Incentive Plan 2016-2020 and the Equity Incentive Plan 2019-2021) include a claw back clause, which allows the Company to claim the refund of part or all of the variable component of remuneration awarded or paid on the basis of information or data that subsequently prove manifestly incorrect, if the Board

of Directors determines that circumstances that would have constituted “cause” (as defined) existed while the remuneration remained unvested or due to the beneficiaries’ fraud or negligence (each, a “Recovery Event”).

In particular, if a Recovery Event occurs within 2 years after the payment of cash or delivery of any shares in respect of the PSUs or RSUs, a participant will be required to repay the net amount received, as determined by the Board of Directors in its discretion.

***Stock ownership***

In 2019 the Board of Directors determined stock ownership guidelines applicable to Ferrari’s directors and certain employees, recognizing the critical role that stock ownership has in aligning the interests, in particular, of Ferrari’s Executive Chairman, CEO, SMT members and senior leaders and key employees with those of the shareholders. As of the end of the 2019 financial year, covered employees should own Ferrari common shares in the following minimum amounts (as multiple of net base salary):

<b>Incumbent</b>	<b>Share Ownership Guideline</b>
Executive Chairman and Chief Executive Officer	6 times net base salary
Other SMT members	3 times net base salary
Other senior leaders	1.5 times net base salary
Other key employees	1 times net base salary

The Chairman and the Chief Executive Officer are each required to retain one hundred percent (100%) of net, after-tax shares of common stock issued upon vesting and settlement of any equity awards granted to such individual until the fifth anniversary of the grant date of such award other than death, termination of service due to total disability, approved leave of absence or retirement.

The above listed covered employees are required to achieve the applicable ownership threshold within 5 years, through acquisitions of Ferrari common shares as a result of the vesting of PSUs or RSUs until the required ownership level has been met, excluding any shares sold to pay taxes in connection with the granting of those shares.

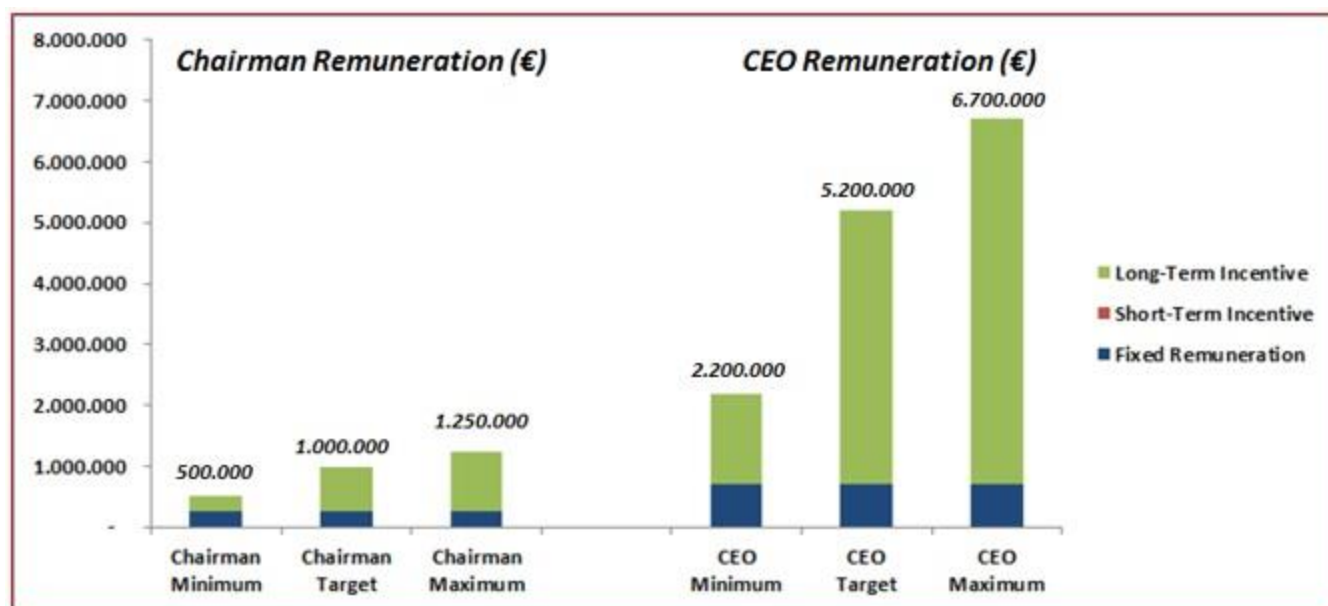
***Scenario analysis***

On an annual basis, the non-executive directors, upon proposal of the Compensation Committee, examine the relationship between the performance criteria chosen and the possible outcomes for the variable remuneration of Executive Chairman and our CEO (scenario analysis). To date, the non-executive directors believe the remuneration policy has proven effective in terms of establishing a correlation between Ferrari’s strategic goals and the chosen performance criteria, as the main key performance criteria of our Executive Chairman’s and our CEO’s long-term incentive plan (i.e. the TSR, EBITDA and Innovation Performance Factor), which represents a significant part of the Executive Chairman’s and the CEO’s compensation package, supports both Ferrari’s business strategy and value creation for our shareholders.

