



FERRETTIGROUP

Ferretti S.p.A.

(Incorporated under the laws of Italy as a joint-stock company with limited liability)

Stock Code : 9638



WALLY


FERRETTIYACHTS

PERSHING

Itama

Riva

CRN

CUSTOM LINE

2021

ESG Report

Environmental, Social and Governance Report

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WELCOME MESSAGE FROM OUR CEO

2021 was a crucial year for the Ferretti Group due to significant business growth and its listing on the Hong Kong Stock Exchange. As far as the first aspect is concerned, the pandemic required the Group to create a safe place where freedom and privacy were guaranteed. This need ultimately led to the recovery of the market, which continues to grow steadily thanks to a new way of living life on board boats. This growth, combined with our listing on Asian stock markets, has provided us with an opportunity to further expand our business and integrate sustainability within the Group. Broadening our spectrum of shareholders will allow us to access the support we need to pursue innovation and development, while also pushing us to be more responsible towards the people with whom we interact. First and foremost amongst these are the people who contribute to our success through their daily work, and as such constitute the most important resource we have.

The Group has always understood that people are the lifeblood of improvement and growth. There is no denying that dedication, attention to detail, and service pervade our entire production chain. We would not be market leaders without the craftsmanship of our artisans. It is therefore our prerogative to cultivate this unique relationship over time. 2021 saw an increase in the total number of employees (+4.1% compared to 2020), and the number of young people under 30 hired, which is the highest number in recent years. This alone does not demonstrate the Group's commitment to value people: training activities, which were severely disrupted by the pandemic, increased by 89% in 2021, reaching a total of 16,522 training hours.

A combination of the values and skills described above allows innovation to find fertile ground and permeate all of our products and processes. This, of course, is the result of the significant investments we have made over the years, which contribute to the bigger picture of achieving increasingly sustainable growth. With this in mind, in 2021 we reached two new frontiers in terms of propulsion types. The first frontier saw us collaborate with Rolls-Royce Power Systems, a leading developer and manufacturer of propulsion systems for the shipping industry. The partnership provides for the joint development of hybrid engines to be fitted on future Group yachts. The second frontier saw our engineers develop a full electric propulsion system, which is another Ferretti first for the sector. The need to reduce our environmental footprint saw us conduct research into several renewable materials so that we can create lighter weight boats without compromising on quality and durability. This will allow us to optimise fuel consumption, which will reduce pollutant emissions as a consequence. These new materials also include certain types of paint that have significant environmental benefits. Finally, the Group's commitment to protecting the ecosystem also involved the (previously announced) extension of its ISO 14001:2015 certification. After being expanded to its Forlì site in 2021, certification will also cover the Cattolica and Sarnico sites in 2022, with the aim of improving the environmental performance of both processes and products.

Our journey to creating an increasingly sustainable business model also impacts our corporate governance structures. This past year saw us establish four new Board committees, thanks in part to the stock market listing process. This included the ESG Committee, which feels most relevant at this particular moment in time. The Committee, in which I am also involved, has been established to help the Board devise sustainable policies and strategies while reviewing and assessing those already in place. This process marks a decisive step towards the vertical integration of responsibility at the Ferretti Group. We will have no sales success without it.

Our listing on the Hong Kong Stock Exchange — which we began in 2021 and completed on March 31, 2022 — makes us proud of everyone who worked towards achieving this very important milestone, and it also marks the beginning of a new life cycle. As of today, our stakeholder network is both bigger and stronger, comprising investors and financial analysts who have always demonstrated their attentiveness to sustainability topics and who will push and inspire us to become leaders in this respect, too.

Alberto Galassi

CEO of the Ferretti Group

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THE FERRETTI GROUP AND THE COVID-19 EMERGENCY

The global COVID-19 pandemic continued to affect the Ferretti Group in 2021, and every effort was made to provide employees with the safest and best possible working conditions.

The Group made numerous investments to protect its employees in 2021. These included purchasing disinfectant gel, the provision of masks for all workers and, where necessary, virus testing. A green pass and temperature monitoring mechanism was also introduced through systems installed at the entrance to each of the Group's shipyards and offices. In addition, a number of initiatives were introduced to limit the spread of the virus as much as possible. These included sanitising and spacing out workstations, switching to remote working during more severe periods of infection, and preventing large groups from gathering in confined spaces.

To raise vaccination awareness, a take-up campaign was also launched through dedicated vaccination hubs at the Rimini and Forlì sites. The campaign was relatively short because by the time it was initiated, most of the working population had received the first dose.

COVID committees, established in 2020, continued to operate in 2021 at two different levels:

- Central Committee
- Site Committee

The committees meet periodically — according to the evolution of the pandemic curve — and discuss possible actions to improve safety in the workplace in relation to the measures adopted at national level.

The Ferretti Group has also obtained Biosafety Trust certification, a management system scheme issued by RINA aimed at preventing and mitigating the spread of infections within the company.



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1. FERRETTI GROUP: A FIFTY-YEAR JOURNEY

Riva	CRN	Ferretti Yachts	Itama	Pershing	Wally	Custom Line
1842	1963	1968	1969	1985	1994	1996
The most iconic brand in the history of yachting	This is how we have always made our yachts: drawing on all our passion and experience to realize a dream made by you with our own hands	Another exclusive environment in which you can sit back, relax and draw inspiration from your surroundings. Just like home	Open yachts whose sporty character and inimitable elegance make them unmistakable	Design, innovation, technology, performance and comfort are the core values of the Pershing philosophy	World leader in nautical innovation, Wally combines the most advanced technologies with contemporary design	Every yacht Custom Line is custom and reflects the personality of its owner, the way in which looks the horizon and the way in which lives the sea
+ 175 years	+ 50 years	+ 50 years	+ 50 years	+ 30 years	+ 20 years	+ 20 years

The Ferretti Group is among the world leaders in the luxury yacht industry and works in the design, construction and sale of yachts and pleasure boats.

The Ferretti Group has been synonymous with luxury, innovation, passion and excellence for over fifty years, boasting a portfolio of unique brands that were well established long before joining the Group, including Riva, famous for its Italian craftsmanship and design for almost 180 years.

Today, Ferretti Group still maintains strong ties to Italy's centuries-old yachting tradition, and is well-known for its distinctive Italian style and design, along with production centres that are on the industrial cutting edge.

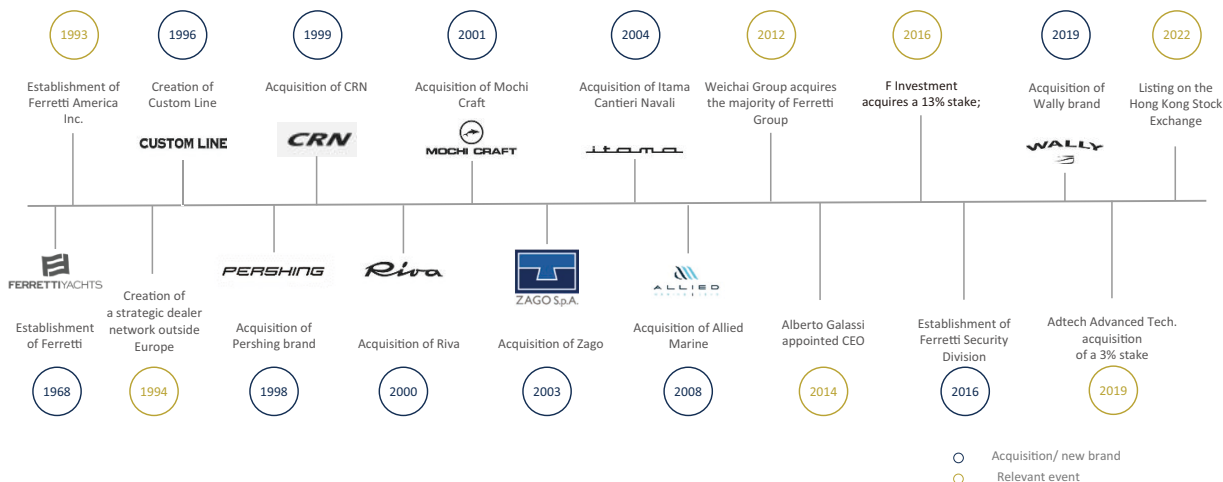
The Group possesses a unique portfolio of seven prestigious and exclusive brands, including: Wally, Ferretti Yachts, Pershing, Itama, Riva, CRN, and Custom Line. Ferretti Group produces over 150 boats every year for customers from over 70 countries around the world, who are contacted and assisted through an extensive international network.

