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**Comments of Ferrari N.V. and Ferrari North America, Inc.
on
Second Public Workshop on Advanced Clean Cars II Amendments**

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Ferrari Position on the future CARB ACC II Amendments

Ferrari N.V. and Ferrari North America, Inc. ("Ferrari") appreciate the opportunity to submit comments on the June 26, 2024 second Public Workshop regarding "Advanced Clean Cars II Amendments".

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 racing team in the history of Formula 1. We believe that 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 178 authorized dealers operating 196 points of sale as of the end of 2023. The importer and distributor of Ferrari vehicles in the United States is Ferrari North America, Inc. with a current dealer network of 42 authorized dealers in 24 States.

Ferrari became an independent, publicly traded company following its separation from Stellantis (prior to the merger with Peugeot S.A. in January 2021, FCA), which was completed on January 3, 2016 and occurred through a series of transactions including the initial public offering of common shares of the Company on the New York Stock Exchange in October 2015 under the ticker symbol RACE, and the distribution, following the initial public offering, of FCA's remaining interest in the Company to FCA's shareholders. On January 4, 2016, the Company also completed the listing of its common shares on the Mercato Telematico Azionario ("MTA", subsequently renamed Euronext Milan), under the ticker symbol RACE.

Therefore, **Ferrari is a completely independent, publicly traded company with an average of 3,100 vehicles produced for US for the last 3 model years**, which is much less than the 5,000 vehicles that defines a Small Volume Manufacturer (SVM¹) in current regulation.

As independent manufacturer, 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 instead manufacture the aluminum bodyworks of our cars. All the remaining parts and elements not produced in-house by Ferrari are purchased from our suppliers, who often have to customize components for Ferrari applications.

Innovation runs within Ferrari, so **the challenge of building a Ferrari for a low-emissions future is one that we are already embracing despite our negligible contribution to the total air pollutant emissions** due to the low volumes and typical low average annual mileage.

¹ California Code of Regulations (CCR) Title 13, §1961.3 (a)(3)(A)



FERRARI CONTRIBUTION

Ferrari fully supports and welcomes the climate protection initiatives of the California Air Resources Board (CARB), provided that all stakeholders contribute their share, and that the achievements obtained so far are taken into account.

Saying that all stakeholders should contribute their part means that the **negligible contribution** to air pollutant emissions **of vehicles registered in US and produced by SVMs** should be considered in the Impact Analysis evaluations.

This has already been acknowledged in the Advanced Clean Cars II Final Statement of Reason², indicating that small volume manufacturers *"represent less than 2% of total new vehicle sales in California and therefore have a limited impact on California's emission inventory"*.

The **even more negligible contribution to the total emissions of high performance vehicles** registered in US and produced by low volume manufacturers **due to the typical low mileage of 2,543 miles per year³** should also be considered.

Ferrari is among the world's leading luxury brands with unique, world-class capabilities, and a vision built on our historic foundations and strengths. Innovation is part of Ferrari's DNA, investing approximately 15% of net revenues in R&D annually⁴, **Ferrari is one of largest private contributor to innovation** commensurate with Companies of a comparable size. Consistent with our mission to develop cutting edge sports and GT cars, much of this investment is focused on researching technologies that further reduced emissions, such as the powertrain, car dynamics and the use of materials like special aluminum alloys and carbon fiber. In support of this, Ferrari introduced in 2019 the Gasoline Particulate Filter (GPF) technology (developed also to ensure compliance with European regulation) in the US, gaining leadership among other manufacturers in this regard.

In 2019 and 2021, we launched the SF90 Stradale (shipments of which began in 2020) and the 296 GTB (shipments of which began in 2022), the first two series production Ferrari to feature Plug-in Hybrid Electric Vehicle (PHEV) architecture, integrating the internal combustion engine with electric motors.

The **first full electric Ferrari will also be unveiled in 2025** and by 2026 we target a well-diversified product portfolio, composed of 55% hybrid, 5% full electric and 40% ICE in terms of number of models. By 2030, we are targeting an offering composed of 20% ICE, 40% hybrid and 40% full electric.

The integration of hybrid and electric technologies more broadly into our car portfolio over time may present challenges and costs. We expect to increase R&D spending in the medium term, particularly on electric technology-related projects. In addition, this transformation of our car technology creates risks and uncertainties such as the impact on driver experience and the impact on the cars' residual value over time.