In the event that specific long-term threshold performance targets are not achieved, there will be no variable pay vesting or payout for executive directors for the relevant period.

The following table and chart describe compensation levels that current Executive Directors could receive under different scenarios in a calendar year, assuming a constant share price (i.e. no appreciation):

Element of remuneration	Details of assumption
<b>Fixed remuneration</b>	This comprises base salary with effect from January 1, 2020. The Executive Chairman salary will be €250,000 and the CEO salary will be €700,000
<b>Short-term Incentive Plan</b>	The Chairman and the CEO compensation packages do not include short-term incentives.
<b>Long-term Incentive Plan</b>	<p>Executive Chairman:</p> <ul style="list-style-type: none"> <li>– in case of failure to achieve any of the performance criteria the scenario assumes no award of PSUs and solely the payment of RSUs;</li> <li>– in case of achievement of the targets for each of the performance criteria, the scenario assumes an award equal to target pay opportunity (300% of base salary);</li> <li>– in case of achievement of the maximum level of each performance criteria the scenario assumes the award equal to maximum pay opportunity (400% of base salary).</li> </ul> <p>CEO:</p> <ul style="list-style-type: none"> <li>– in case of failure to achieve any of the performance criteria the scenario assumes no award of PSUs and solely the payment of RSUs;</li> <li>– in case of achievement of the targets for each of the performance criteria the scenario assumes the award equal to target pay opportunity (643% of base salary);</li> <li>– in case of achievement of the maximum for each of the performance criteria the scenario assumes the award equal to maximum pay opportunity (857% of base salary).</li> </ul>



N.B. Details about the actual CEO remuneration in the section 2. Implementation of Remuneration Policy in 2019

### Remuneration policy for Non-Executive Directors

Remuneration of non-executive directors is approved by the Company's shareholders and periodically reviewed by the Compensation Committee.

Remuneration of non-executive directors is fixed and not dependent on the Company's financial results. Non-executive directors are not eligible for variable compensation and do not participate in any incentive plans.

The current annual remuneration for the non-executive directors (which was approved at the Annual General Meeting of Shareholders' of the Company, held on April 13, 2018) is:

- \$75,000 for each non-executive director.
- An additional \$10,000 for each member of the Audit Committee and \$20,000 for the Audit Committee Chairman.
- An additional \$5,000 for each member of the Compensation Committee and the Governance and Sustainability Committee, and \$15,000 for the Compensation Committee Chairman and the Governance and Sustainability Committee Chairman.
- An additional \$25,000 for the senior non-executive director.

All remuneration of the non-executive directors is paid in cash.

## 2. Implementation of Remuneration Strategy in 2019

### Introduction

This section sets out the implementation of Ferrari's remuneration strategy for the year ended December 31, 2019. The remuneration granted in the year ended December 31, 2019 is in accordance with the substance and the procedures of the remuneration strategy (as set out above) and therefore we believe it allows us to seek to attract and retain the most highly qualified executive talent and motivate such executives to achieve business and financial goals that create long-term value for shareholders in a manner consistent with our core business and leadership values and taking into account the social context around the Company.

### Directors' compensation

The following table summarizes the remuneration received by the members of the Board of Directors for the year ended December 31, 2019 from Ferrari and its subsidiaries.