Ferretti Group is one of the world's leading yacht groups thanks to ongoing product and process innovation, combined with cutting-edge technological solutions. The Group's fleet is internationally renowned and admired in ports and marinas all over the world, and it's all thanks to precision, innovation and teamwork. Ferretti Group's **Strategic Product Committee** coordinates with its **Marketing Department** and **Engineering Division** to continuously improve its fleet, which ranges from 8-metre tenders to super-yachts over 95 metres in length.

The Group collaborates with internationally renowned architects and designers to help Ferretti Group marry style with functionality and innovation in order to achieve the highest degree of excellence and pique the interest of boat owners and enthusiasts every single day.

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1.1 Our history: from 1968 to today



BEGINNINGS 1968–1980

Ferretti's story takes us back to 1968, when two brothers decided to try their hand at selling boats. After winning the right to represent Chris Craft (a US motor boat brand) in Italy, the brothers opened their very first shop, Ferretti Nautica, in Bologna.

The brothers' first motor sailor boat was built in a shipyard in Cattolica. It was equipped with both a sail and a motor and was exhibited at the 1971 Genoa Boat Show under the name Ferretti Craft

THE CHOICE OF ENGINE AND NEW BOATS

Ferretti's first major product transformation took place in the early 1980s and saw the company shift from sailing vessels in favour of motor boats. Ferretti began to venture into new markets with the construction of sport fishing, open and flybridge boats.

In 1987, Ferretti opened a new shipyard in Forlì, moving the Group's headquarters to the capital of the Romagna region, where it is still located to this day.

FERRETTI GOES GLOBAL 1990–1999

Ferretti's passion for advanced technology led to the birth of its Engineering Division in 1989, a research hub specialised in designing new boats and studying new materials. This strategic move marked Ferretti's entry into the offshore racing sector, a discipline of powerboating. It was during these years that Ferretti began to expand globally by establishing a network of dealers outside Italy.

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In 1996, Ferretti launched Custom Line, a product range featuring a series of fibreglass flybridge yachts measuring from 28 to 40 metres in length. Two years later, the Group acquired the prestigious Pershing brand through Cantieri Navali dell'Adriatico — CNA S.r.l., which specialised in the construction of open motor boats that combined high performance with comfort and original design.

ACQUISITIONS 1990–1999

After acquiring Pershing in 1998, the following year saw the Group purchase C.R.N. S.p.A., a shipyard specialised in manufacturing maxi-yachts with composite materials, superyachts with steel hulls, and aluminium superstructures measuring over 30 metres in length. The following year, Ferretti acquired 100% of Riva S.p.A., a world-famous shipyard located in Sarnico, on the shores of Lake Iseo.

In 2003, the Group acquired **Zago S.p.A.**, an Italian company that manufactures high-end wooden products and furnishings.

In 2004, shipyards owned by Itama, a prestigious company specialised in constructing open motor yachts, joined the Group, while in 2008, Ferretti absorbed the assets, brands and activities of **Allied Marine**, an American company specialising in after-sales assistance, the marketing of new and pre-owned motor yachts, and brokerage services.

GROWTH AND SUCCESS 2012-present

The 2008–2010 recession affected both Ferretti and the maritime sector as a whole, and as a consequence, in 2012, the **Weichai Group** — a leading international industrial group specialised in the commercial vehicle and construction machinery sectors — acquired the majority of the Ferretti Group.

In August 2012, **Tan Xuguang** was appointed Chairperson of the Ferretti Group, and in 2014, **Alberto Galassi** became its Chief Executive Officer. Galassi put together a new team to focus on R&D and product innovation, with the hope of steering the Group's yachts — well known for their expert technology and Made in Italy style — into new markets.

These years saw Ferretti make significant investments in products, processes, marketing and events. The Ferretti Group continued to grow in record numbers, outdoing the sector average and going on to open an office in Hong Kong for **Ferretti Group Asia Pacific Ltd.** in order to strengthen its presence in Asia.

February 2016 saw the establishment of the **FSD** (Ferretti Security Division) to design, develop and manufacture a new range of state-of-the-art naval platforms. Some models were also equipped with hybrid propulsion, along with features and mission profiles intended to meet specific security and patrolling needs, as well as those related to search and rescue missions in international, regional and coastal waters. Ferretti Security Division's first Fast Patrol Vessel (known as the FSD195) was a high-performance yacht, measuring 20 metres in length and capable of reaching speeds of over 55 knots. It boasted a range of over 500 miles, along with CE and RINA FPV certifications.

The Group's excellent economic performance permitted one final acquisition, which was concluded after several months of negotiations. In 2019, the **Wally** brand — brought to the fore by Luca Bassani Antivari and his innovative, ultra-technological yachts — joined the Ferretti Group.

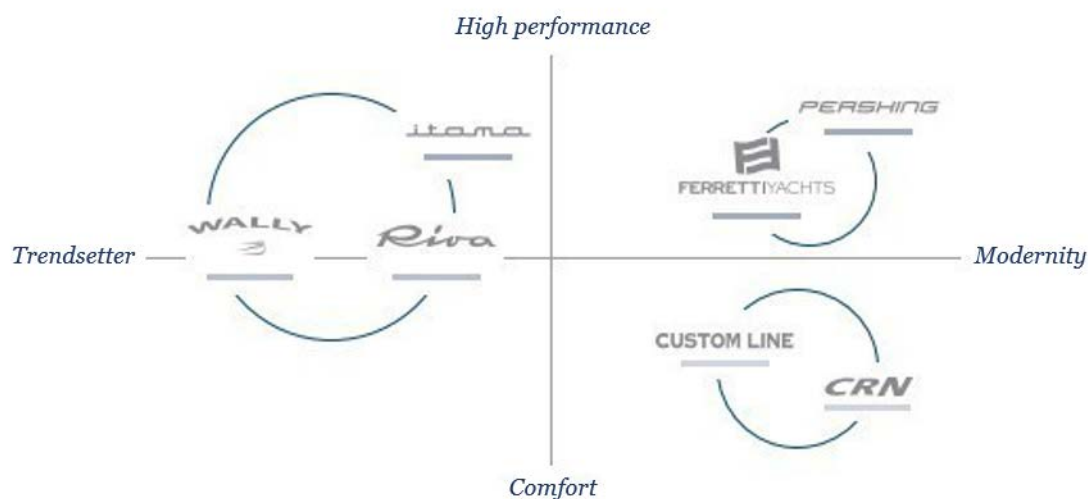
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Finally, following its significant economic growth in recent years — and eager to raise funds by diversifying its funding streams to accelerate development and compete in an increasingly challenging environment — the Group began the process of listing on the Hong Kong Stock Exchange in 2021. The initial public offering (IPO), i.e., the first sale of securities issued by the Company, took place in March 2022.

1.2 Group profile

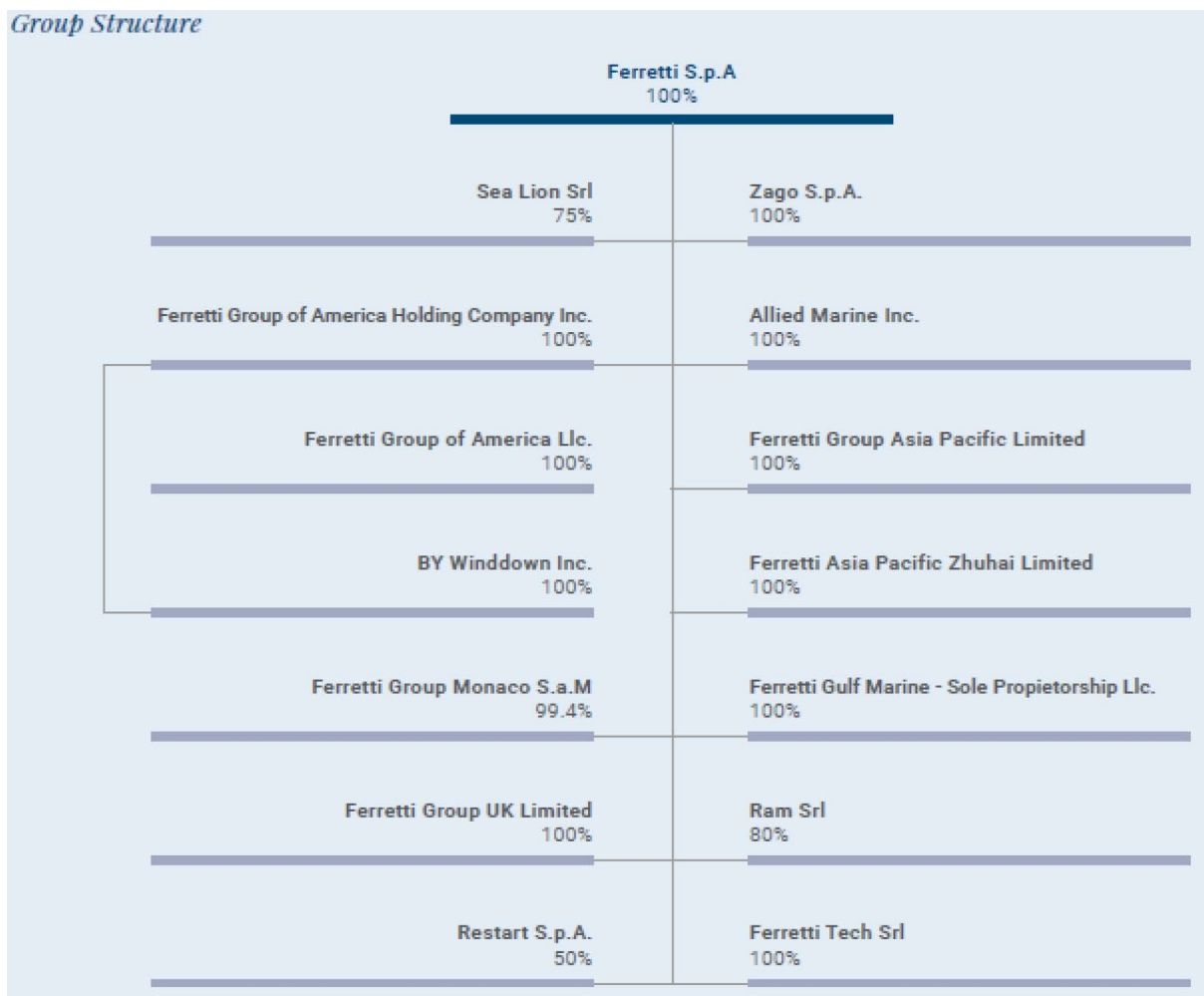
Italy is world famous for its excellence in the yachting and luxury sectors, and the Ferretti Group is considered a truly iconic brand. The secret to the Group's success lies in its concrete foundations, in addition to a few key characteristics that have contributed to its identity over the decades.

