



Maranello, 04.03.2024

## Ferrari Position on the Australian New Vehicle Efficiency Standard

### CONTEXT

To meet the Australian Government's decarbonization ambition and goal of achieving net zero by 2050, Australia has been conducting a consultation process in recent years to gather views on the design of the New Vehicle Efficiency Standard (NVES) for Australia. This paper aims to share Ferrari's comments on the second and final phase of the consultation process.

Ferrari is well aware that, in order to transform an industrial sector by 2050 and all the value chains, decisions and actions need to be taken now.

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. In support of this, during our 2022 Capital Markets Day, we have detailed our commitment to achieving carbon neutrality by 2030 on our entire value chain, addressing direct and indirect GHG emissions.

### FERRARI CONTRIBUTION

Ferrari fully supports and welcomes the climate protection initiatives of the Australian Government, 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 Australia and produced by Small Volume Manufacturers (SVMs) should be taken into account in the Technical Consultation evaluations.

The even more negligible contribution to the total emissions of high performance vehicles registered in Australia and produced by SVMs due to the small environmental impacts and typical low mileage should also be taken into account.

[REDACTED]



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 about 17% of net revenues in R&D annually<sup>1</sup>, Ferrari is one of largest private contributor to innovation commensurate with Companies of a comparable size. To ensure tangible long-term value creation and a continuing integration of our sustainability strategy, we place particular emphasis on mitigation of environmental impacts from our production processes and the luxury cars we produce, addressing direct and indirect GHG emissions, focusing on energy and materials, in addition to our electrification journey.

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 for the foreseeable future, 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 the Australian Government must be commensurate with the share of emissions for which each stakeholder is responsible.

Ferrari welcomes Government's approach to provide standard exemptions to SVMs, similarly to what is given in major worldwide CO2 regulations.

With regards to anti-avoidance and tracing rules concern as reported in the Consultation Impact Analysis, Ferrari kindly reminds that global CO2 regulations usually include a definition of SVM that prevents manufacturers from splitting up their fleets across multiple corporate vehicles to defeat the standard.

Specifically, European CO2 Regulation (EU 2019/631 amended by EU 2023/2502) requires a SVM to demonstrate that:

- is not part of a group of connected manufacturers; or
- is a part of a group of connected manufacturers responsible in total for fewer than 10,000 new passenger cars registered in the Union per calendar year; or

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<sup>1</sup>[Ferrari Annual Report 2023](#)



- is a part of a group of connected manufacturers that operates its own production facilities and design centre.

European CO2 Regulation then provides SVMs with the following provisions:

- Manufacturers responsible of fewer than 10,000 new passenger cars registered in the Union per calendar year may apply for a derogation defining specific CO2 targets until 2035 included;
- Manufacturers responsible of fewer than 1,000 new passenger cars registered in the Union per calendar year are exempted from CO2 standards.

Ferrari also recognizes that the above thresholds would not be representative of a smaller market than Europe, namely Australia. For the same reasons, The United Kingdom sets its own thresholds for SVMs in their recent 2023 Vehicle Emissions Trading Schemes Order<sup>2</sup>.

Therefore, Ferrari strongly suggests introducing the following thresholds and provisions for SVMs, aligned with what has already been established in the United Kingdom, a market representative of the Australian one:

- Manufacturers responsible of fewer than 2,500 new passenger cars registered in Australia per calendar year may apply for a derogation defining specific CO2 targets;
- Manufacturers responsible of fewer than 1,000 new passenger cars registered in Australia per calendar year are exempted from CO2 standards.

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<sup>2</sup> [The Vehicle Emissions trading Schemes Order 2023](#)



# Organisation questionnaire response

**Privacy Setting:** I agree for my response to be published with my name and position.

<b>What organisation do you represent?</b>  (required)	Ferrari S.p.A.
<b>What is your name?</b>  (required)	Elisa Cavicchioli
<b>What is your position at the organisation?</b>  (required)	Head of Vehicle Certification and Regulatory Affairs
<b>Please rank the proposed options in order of preference.</b>  (optional)	Option A - 0th, Option B - 0th, Option C - 0th
<b>Briefly, what are your reasons for your choice?</b>  (optional, 3000 character limit)	NULL
<b>Do you support the Government's preferred option (Option B)?</b>  (optional)	NULL
<b>Do you have any feedback on the analysis approach and key assumptions used?</b>  (optional, 3000 character limit)	NULL
<b>Briefly, describe how the NVES might impact your organisation</b>  (optional, 3000 character limit)	NULL
<b>Who should the regulated entity be?</b>  (optional, 3000 character limit)	NULL