Name	Office held	Fixed remuneration		Variable remuneration <sup>(3)</sup> (€)	Extraordinary items (€)	Pension expense (€)	Total remuneration in 2019 <sup>(4)</sup> (€)
		Annual fee (€)	Fringe benefits (€)				
John Elkann <sup>(1)</sup>	Chairman and Executive Director	211,666	11,920 <sup>(2)</sup>	—	—	—	223,586
Louis C. Camilleri	Chief Executive Officer and Executive Director	700,000	3,668 <sup>(2)</sup>	—	183,587 <sup>(5)</sup>	—	887,255
<b>Total</b>	<b>Executive Directors</b>	<b>911,666</b>	<b>15,588</b>	<b>—</b>	<b>183,587</b>	<b>—</b>	<b>1,110,841</b>
Piero Ferrari	Vice Chairman and Non-Executive Director	71,552	11,920 <sup>(2)</sup>	—	—	—	83,472
Sergio Duca	Senior Non-Executive Director	109,810	—	—	—	—	109,810
Delphine Arnault	Non-Executive Director	67,080	—	—	—	—	67,080
Giuseppina Capaldo	Non-Executive Director	86,465	—	—	—	—	86,465
Eddy Cue	Non-Executive Director	73,542	—	—	—	—	73,542
Lapo Elkann <sup>(6)</sup>	Non-Executive Director	18,627	—	—	—	—	18,627
Amedeo Felisa <sup>(6)</sup>	Non-Executive Director	18,627	—	—	—	—	18,627
Maria Patrizia Grieco	Non-Executive Director	76,024	—	—	—	—	76,024
Adam Keswick	Non-Executive Director	67,080	—	—	—	—	67,080
Elena Zambon	Non-Executive Director	74,535	—	—	—	—	74,535
<b>Total</b>	<b>Non-Executive Directors</b>	<b>663,342</b>	<b>11,920</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>675,262</b>

(1) From 01/01/2019 to 04/12/2019: Chairman and Non-Executive Director. From 04/12/2019 to 12/31/2019: Chairman and Executive Director.

(2) Relate to car benefits provided to Mr. Camilleri, Mr. Elkann and Mr. Ferrari in accordance with the remuneration policy.

(3) For information regarding Equity Based Variable Compensation see Share-Based Compensation of Executive Directors below.

(4) Certain amounts have been translated from U.S. Dollars to Euro.

(5) The amount includes an extraordinary lump sum to compensate the Italian taxation impact on the CEO's relocation to Italy.

(6) Mr. Lapo Elkann and Mr. Amedeo Felisa were Non-Executive Directors from 01/01/2019 to 04/12/2019.

The following table summarizes the remuneration received by the members of the Board of Directors for the year ended December 31, 2018 from Ferrari and its subsidiaries.

Name	Office held	Fixed remuneration		Variable remuneration (€)	Extraordinary items (€)	Pension expense (€)	Total remuneration in 2018 <sup>(5)</sup> (€)
		Annual fee (€)	Fringe benefits <sup>(2)</sup> (€)				
John Elkann <sup>(1)</sup>	Chairman and Executive Director	79,554	13,025	—	—	—	92,579
Louis C. Camilleri <sup>(3)</sup>	Chief Executive Officer and Executive Director	270,412	—	—	—	—	270,412
<b>Total</b>	<b>Executive Directors</b>	<b>349,966</b>	<b>13,025</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>362,991</b>
Piero Ferrari	Vice Chairman and Non-Executive Director	68,149	12,397	—	—	—	80,546
Sergio Duca <sup>(4)</sup>	Senior Non-Executive Director	94,890	—	—	—	—	94,890
Delphine Arnault	Non-Executive Director	63,889	—	—	—	—	63,889
Giuseppina Capaldo	Non-Executive Director	73,781	—	—	—	—	73,781
Eddy Cue	Non-Executive Director	68,149	—	—	—	—	68,149
Lapo Elkann <sup>(6)</sup>	Non-Executive Director	63,889	—	—	—	—	63,889
Amedeo Felisa <sup>(6)</sup>	Non-Executive Director	63,889	—	—	—	—	63,889
Maria Patrizia Grieco	Non-Executive Director	72,408	—	—	—	—	72,408
Adam Keswick	Non-Executive Director	63,889	—	—	—	—	63,889
Elena Zambon	Non-Executive Director	72,030	—	—	—	—	72,030
<b>Total</b>	<b>Non-Executive Directors</b>	<b>704,963</b>	<b>12,397</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>717,360</b>

(1) From 01/01/2018 to 07/21/2018: Vice Chairman and Non-Executive Director. From 07/21/2018 to 12/31/2018: Chairman and Non-Executive Director.

(2) Fringe benefits relate to car benefits provided to Mr. Elkann and Mr. Ferrari in accordance with the remuneration policy.

(3) From 01/01/2018 to 07/21/2018: Senior Non-Executive Director. From 09/07/2018 to 12/31/2018: Chief Executive Officer and Executive Director.

(4) From 07/21/2018 to 12/31/2018: Senior Non-Executive Director.

(5) Certain amounts have been translated from U.S. Dollars to Euro.



The following table shows a comparison of the total remuneration of directors over the last four years, based on Ferrari directors who served as directors in 2019. Compensation data for 2015 is not included as the Company was not a Dutch-listed company at December 31, 2015.