The Group boasts a large portfolio of iconic brands that manufacture a wide range of models sold in various market segments



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Group Structure



- An experienced and passionate management team with an impressive track record
- Ambitious shareholders who support the Group's long-term growth
- Various market segments that mitigate the cyclical and seasonal nature of the Group's core business
- A multi-brand structure that allows the unique features of each brand to stand out
- A production management approach that optimises the impact on working capital
- A sales strategy that emphasises direct relationships with customers, using dealers and brokers as intermediaries while launching a large number of new products on the market each year
- A close relationship with Made in Italy excellence and Italy's maritime district

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PRODUCTS AND SERVICES

The Ferretti Group specialises in the design and construction of yachts measuring from 8 to 95 metres in length. The product portfolio satisfies a broad customer base, featuring brands and models that vary in type, length, performance, design, materials, and level of customisation.



The Group's seven boat brands can be divided into three categories according to their key features:

- **Composite Yachts:** this category includes vessels of different sizes, up to a maximum of 30 metres (100 feet) in length. Yachts in this category have composite hulls made from fibreglass or carbon fibre, and feature a standard set of accessories, materials, and decorative elements that owners can configure according to their preferences; given their intrinsic characteristics, yachts in this category follow a "one-piece flow" production process and have the fastest delivery times of the three categories.
- **Made-To-Measure Yachts:** this category includes vessels that are almost entirely made-to-measure and range from 28 to 43 metres (90–140 feet) in length. Yachts in this category have composite hulls made from fibreglass or carbon fibre, but unlike our Composite Yachts, they offer many more options for customisation: the interior layout, furnishings, and accessories can be almost completely tailored to customer needs, while the hulls are predefined depending on the model, thus benefiting from the production advantages of our Composite Yachts.
- **Super Yachts:** our Super Yacht range includes vessels with alloy hulls that measure between 39 and 95 metres in length. This category is further subdivided into two model types: fully-custom yachts, which are unique and designed to meet customer needs both inside and out, and branded super yachts (flagship models), which boast fully customisable interiors and distinctive brand designs on their exterior. Due to their unique nature, the production process for this type of model takes longer, and depends on the complexity of the design.



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All three yacht categories have differing construction and delivery times.

In fact, our bigger boats offer more scope for customisation and as such often require longer build times. Our yacht-selling methods also vary according to size.

	 COMPOSITE YACHTS 8-30 mt	 MADE-TO-MEASURE YACHTS 30-48 mt	 SUPER YACHTS 39-95 mt
Level of personalisation	List of predefined options to choose from (colours, fabrics, etc.)	Layout and interior details	Hull and exterior and interior design
Build time	2-7 months	6-13 months	+ 24 months
Sales channel	Dealer	Dealer	Broker

 Fibreglass hull
  Metal hull

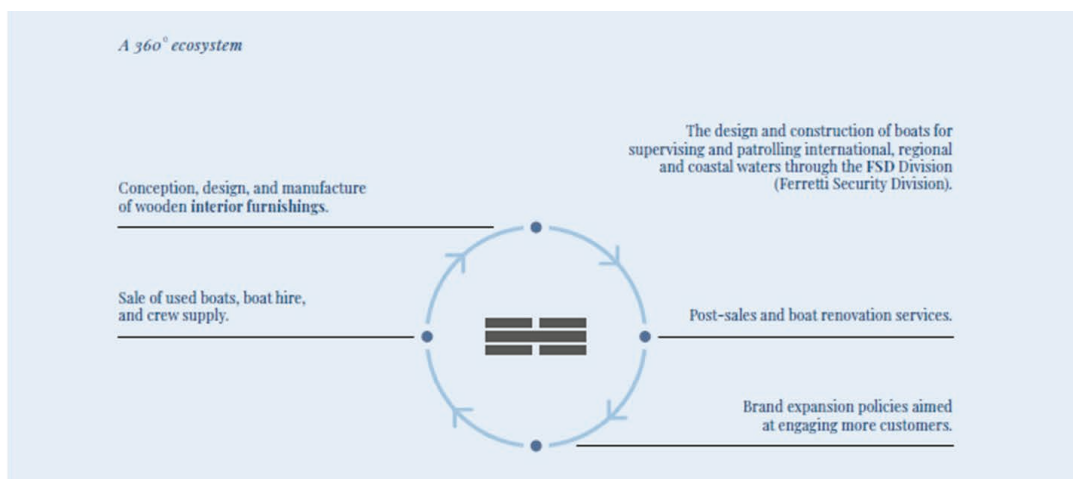
The Group sells a total of 47 composite and made-to-measure yachts, including one Riva model, one steel Pershing model, and a series of super yachts, which are constructed at the CRN shipyard in Ancona and are highly customisable. The Wally brand has seen its range expand with the addition of the new Wallywhy 200, which joins the existing inboard and outboard 43wallytender and 48wallytender versions.

The table below summarises the positioning of each brand in terms of the type of yachts made and the relative footage range:

Type	Features	Typical usage	Ferretti Yachts	Riva	Pershing	Itama	Mochi Craft	Custom line	CRN	Wally
Open	Motor yachts built to enjoy open-air activities	Open-air activities, day trips, short cruises								
Coupe	Inboard motor yacht with a focus on engine power and performance	Short and medium-length trips								
Flybridge	Inboard motor yacht with an additional deck on the main superstructure, equipped with helm stations and living area	Medium-length and long trips and cruises								
Sportfly	An evolution of the coupe with an additional deck and greater focus on performance	Medium-length and long trips cruises								
Navetta	Spacious and comfortable yacht designed for long trips. Extremely safe and usable in all sea conditions. Limited cruising speed	Long cruises						Navetta models		
Crossover	Hybrid between "Flybridge" and "Navetta", able to combine performance and great comfort on board	Medium-length and long trips cruises								WHY models

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In addition to constructing and selling yachts — the Group's core business accounting for more than 80% of its revenues — Ferretti Group is also engaged in:



The growth in revenues deriving from these activities — which help support the Group's key business — is an important strategic strength as it mitigates the cyclical and seasonal nature of the Group's core business.

- 70+ countries
- 6 production sites (shipyards)
- 1 production site (Zago S.p.A.)
- 1 naval refitting site (Fort Lauderdale)
- 8 sales offices
- 1,600 employees globally

PRODUCTION SITES	TOTAL SURFACE AREA	COVERED SURFACE AREA ¹	CERTIFICATIONS ²	PRODUCTS MADE
FORLÌ (Shipyards)	51,524 m ²	22,547 m ²	ISO 9001:2015 ISO 14001:2015	Ferretti Yachts (from 45 to 70 feet) Itama (45 and 62 feet) Wally
CATTOLICA (RN)	12,212 m ²	6,757 m ²	ISO 9001:2015 ISO 14001:2015 (January 2022)	Ferretti Yachts (from 75 to 100 feet)
MONDOLFO (PU)	45,498 m ²	13,403 m ²	ISO 9001:2015	Pershing Itama (75 feet)
ANCONA	76,945 m ²	32,194 m ²	ISO 9001:2015	CRN SuperYachts Division Custom Line
SARNICO (BG)	43,378 m ²	16,986 m ²	ISO 9001:2015 ISO 14001:2015 (March 2022)	Riva from 27 to 66 feet
LA SPEZIA	39,025 m ²	17,387 m ²	ISO 9001:2015 ISO 14001:2015	Riva from 66 feet

¹ Surface as of 31/12/2021

² An ISO 9001:2015 certification certifies compliance with the best standards for business processes that impact product and service quality and, ultimately, customer satisfaction. ISO 14001:2015 is an international standard specifying requirements for an effective environmental management system. For more information on quality and environmental management system certifications, please refer to chapters 4 and 5.