In the long term, **although we believe that combustion engines will continue to be fundamental to the Ferrari driver experience,** hybrid and pure electric cars may become the prevalent technology for performance sports cars thereby displacing combustion engine models. Having said that, **we trust that the effort required by CARB must be commensurate with the share of emissions for which each stakeholder is responsible.**

²Public Hearing to Consider Advanced Clean Cars II Regulations, Final Statement of Reasons for Rulemaking, Including Summary of Comments and Agency Response, Appendix C, Summary of Comments to ZEV Regulation and Agency Response (August 25, 2022)

³Exemptions from Average Fuel Economy Standards; Passenger Automobile Average Fuel Economy Standards, National Highway Traffic Safety Administration, RIN 2127-AM29

⁴Ferrari Annual Report 2023



SVM's PECULIARITIES

The strong reduction in greenhouse gas and air pollutant emissions over the past decade – driven mainly by engine and after treatment efficiency improvements – was achieved despite our peculiarities.

Ferrari's DNA Preservation

Our brand symbolizes exclusivity, innovation, state-of-the-art sporting performance and Italian design, craftsmanship and engineering heritage.

The heart of a Ferrari is its engine. Proof of this, for the fourth year running, Ferrari's turbocharged V8 engine has been named Engine of the Year 2019 at the prestigious International Engine of the Year Awards, a feat never achieved by any other engine in the history of the awards.

Ferrari cars should make a customer's dream become true.

Ferrari cars are developed for the joy of driving to deliver an exhilarating experience behind the wheel, they are not simple passenger cars. Therefore, considering that SVMs have to face more severe technology requirements in order to maintain their unique selling points like sounds and performance, Ferrari trusts this to be taken into proper consideration by providing more time to such manufacturers.

Unique solutions

Several emission control technologies may not be simply implemented on a high-performance vehicle without losing the performance level and the real nature of the product. More time is needed to develop and adapt emission control technologies to the sports cars, finding the way to guarantee peculiarities. Moreover, for an OEM, the development of an ad-hoc technological solution is linked to the technological capacity of a company and therefore to its global size: considering Small Volume Manufacturer's production capacity and their Companies size, more time should be guaranteed due to the resulting limited technological potential.

No benefit related to mass production standard technologies

SVM suppliers have to adapt their products to unique applications without the mass production standard technologies benefits, since the SVM production volume request is very low. Therefore, extra time is needed also for the supply chain adjustment.

Keep achieving outstanding results on technological innovation with limited human and financial resources

As a luxury performance car manufacturer and low volume producer, despite the high margins of our cars, we compete with larger automobile manufacturers many of which have greater financial resources. Nevertheless, we have been able to achieve outstanding results on technological innovation with limited human and financial resources.



FERRARI POSITION

Among the new potential requirements mentioned during the second Public Workshop, Ferrari identified the following main items of concern.

a) Particulate Matter (PM) Limits

Ferrari welcomes CARB's plan to harmonize with recently finalized Environmental Protection Agency (EPA) vehicle emissions standards to improve the program and provide consistency with the federal regulation.

However, EPA provided small volume manufacturers with an additional delay, allowing them to comply with new criteria emission requirements starting in MY 2032⁵, in recognition of their typical compliance challenges, briefly summarized as follows:

- lower vehicle production volumes to spread compliance costs over;
- infrequent vehicle redesigns;
- limited resources to carry out necessary research and development activities;
- lower priority for emission control technology suppliers.

For these reasons, Ferrari suggests that **CARB aligns with EPA vehicle emissions regulation, by allowing small volume manufacturers to delay compliance with stricter particulate matter requirements until MY 2032.**

b) Greenhouse Gas Emissions Standards

Historically, CARB has recognized the unique design considerations and negligible contribution of SVMs, allowing them to benefit from alternative GHG standards. This has allowed SVMs to address several challenges related to the peculiarities of their products, while fulfil at the same time the industry's joint commitment to reduce GHG emissions.

The latter is reflected in several of Ferrari's business decisions, such as large investments in advanced assets and industrial buildings with the aim of extending our concept of global GHG emission reduction. To deliver our commitment to electrification, in 2022, we started the construction of the 40 thousand square meter e-building, where we will handcraft the unique Ferrari electric engines, inverters, battery modules, magnets and assembly lines that you will only find in a Ferrari. As planned, in June 2024, the e-building has been inaugurated.

This plant assures us a technical capacity in excess of our needs for the years to come, while maintaining the uniqueness of our model and remaining true to the Ferrari DNA which has characterized our history.

Given the above considerations and the approach already granted by ACC II ZEV Mandate, Ferrari strongly suggests **retaining the same provisions given in the current regulation, by allowing manufacturers with limited U.S. sales to comply with alternative targets.**

⁵ 40 Code of Federal Regulation (CFR), §86.1811-27 (f)(2)