<b>Directors' Total Remuneration (€)</b>					
		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
John Elkann	Chairman and Executive Director	223,586 <sup>(1)</sup>	92,579 <sup>(2)</sup>	115,317	142,864
Louis C. Camilleri	Chief Executive Officer and Executive Director	887,255	270,412 <sup>(3)</sup>	133,021	214,987
Piero Ferrari	Vice Chairman and Non-Executive Director	83,472	80,546	111,919	193,610
Sergio Duca	Senior Non-Executive Director	109,810	94,890 <sup>(4)</sup>	119,743	212,506
Delphine Arnault	Non-Executive Director	67,080	63,889	97,614	130,637
Giuseppina Capaldo	Non-Executive Director	86,465	73,781	106,465	195,162
Eddy Cue	Non-Executive Director	73,542	68,149	102,039	186,170
Lapo Elkann	Non-Executive Director	18,627 <sup>(7)</sup>	63,889	97,614	133,665
Amedeo Felisa	Non-Executive Director	18,627 <sup>(7)</sup>	63,889	87,655 <sup>(5)</sup>	6,750,315 <sup>(6)</sup>
Maria Patrizia Grieco	Non-Executive Director	76,024	72,408	106,465	136,750
Adam Keswick	Non-Executive Director	67,080	63,889	97,614	130,637
Elena Zambon	Non-Executive Director	74,535	72,030	102,039	189,138
<b>Company Performance (€ million)</b>					
Adjusted EBITDA		1,269	1,114	1,036	880
<b>Median of fixed remuneration on a full-time equivalent basis of employees<sup>(*)</sup> (€)</b>					
Median fixed remuneration of employees		31,782	30,600	30,385	29,938

<sup>(\*)</sup> This information does not include the "Premio di Competitività", which is on top of the fixed remuneration.

(1) From 01/01/2019 to 04/12/2019: Chairman and Non-Executive Director. From 04/12/2019 to 12/31/2019: Chairman and Executive Director.

(2) From 01/01/2018 to 07/21/2018: Vice Chairman and Non-Executive Director. From 07/21/2018 to 12/31/2018: Chairman and Non-Executive Director.

(3) From 01/01/2018 to 07/21/2018: Senior Non-Executive Director. From 09/07/2018 to 12/31/2018: Chief Executive Officer and Executive Director.

(4) From 07/21/2018 to 12/31/2018: Senior Non-Executive Director

(5) Mr. Felisa served on the Board of Directors as Executive Director with a specific consultancy contract until the Annual General Meeting of Shareholders held on 04/14/17, following which Mr. Felisa served as Non-Executive Director.

(6) On May 2, 2016 Mr. Amedeo Felisa retired as Chief Executive Officer. His role was taken by Mr. Sergio Marchionne who assumed the Chief Executive Officer's responsibilities while also retaining his role as Chairman of the Company. Mr. Felisa continued to serve on the Board of Directors of Ferrari as Executive Director with a specific consultancy contract until the Annual General Meeting of Shareholders held in April 2017 following which Mr. Felisa served as non-executive director. Base premium salary includes €814 thousand for his role as Chief Executive Officer from 01/01/2016 to 05/01 2016 and €167 thousand pursuant to the abovementioned consultancy contract from 05/02/2016 to 12/31/2016. Other includes €5,500 thousand for retirement package.

(7) Mr. Lapo Elkan and Mr. Amedeo Felisa were Non-Executive Directors from 01/01/2019 to 04/12/2019

## Share-Based Compensation of Executive Directors

The following table gives an overview of the outstanding equity incentive plans provided to Ferrari Executive Directors in 2019:

Name, position	Main conditions of share award plans				Movements in share awards during 2019				
	Plan	Performance period	Grant date	Vesting date	Number of unvested shares at January 1, 2019	Shares awarded	Shares vested	Number of unvested shares at December 31, 2019	of which are subject to performance conditions
John Elkann, Executive Chairman	Equity Incentive Plan 2019-2021	2019 - 2021	April 2019	March 2022	—	20,703	—	20,703	13,802
Louis C. Camilleri, CEO	Equity Incentive Plan 2016-2020	2016 - 2020	September 2018	March 2019	17,108	—	17,108	—	11,405
	Equity Incentive Plan 2019-2021	2019 - 2021	April 2019	March 2020 March 2021 March 2022	—	124,218	—	124,218	82,812

In 2017, the Board of Directors and the Shareholders approved an incentive plan covering the performance period from 2016-2020 (the “Equity Incentive Plan 2016-2020”). The Equity Incentive Plan 2016-2020 is comprised of a performance-based component represented by PSUs, equal to two thirds of the total share units granted, and a service-based component represented by RSUs covering the remaining one third of share units granted, each of which units represents the right to receive one common share of the Company. Under the terms of the Equity Incentive Plan 2016-2020, the PSUs vest subject to the achievement of a market performance condition related to the Company’s TSR compared to a peer group which was comprised of Ferrari and other seven companies (i.e., Brunello Cucinelli, Burberry, Ferragamo, Hermes, LVMH, Moncler and Richemont); the RSUs vest subject to the beneficiary’s continued employment with the Company.