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PRODUCTION PLANT	TOTAL SURFACE AREA	COVERED SURFACE AREA	CERTIFICATIONS	PRODUCTS MADE
SCORZÈ (VE)	12,500 m²	7,000 m²	ISO 9001:2015	Interiors and furnishings

SHIP REFITTING SITE	TOTAL SURFACE AREA	COVERED SURFACE AREA	CERTIFICATIONS	PRODUCTS MADE
FORT LAUDERDALE (FL, US)	2,844 m²	2,844 m²	/	Naval Refitting

Year ended December 31,
2020 **2021**
(Euro in thousands, except percentages)
(Unaudited)

EMEA	254,027	41.6%	376,021	41.9%
APAC	62,925	10.3%	49,280	5.5%
AMAS	149,922	24.5%	288,724	32.1%
Global ³	63,742	10.4%	84,561	9.4%
Other businesses ⁴	80,739	13.2%	99,835	11.1%
Total	<u>611,355</u>	<u>100.0%</u>	<u>898,421</u>	<u>100.0%</u>

³ Representing revenue attributable to super yachts not allocable to an individual country because, for example, the customer's country of residence is different from the vessel's country of registration.

⁴ Including ancillary activities, Wally sail and FSD

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1.3 Our journey and our values

Imagine for a moment that the Ferretti Group is a robust, well-built yacht that has been sailing around the world for nearly 180 years, led by a crew of 1,600 people. Passion and people are our engine, innovation is our fuel, and excellence, authenticity and luxury are all key destinations along our route.

Passion in creating and appreciating greatness is the engine that drives both our employees and our customers. It's a passion that starts out at sea and is expressed in a range of different components. It's a key element around which navigation, design, luxury and technology revolve. That same passion also exists in our employees, and manifests itself as a sense of pride in the unique yachts we build, which will sail the seas for decades to come. This passion, in all its forms, has compelled us to create robust, high-performing, innovative yachts for nearly 180 years.

Innovation continues to fuel our dream, which is to build magnificent yachts that leave onlookers speechless and boat enthusiasts eager and enthusiastic to know more. Ours is a contagious innovation, and one that permeates through our employees, products, processes, designs and the most advanced technologies on the market. For the Ferretti Group, innovation is all about manufacturing new models that are faithful to the brand's history and heritage, all while looking to the future. We owe our success to significant investments and adequate infrastructure. In fact, our broad portfolio only exists thanks to teamwork, cutting-edge design, innovative materials, modern machinery and scrupulous craftsmanship, which represents the heart of Made in Italy excellence.

Quality, distinctiveness and exclusivity are the core values that guide us on this journey. One that has taken the Ferretti Group in a clear direction, allowing us to stand out from the crowd and forge a unique identity over the years. For us, quality rhymes with responsibility. Managing and growing some of the sailing world's most exclusive and prestigious brands fills us with pride every day, as well as a sense of responsibility that ensures we never fall prey to compromise. Ferretti Group is a real leader in its field. The Group is well known for combining craftsmanship with expertise and nautical innovation, and we owe it all to our culture of excellence. Distinctiveness is also about permitting our brands to push the boundaries and seek out future development, without ever losing sight of their roots. Exclusivity in luxury is the ability to develop what we might call the heritage of our sector, our country and our industrial culture, while preserving its authenticity.

By bringing all of these elements together, the Group is able to pursue continuous **growth** through an integrated business model and strong central coordination, without forgetting that **sustainability** is key to that growth.

Vision

To embrace innovation as belonging to a bold and modern vision for the luxury yacht sector. With a vision that focuses on **quality** and **authenticity**, Ferretti Group hopes to define the trends and craftsmanship of the future luxury yacht sector. We dare to think differently and to shape our vision of the yachting world innovatively, passionately and sustainably, all while allowing people to express their personality and individuality.

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Mission

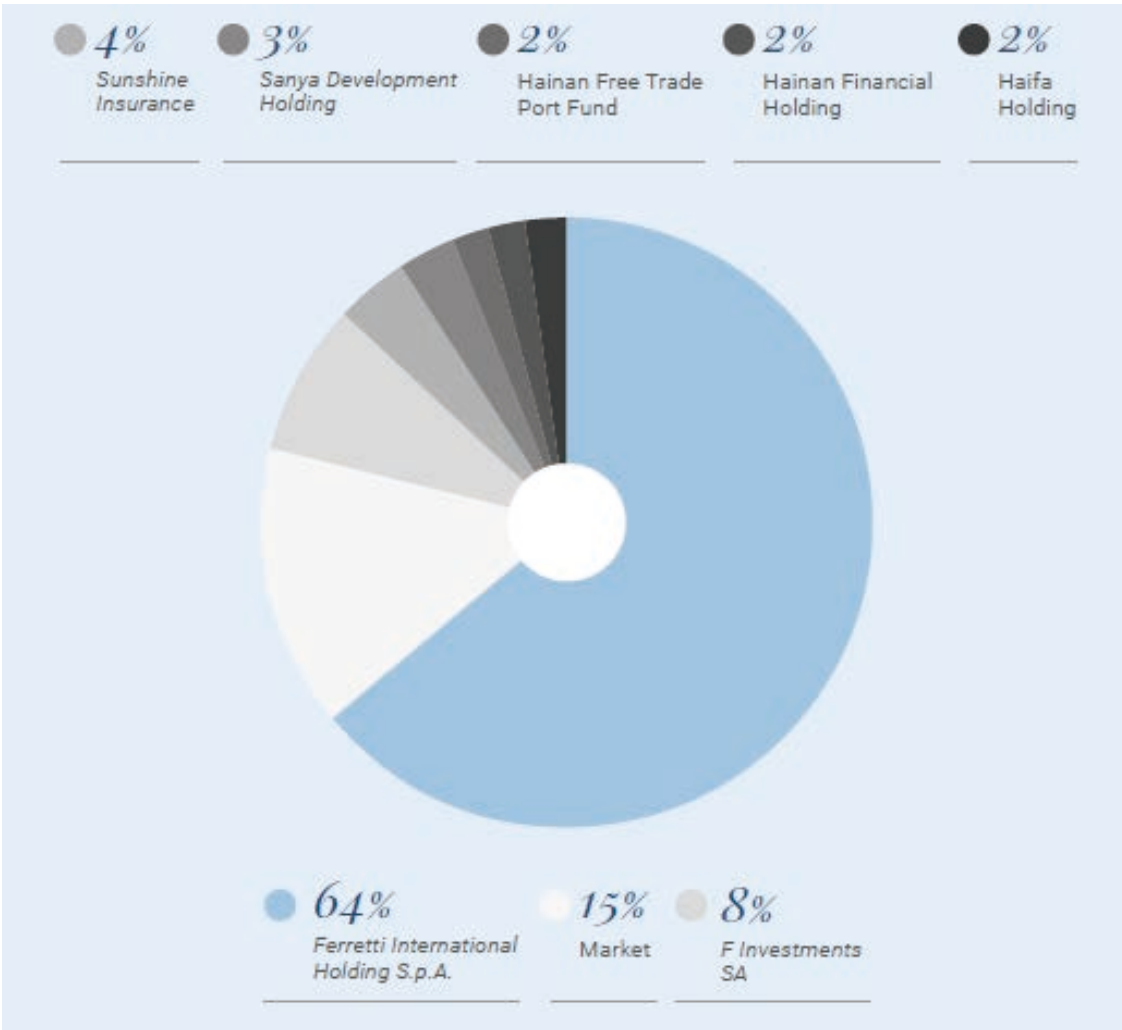
A Group mission, a daily commitment. Our mission is to become the world's most influential luxury yacht group in terms of **innovation**, **sustainability** and **performance**, creating yachting experiences that set the industry benchmark for quality, elegance and customer relationships.

1.4 Group governance

SHAREHOLDERS AND GOVERNANCE BODIES

On 31 March 2022

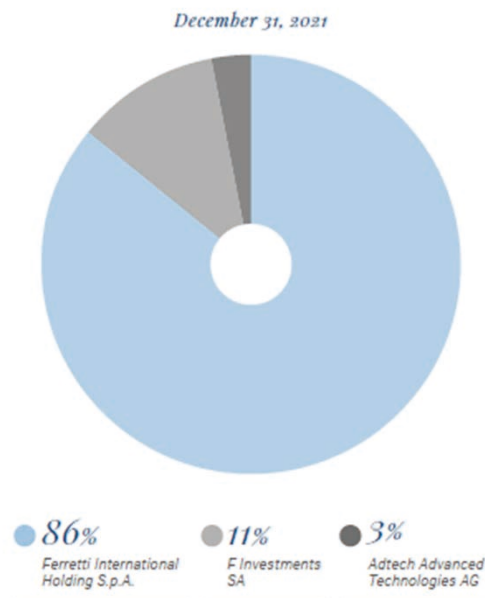
Ferretti Group listed on the Hong Kong Stock Exchange and this is the new shareholding base:



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The Parent Company, "Ferretti S.p.A.", is registered with the Romagna Forlì Cesena and Rimini Companies Register and incorporated as a joint-stock company.

Ferretti S.p.A. has its registered office in Cattolica (RN), while its administrative office is located in Forlì. As at December 31, 2021, the share capital of Ferretti S.p.A. was composed as follows:



The Group's governance is structured according to the traditional administration and control model and consists of the following bodies:

- the **Shareholders' Meeting**
- the **Board of Directors**, within which a Chairperson, Chief Executive Officer and Vice-Chairperson are nominated.
- the **Board of Statutory Auditors**

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At December 31, 2021, the Board of Directors comprised the following eight members:

ROLE	NAME	DATE OF APPOINTMENT
Chairperson and non-executive Director	Xuguang Tan	July 6, 2012
Chief Executive Officer and executive Director	Alberto Galassi	October 23, 2013
Vice-Chairperson and non-executive Director	Piero Ferrari	June 16, 2016
Non-executive Director	Xinyu Xu	July 6, 2012
Non-executive Director	Xinghao Li	March 6, 2020
Independent non-executive Director	Fengmao Hua	December 21, 2021
Independent non-executive Director	Stefano Domenicali	December 21, 2021
Independent non-executive Director	Patrick Sun	December 21, 2021

The breakdown of members by gender and age is as follows:

GENDER AGE GROUP	30–50	50–60	Over 60	TOTAL
Male	1	5	2	8
Female	0	0	0	0
Total	<u>1</u>	<u>5</u>	<u>2</u>	<u>8</u>

To support the Board of Directors, two Committees have been set up:

- the Strategic Product Committee (SPC)
- the Operative Product Committee (OPC)

The following legally required bodies have also been established:

- the Board of Statutory Auditors
- the Supervisory Board

The **Board of Statutory Auditors** provides oversight on compliance with law and the company By-Laws, on compliance with the principles of correct administration and in particular on the adequacy of the company's organisational, administrative and accounting structure.

The Board of Statutory Auditors has also been assigned the role of Audit Committee.

- Chairperson: Luigi Capitani
- Statutory Auditor: Fausto Zanon
- Statutory Auditor: Luigi Fontana
- Alternate Auditor: Giulia De Martino
- Alternate Auditor: Veronica Tibiletti

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The Supervisory Board appointed by the Board of Directors on July 31, 2019, and in office from September 1, 2019, was composed as follows at the reporting date:

- Chairperson: Paolo Beatrizzotti
- Member: Monica Alberti
- Member: Luigi Bergamini

In addition, the Group has set up four internal Board committees:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- ESG Committee

The **Audit Committee** comprises four Directors: Patrick Sun (Chairperson), Stefano Domenicali, Hua Fengmao, and Li Xinghao. This committee is responsible for reviewing and overseeing the Group's financial reporting process and internal control system.

The **Remuneration Committee** comprises five Directors: Stefano Domenicali (Chairperson), Patrick Sun, Hua Fengmao, Piero Ferrari, and Xu Xinyu. The Remuneration Committee is responsible for assessing the remuneration policies in place for the Group's Directors and senior management team.

The **Nomination Committee** comprises five Directors: Tan Xuguang (Chairperson), Patrick Sun, Stefano Domenicali, Hua Fengmao, and Alberto Galassi. The Appointments Committee is responsible for identifying, screening and recommending qualified candidates to serve as Directors on the Board.

The **ESG Committee** comprises five Directors: Tan Xuguang (Chairperson), Piero Ferrari, Xu Xinyu, Alberto Galassi, and Hua Fengmao. The ESG Committee is responsible for helping the Board to devise ESG policies and strategies, and reviewing and assessing sustainability performance.

ORGANISATION MODEL AND ETHICS CODE PURSUANT TO LEGISLATIVE DECREE No. 231/2001

The Ethics Code is a key document that defines the Company's approach to business ethics and the principles that guide its culture and identity.

The document contains both our moral vision as a Group — which focuses on maintaining and developing stakeholder trust — and a list of core values that guide the Ferretti Group, such as honesty, fairness, transparency, equity and reciprocity. The Ethics Code features specific sections on topics that are particularly important to the Group, such as workplace safety and customer privacy.

The Ethics Code therefore applies to the entire Group and is informally extended to all stakeholders, in the hope that the Group's moral and ethical values can be expanded well beyond its physical limits.

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When drafting the Ethics Code, the Group took into consideration all of the activities that help combat the offences that all Italian companies are obliged to prevent pursuant to Legislative Decree No. 231 of June 8, 2001. As such, the Ethics Code constitutes a fundamental tool for the Organisation, Management and Control Model adopted by the Ferretti Group in order to prevent the offences listed in Legislative Decree No. 231/2001.

Defining the 231 Model involved carrying out an initial assessment of the Group's pre-existing organisational model in order to identify areas and activities that could pose a risk of crime, as envisaged by the Decree. We then defined control protocols for any important activities we had previously identified, in order to align our control principles with the Legislative Decree in question.

The Ferretti Group approved the 231 Model on July 31, 2019, bringing it into force from that date onwards. Ferretti Group also established a Supervisory Board, which was assigned certain tasks included in the model. The company also undertakes to constantly update the Model, adding new offences to the Special Section.

The Supervisory Board oversees the functioning and observance of the 231 Model, assessing its adequacy, communicating necessary updates to the Board of Directors, and monitoring its implementation and updating.

As a Group, we have been actively engaged in preventing the risk of bribery and corruption and money laundering, and above all, we strive to promote integrity and precision at all levels of the organisation and in every country in which we operate.

In addition to affecting trust and respectful competition between market operators, behaviour that goes against the principles of fairness and integrity risks undermining the very foundations of the Ferretti Group, which has championed morality and excellence for more than fifty years.

Given the Group's presence in a number of countries, including so-called 'tax havens', the Group is exposed to the risk of violating anti-corruption and anti-money laundering legislation in all nations in which it operates, as well as incurring financial penalties imposed by the European Union and the United States of America, which would have a very detrimental impact on the Group's reputation. This risk is also present with regard to the Ferretti Security Division, as it often fulfils requests financed by governments and international institutions.

The circumstances described above and the related risks are addressed by means of two key tools, namely the Group's Ethics Code and the Organisational and Management Model for the prevention of crimes pursuant to Legislative Decree No. 231/2001. Group's anti-corruption Policy and the 231 Model are available on the Group intranet that is a user-friendly tool for all the employees. Concerning the whistle-blowing, the Group considers a priority to protect those who have reported in good faith any intimidation and retaliation. Therefore, Ferretti Group has approved a procedure-available on its website — and has established a dedicated channel to allow a safe and private reporting. Finally, we can confirm that there were no episodes of bribery or corruption involving the companies of the Group in the year 2021.

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2. OUR BUSINESS MODEL: FROM MADE IN ITALY EXCELLENCE TO EVOLUTION IN THE NAME OF INNOVATION

2.1 The Ferretti Group model: when industrial innovation meets true craftsmanship

Being a cutting-edge entity and leader in the luxury yachting market is all about embracing the two distinct qualities that allow us to manufacture yachts that fulfil our customers' wishes: industrial innovation and craftsmanship. In fact, industrial innovation is all about improving the efficiency of our serial production process year upon year, while craftsmanship allows us to offer excellent scope for personalisation and to produce some truly unique products. In many cases, the yachts we manufacture are one-of-a-kind prototypes, boasting exclusive features developed in collaboration with our customers.

In keeping with our dual spirit, the Ferretti Group model sees our yachts pass through a production line in which all components are assembled, starting from the hull, through to the engines and electrical systems, and finally, the furnishings and fittings, depending on the type of yacht we are producing and the customer's personal preferences. The Group coordinates the entire process, managing the project as a whole and directly overseeing the design, selection and procurement of raw materials and components, ready for production. This coordination involves our entire supplier network and extends to our outfitting plant. The industrial aspect is evident in the planning and scheduling of each activity and in the control of its progress, while the craftsman's soul emerges in the execution of the activity.