The following table summarizes, from a pay-for-performance perspective, the performance of our CEO in 2019 with specific reference to Ferrari’s TSR performance against its industry-specific defined peer group, since it was the only performance indicator relating to PSU awards granted to our CEO in 2019. It should be noted that our CEO compensation package for 2019 did not include any short-term incentives:

Name	Position held	a) Description of the performance criteria b) Applicable performance	Relative weighting of the performance criteria	Information on performance targets			a) Actual performance b) Actual payout
				a) Threshold performance b) Corresponding award	a) Target performance b) Corresponding award	a) Maximum performance b) Corresponding award	
Louis C. Camilleri	Chief Executive Officer	a) 3-year TSR (from January 4, 2016 to December 31, 2018) b) Equity Incentive Plan	100.00%	a) 5 <sup>th</sup> out of 8 Companies b) 50% of Target Award	a) 3rd out of 8 Companies b) 100% of Target Award	a) 1st out of 8 Companies b) 150% of Target Award	a) 3rd out of 8 Companies b) 100% of Target Award

The former Chairman and Chief Executive Officer of the Company, Mr. Sergio Marchionne, was the beneficiary of PSU awards under the Equity Incentive Plan 2016-2020. Under the terms and conditions of the applicable award agreement, the PSUs awarded to Mr. Marchionne under the plan remain outstanding following Mr. Marchionne’s death in July 2018 for the benefit of his heirs, and are eligible to be earned based on the actual performance of the Company and in accordance with the other terms and conditions of the award agreement. For the first tranche of the PSU awards under the Equity Incentive Plan 2016-2020, which cover the performance period from 2016 to 2018, Ferrari ranked third in TSR within the defined industry-specific peer group applicable to the plan, corresponding to the vesting of 100 percent of the target PSUs awarded for the related period. As a result, in 2019 150,000 PSU awards previously granted to Mr. Marchionne under the Equity Incentive Plan 2016-2020 vested. A further 300,000 PSU awards previously awarded under the plan remain outstanding at

December 31, 2019 and are subject to vesting based on the actual performance of the Company compared to the peer group over the related performance periods from 2016 to 2019 and 2016 to 2020.

### ***Compensation of the members of the SMT***

The compensation paid to or accrued during the year ended December 31, 2019 by Ferrari and its subsidiaries to the members of the SMT (excluding the CEO) amounted to €19.9 million in aggregate, including €14.5 million for short-term incentives, €0.2 million for the Group's contributions to pension funds and €5.2 million for share-based compensation in relation to PSUs and RSUs granted under the Group's equity incentive plans. The PSU and RSU awards vest in three equal tranches in 2019, 2020 and 2021, subject to continued employment and, for the PSU awards, the achievement of a market performance condition related to TSR, as described above. Given Ferrari's third place positioning in the TSR ranking against the Peer Group for the first tranche of the Equity Incentive Plan 2016-2020, which covers the performance period from 2016 to 2018, at December 31, 2019 29,444 PSUs and 14,722 RSUs had vested for SMT members (excluding the CEO).

### **Director and Officer Overlaps**

There are overlaps among the directors and officers of FCA and our directors and officers. These individuals owe duties both to us and to the other companies that they serve as officers and/or directors. This may raise certain conflicts of interest as, for example, these individuals review opportunities that may be appropriate or suitable for both Ferrari and such other companies, or business transactions are pursued in which both Ferrari and such other companies have an interest, such as Ferrari's arrangement to supply engines for Maserati cars. For example, Mr. John Elkann our Chairman, is also the Chairman of FCA and the Chairman and Chief Executive Officer of Exor. At February 7, 2020, Exor held approximately 24.0 percent of our outstanding common shares and approximately 35.8 percent of the voting power in the Company, while it holds approximately 29.0 percent of the outstanding common shares and 42.1 percent of the voting power in FCA, based on SEC filings. The percentages of ownership and voting power above are calculated based on the number of outstanding shares net of treasury shares. See "*Risk Factors—Risks related to our Common Shares—We may have potential conflicts of interest with FCA and Exor and its related companies*".