The Ferretti Group model helps us guide customers studying ad hoc feasibility for them through decision-making processes while gifting us with a strong understanding of market demand. This allows us to anticipate new trends while maintaining a strong bond with our suppliers, with whom we continuously explore cutting-edge solutions.

The new product development process

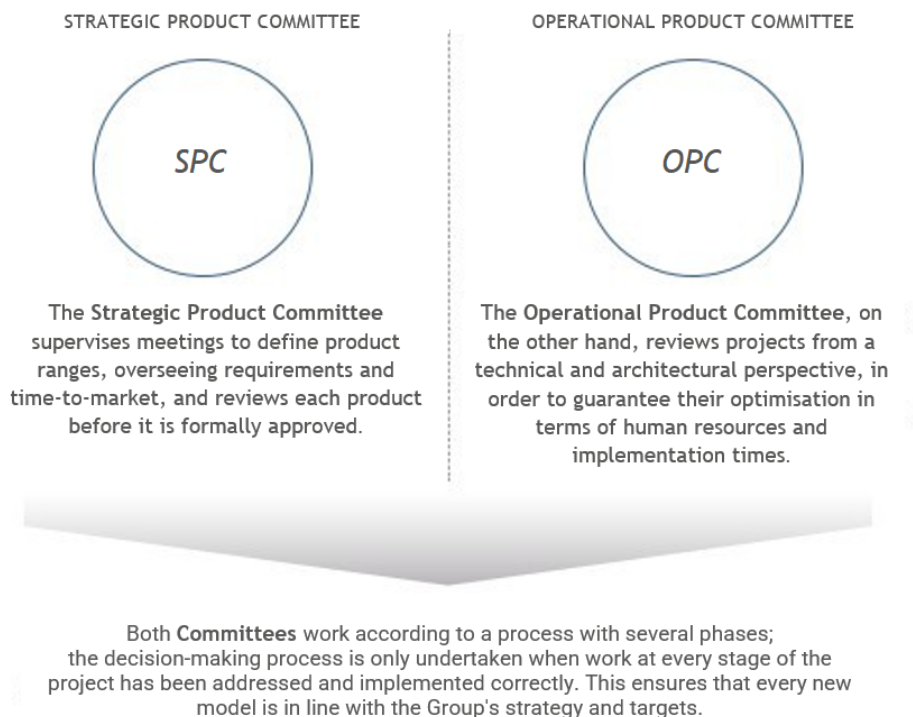
Over the years, we have developed and perfected our New Product Development Process, which allows us to alter and restyle existing products, as well as to carry out in-house modifications on products with pre-set specifications.

By defining and applying this process, we are able to guarantee consistency with the Ferretti Group's strategy and values when developing new products. The process also allows us to pursue specific objectives with regard to time-to-market, quality, costs, profitability and the maximum exploitation of brand partnerships.

The Process cuts across various company departments to ensure that each step — from pre-development to prototype creation — is fully developed and implemented using the appropriate skills.

The process begins with the completion of market analysis by the product marketing department to establish the macro-requirements for the new yacht model to be developed. This step is followed by a preliminary feasibility study on the amount of investment required, which determines whether development of the new model will continue. The technical features and architecture of the new model are then developed by the Operative Product Committee (OPC), which is assisted by external naval architects and designers, and our technical team. Subsequently, the members of the SPC (Strategic Product Committee) proceed with the final approval of the concept, conducting an economic assessment of the investment required to develop the model.

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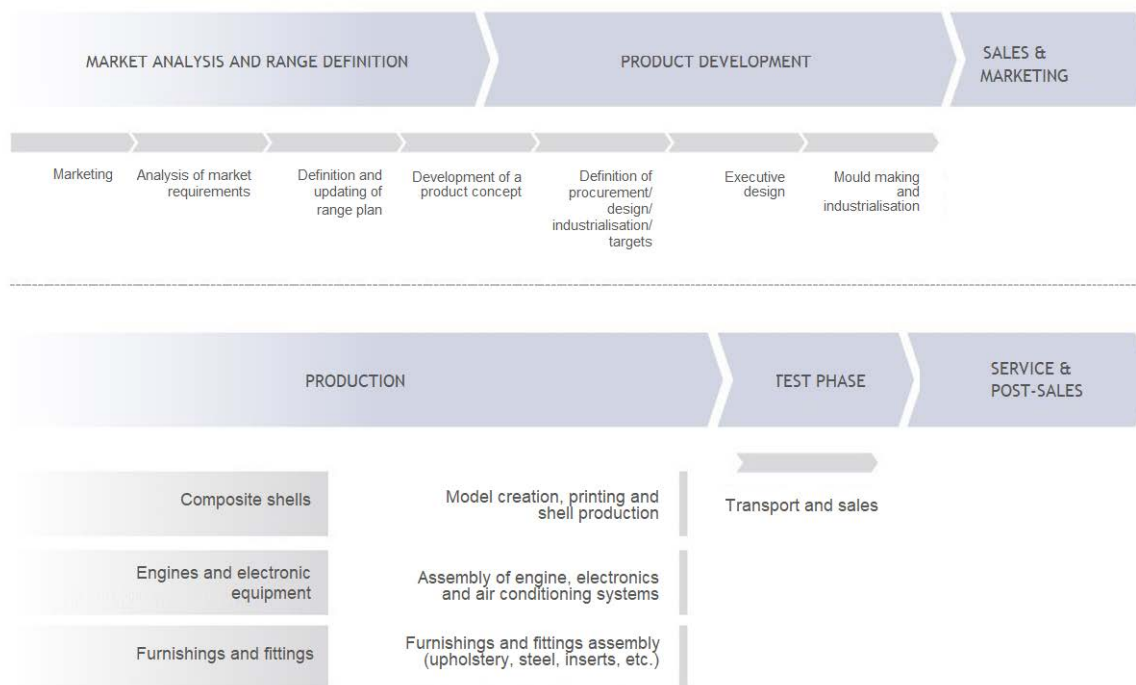
The Committee monitors the development of the prototype and the final design, keeping track of the costs and time taken to complete the process. Once the first product has been built and tested, and the industrialisation costs have been defined, a final meeting determines the adherence or non-adherence to the approved values and possible actions.

The Group is equipped with a team of internal and external professionals who work together to define the layout for new models. As previously mentioned, our in-house design team collaborates with external naval architects and designers to research styles and define new product lines. Our engineering department (in cooperation with project managers and project architects) is responsible for defining the technical layout of new models. Along with the technical departments and project management department, they are tasked with performing operational analysis, monitoring product development, and conducting ongoing checks to satisfy the finance department, which evaluates and ensures that all new products meet financial margins and targets, as an independent collaborator in the process.

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Below is a diagram that demonstrates how the Group's product development and production model works:

Product development process



Thanks to work carried out by the Strategic and Operational Committees and our Development Process, the Group was able to present and launch more than 28 new models on the market between 2018 and 2021. This is the result of work begun by the Company's management team back in 2014, and means that the majority of the Ferretti Group's turnover is now generated from models launched in recent years.

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The table below provides a breakdown of models currently available on the market by footage segment and brand:

Brand	Model	Number of models	Composite			Made-to-measure	Super yacht
			20–59ft	60–79ft	80–99ft	>100ft	>100ft
Custom Line	Navetta 30	7				X	
	Navetta 33					X	
	Navetta 37					X	
	Navetta 42					X	
	CL 106'					X	
	CL 120'					X	
	CL 140'					X	
Ferretti Yachts	500	8	X				
	550		X				
	670			X			
	720			X			
	780			X			
	850				X		
	920				X		
Itama	1000			X			
	45S	3	X				
	62S			X			
75			X				
Pershing	5X	7	X				
	6X			X			
	74			X			
	7X			X			
	8X				X		
	9X				X		
	140						X
Riva	Iseo	16	X				
	Aquariva Super		X				
	Rivamare		X				
	Dolceriva		X				
	56' Rivale		X				
	66' Ribelle			X			
	68' Diable			X			
	76' Bahamas			X			
	76' Perseo Super			X			
	88' Florida				X		
	88' Folgore				X		
	90' Argo				X		
	100' Corsaro					X	
	110' Dolcevita					X	
	Bellissima					X	
	50 METRI						X
Wally	wallytender43	6	X				
	wallytender43x		X				
	wallytender48		X				
	wallytender48x		X				
	wallypower58		X				
	wallywhy200				X		
			14	12	9	10	2
			47				

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2.2 Seven souls, one heart: our brands

The Ferretti Group seeks to enhance the value of its brands in order to preserve their unique identities and distinctive features while also making use of the Group's central structure.

The histories of our brands have crossed paths several times over the past few decades and continue to do so, through partnerships, the sharing of ideas, projects and new horizons. As such, we're proud to tell seven different stories with one shared dream: to package together the best yachts in the world.



WALLY 20 years ahead

A world leader in nautical innovation, Wally combines the most advanced technologies with contemporary design in a constant search for an improved on-board experience that combines performance, comfort and style.

Founded by Luca Bassani Antivari in 1994, Wally became part of the Ferretti Group in 2019. Since then it has fundamentally changed the concept of the yacht, creating revolutionary sailboats and motor boats that have become landmarks in the yachting and design worlds.

Wally is a highly innovative brand that introduced technologies — such as carbon fibre — which have since become a standard in the maritime industry. Each design solution is developed in line with an overall aesthetic to create a final result whose design is iconic in terms of simplicity and purity, and which creates a yacht that is consistent in every aspect. It is this approach that has made Wally the only maritime brand to have twice won the ADI Golden Compass, the world's most prestigious award for quality and design, in 2004 and 2008.

The Wally product range includes both sailing and motor boats, in both serial and full-custom models.

Year founded: 1994 Shipyard site: Forlì Models: Open, Coupè, Crossover, Sailing Super Yachts Number of Models: 6 Composite Yachts Speed range: 21–54 knots
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FERRETTI YACHTS Just like home

With Ferretti, you can travel the world from the comfort of your own home, wake up to a different view every day and explore new horizons in total relaxation.

Your Ferretti yacht is an intimate, personal space that feels liberating yet engaging. Another exclusive environment in which you can sit back, relax and draw inspiration from your surroundings.

Sailing is an authentic experience. It enlivens the senses and makes you feel one thing only: at home.

The sea, the body, your home, a journey. These concepts inspire Ferretti Yachts to build exquisite yachts that represent tangible vessels for self-expression.

Ferretti Yachts is a historic brand founded in 1968. The brand manufactures flybridge yachts measuring 15 to 30 metres in length (50–100 feet), with an open upper deck and a dual indoor and outdoor helm station. Ferretti yachts are made at the Group's shipyards in Forlì and Cattolica and are well known for their technology and innovation. The brand always has its finger on the pulse when it comes to design, which it channels into luxurious, comfortable and functional spaces. It manufactures yachts that boast cutting-edge style, quality wooden furnishings and fittings (made from walnut, teak and oak), coloured hulls, leather and wooden upholstery, and tilting windows.

Ferretti Yachts are intended for customers who are familiar with yachting culture, and are previous boat owners. Customers of Ferretti Yachts are looking for comfort, quality and excellence in design. They're not usually swayed by the latest trends, but instead opt for classic, timeless style.

Ferretti Yachts embraces a 'classic-contemporary' style, which combines a traditional feel, consolidated over the years, with aesthetic design and functionality.

Year founded: 1968 Shipyard site: Forlì and Cattolica Models: Flybridge Number of Models: 8 Composite Yachts Speed range: 24-30 knots

PERSHING The dominant species

John Joseph "Black Jack" Pershing was an American General who distinguished himself in the Spanish-American war for his bravery and outstanding tactical skill. He has since become an example for all American Generals, and gave his name to the Pershing missiles which were installed at European NATO bases around the same time the Pershing brand of yachts was created.

The Cantiere Navale dell'Adriatico had all these things in mind when it chose the name "Pershing" for the yacht's first launch in 1985. The brand became part of the Ferretti Group in 1998, when it produced high-performance open and coupé vessels which were dynamic and sporty and built using composite materials including carbon fibre. In over 30 years it has produced more than 30 models, often in a number of different versions, satisfying a variety of customers and cultures, as evidenced by its entry into markets in the Far East. A fundamental part of the Pershing story is the promotion of innovation in the nautical field. This has been led by constant research into new solutions and a focus on design ideas that are creative, distinctive and original.

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Design, innovation, technology, performance and comfort are the core values of the Pershing philosophy. Production takes place at the cutting-edge shipyard in Mondolfo, while the Pershing 140 superyacht is produced at the Superyachts division in Ancona.

Year founded: 1985
Shipyard site: Mondolfo and Ancona
Models: Coupè, Sportfly
Number of models: 6 Composite Yachts 1 Flagship Super Yacht
Speed range: 36-50 knots

ITAMA *The enhancement of freedom*

We create open yachts whose sporty character and inimitable elegance make them unmistakable. It is the perfect blend of power and style that provides an unparalleled sailing experience.

Itama is about more than simply building yachts: it is about skilfully and creatively giving form to the idea of elegance and power, an idea that has always allowed our open yachts "designed for the sea" to stand out from the crowd.

Founded in 1969 by Mario Amati (whose surname spelled backwards gave the brand its name), Itama is a historic brand within the Italian shipbuilding tradition. It is renowned in the sector for open vessels made from composite materials, in a single configuration featuring a classic external steering position.

The yacht's shape, high-performance hull and powerful engines allow top speeds of between 34 and 42.5 knots, providing a unique experience for every owner.

Itama has been part of the Group since 2004. Becoming part of the Ferretti Group universe has allowed the brand to grow and prosper on an international market while simultaneously retaining the strengths that make it a worldwide ambassador for Italian style.

2020 saw an update to the range, which was designed to perfect and modernise a number of functional and technological design elements to maintain the timeless Itama character. The new addition to the range is a touch of style that seeks to bring the yacht ever closer to the canon of functional design: a central glass door incorporated into the windshield makes accessing the prow and the bridge easier and safer. Designed to improve both the comfort and safety of the Itama yacht, this solution comes in addition to the traditional access to the prow via lateral walkways.

Year founded: 1969
Shipyard site: Forlì and Mondolfo
Models: Open
Number of models: 3 Composite Yachts
Speed range: 34-43 knots

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RIVA Nothing else

Riva is an emblem of modern, sophisticated elegance expressed in the skilful combination of ultramodern design with high-quality materials. In fact, Riva is the oldest and most iconic shipyard in the world, and is incredibly well known for its tradition and innovation. The brand has also played a starring role in the film industry for over 60 years, often stealing the show from international actors and actresses.

Back in 1842, a terrible storm damaged a fleet of fishing boats on Lake Iseo, inspiring a young shipwright named Pietro Riva to open a small shipyard to repair damaged boats. Thus began one of the most fascinating stories in maritime history. Word soon spread of Pietro's talent, and before long, he started to build a range of different boats. Pietro's son, Ernesto Riva, eventually took over the business from his father and introduced internal combustion engines. This decision gave further impetus to the shipyard, which started to manufacture boats to transport goods and passengers over the lake towards the end of the 1800s. After World War One, it was Serafino Riva's turn to take the reins, and he transformed the shipyard's valuable products into a tangible brand. In the 1950s, Carlo Riva further consolidated the brand, associating it with elegance, status and perfection. One of the most famous yachts to be manufactured in this decade was the Aquarama, which became an instant classic.

In May 2000, Riva was acquired by the Ferretti Group and in 2014, following the entry of a new management team and a new majority shareholder, the Weichai Group, the brand announced its return to the superyacht sector with a Riva Superyachts Division located in Ancona. The division designs a fully customisable fleet of superyachts, featuring two product lines that differ in style and design and measure from 50 to 90 metres in length.

Riva's light-alloy superyachts feature displacement hulls and have become a real symbol of ambitious and ingenious potential, going far beyond the boundaries Carlo Riva once broke to build famous motor yachts for the Caravelle and Atlantic series in the 1960s and '70s, as well as six motor yachts measuring over 20 metres for the Marco Polo series between 1970 and 1978, and two Vespucci boats measuring 28 and 30 metres respectively (90 and 100 feet).

Year founded: 1842 Shipyard site: Sarnico, La Spezia and Ancona Models: Open, Sportfly, Flybridge, Motor Yacht ⁵ Number of models: 15 Composite and Made-To-Measure Yachts 1 Flagship Super Yacht Speed Range: 26–42 knots
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CRN Made by you with our own hands

CRN means total commitment of body, head and soul on every single project. This is the spirit in which every one of our voyages begins, and this is how we have always made our yachts: with a winning combination of creativity, expertise, innovation and total dedication. Our passion and experience are at service of the owner's vision to create a work of art, that is also an absolutely unique and sublime experience of life at sea.

⁵ It is equivalent to the super yacht category

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CRN is a shipyard which specialises in the design and construction of superyachts up to 95 metres, in aluminium or steel/aluminium. Founded in 1963 in Ancona, the shipyard has since its creation built yachts of unparalleled beauty, characterised by cutting-edge design solutions. These are vessels that set the standard for functional innovation and which represent the best of Italian shipbuilding production, design and craftsmanship Made in Italy.

The concept of completely custom-made superyachts takes on new meaning, embracing and reflecting the customer's desires and ideas in a process that is truly creative. Every aspect of every yacht is made centimetre by centimetre with constant attention to beauty, taking care of every detail and searching for new solutions that go beyond the limits set by materials and space constraint.

The entire CRN team works in close collaboration with a select group of world-class architects and designers together with the owner's team. Style, colours, materials; "everything", in short, can be personalised and made to measure. CRN guarantees the owner complete freedom of expression, allowing them to be the true author of their own masterpiece.

CRN's experienced technicians and highly skilled craftsmen have the insight and problem-solving skills to meet the exciting challenges posed by the most demanding customers. CRN has always been considered a pioneer in designing and building high-performance hulls and naval platforms with functional and innovative design solutions, thanks to the know-how, professionalism and passion for excellence of its in-house team. CRN, as world excellence in Italian shipbuilding, has always prided itself on creating yachts from the owner's vision through the "by own hands" approach.

Year founded: 1963
Shipyard site: Ancona
Models: Motor Yacht⁶
Number of Models: CRN's know-how and experience,
together with the Ferretti Group brands' heritage,
give life to unique Super Yachts
Speed range: 14-18 knots⁷

CUSTOM LINE *Beyond the line*

Remaining true to its origins, Custom Line has created a fleet of yachts with a particular focus on personalisation, A perfect combination of cutting-edge technology, ingenious functional solutions, and elegant, unmistakable design. Every Custom Line creation is a unique work of art.

Each Custom Line craft is custom built and reflects the personality of its owner, the way they look to the horizon, the way they experience the sea. In short, every Custom Line yacht is a masterpiece that tells a unique story.

Custom Line was born in 1996 with the objective of developing a range of custom-built yachts in composite materials to satisfy a clientele with extremely high standards. The result was a range of large planning hull and displacement yachts over 28 metres, similar in their passion for the sea but deeply different in their way of life.

⁶ It is equivalent to the super yacht category

⁷ Speed depends on each custom made on off creation

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Custom Line's design and aesthetic is the result of an intense collaboration between the outstanding firms in yacht design along with shipyard architects and project managers. The latter are in constant contact with the owner in order to transform the yacht into a unique work of art. This comes from the owner, who is free to personalise the yacht's interior in line with his/her individual style and concept of travel.

For more than 25 years Custom Line has been synonymous with yachts that are the world's best for technological innovation, design and functionality. Its fleet now includes more than 250 vessels across the world. Custom Line yachts are built entirely in the Ancona shipyard by dedicated teams of technicians, craftsmen and skilled and passionate workers.

Year founded: 1996 Shipyard site: Ancona Models: Flybridge and Navetta Number of models: 7 Made-To-Measure Yachts Speed range: 14-25 knots
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2.3 Customer relations

The Group has always been fully committed to transferring its product excellence to the services it offers, ensuring that it does so in ever more structured, systematic ways, and providing continuity in its customer relations. In fact, a wide range of after-sales services are available to owners, designed exclusively for customers and customised for the various yachts.

The Group has consistently invested significant resources in building the loyalty of existing customers and in attracting new customers, leveraging the original features and appeal of its brands, business growth, diversification in terms of product models, the organisation of events and participation at international trade fairs. Over the years, this has not only increased the number of new customers, but also the percentage of loyal customers. These results have also been possible thanks to the robust relationships the Group has built and reinforced over time, and to the exclusive events and unique luxury environment that Ferretti Group creates for its customers, all while respecting the basic requirements of confidentiality and privacy.

The Ferretti Group traditionally operates in a market featuring an extremely select customer base of high net worth individuals who are particularly sensitive to issues surrounding confidentiality. The Group therefore pays close attention to the issue of privacy, not simply to remain compliant with the European Personal Data Protection Regulation (GDPR⁸), but also to protect its clients and guarantee maximum confidentiality and security in the processing of their data. In doing so, it confirms the solid reputation that the Group has created over the years. In 2021, there were no reports of customer privacy violations.

⁸ Regulation (EU) 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data

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CUSTOMER CARE & SATISFACTION

The commercial strategy optimises the use of dealers, brokers and the direct customer relationship so as to receive the direct input of the market, tap into trends and developments and boost existing customer loyalty.

For large yachts (over 30 metres), over the years the Group has expanded its global broker network to ensure a stronger foothold on particularly key markets. The Ferretti Group has also improved its internal sales structure by supporting the network with direct sales outlets (Milan, London, Monaco, Majorca, Fort Lauderdale, Palm Beach, Shanghai and Hong Kong).

Commercial strategies according to yacht size



In addition, every customer enjoys an exclusive relationship with the shipyard and the international service network, navigating safely with a team of experts ready to support them at all times and wherever they are. The range of services includes a hotline to address technical issues in real time, a network of spare parts warehouses (After Sales Ferretti Group) and training initiatives for service network professionals (Service University) and commanders (Convergence).

Leveraging the synergy of the entire Group and its international network can therefore guarantee customers the best possible navigation experience.

Excellent customer service has always been a Ferretti Group priority and has a single focus: to guarantee the owner, at all times, the pleasure of experiencing the sea in absolute peace of mind and safety. The owner's initial technical training is carried out dockside and includes an accompanying service for the yacht's maiden voyage. After delivery of the yacht, the Dealer and Service Point play key roles. The Service University — the refresher and professional training school for after-sales staff — emerged from this vision. It provides a wide range of training, updated annually and improved with new content to support a broad spectrum of skills: from managerial to customer satisfaction and to technical, commercial and operational expertise.

Thanks to the ever-growing ability to respond to the development demands of the various entities involved, as evident in the increasing number of participants, the Service University is today a central hub and an unmissable opportunity for all Ferretti Group Dealers and Service Points.

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The Group also benefits from state-of-the-art CRM (customer relationship management) teams and processes, able to collect, aggregate and process data and information on current and potential customers. Throughout every phase of the customer journey, specific CRM activities are planned and developed — particularly to identify potential new customers and expand the customer base.

In this sense, customer surveys conducted over recent years have revealed an ever-increasing focus on performance and consumption, combined with comfort and ergonomics.

Finally, the Group promotes mutual growth and training through Convergence, an event that brings together captains from all over the world with the goal of strengthening the link between the Group and the sailing community. The event was launched for the first time in 2003, with attendance in recent years reaching in excess of 100 people. Captains discuss at the event technical and non-technical aspects related to the complex daily management of motor yachts. Convergence is a training opportunity, but also an opportunity for both the Group and attendees to build solid relationships — based on trust and mutual cooperation — to ensure the profitable professional growth of the entire sector.

The Group also organised two online meetings in 2021. The first meeting was held in May 2021 and focused on navigating the COVID-19 emergency, while the second was held in November 2021, and concerned the management of on-board incidents. These initiatives made it possible to maintain contact with the Group's captains, providing them with useful information and practices for their roles.

A high-level commitment to the resale of superior quality yachts

The Ferretti Group also offers its customers the opportunity to buy and sell pre-owned yachts, carefully selecting these yachts and guaranteeing potential new owners of pre-owned yachts an easy, safe purchasing experience. The pre-owned segment also operates through a dedicated online platform.

OUR EXCLUSIVE CUSTOMER COMMUNITY

The Group considers it a top priority to cultivate the feeling of belonging to the exclusive Ferretti family brand community; we want our customers to feel at home on our yachts, at our events, and in our lounges. That is why we invest in unique events and marketing initiatives that improve brand awareness and build loyalty among yacht owners.

We promote our brands through numerous international customer-focused activities each year. These include private concerts with the world's most famous rock stars, dinners with award-winning chefs, collaborations with luxury partners, as well as brand extension and merchandising activities for our Riva brand, in particular. In addition, we are the industry's most active contributor to digital and social media campaigns, and we publish a quarterly lifestyle magazine called Protagonist, which we send out to our global network.

The Ferretti Group also actively participates in major international boat shows each year, taking part in more than 10 leading global shows. These include shows in Europe (Cannes Yachting Festival, Monaco Yacht Show, Genoa Boat Show, Boot Düsseldorf and Venice Boat Show), North America (Ft. Lauderdale International Boat Show, Miami Yacht Show, and Palm Beach Yacht Show), the Middle East (Dubai), and Asia (Singapore).

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The Group frequently organises exclusive VIP events at product launches and major celebrations, such as the Ferretti Group Private Preview held annually in Monaco, in addition to other spectacular world premieres to exclusively present new yachts to an audience of VIP guests carefully selected from the EMEA, AMAS and APAC regions.

Sponsorship activities and partnerships with other exclusive brands represent another key way to increase brand awareness. For example, Riva is currently the official sponsor of the Ferrari Formula 1 Team, and the brand's logo appears on the haloes and helmets of drivers Charles Leclerc and Carlos Sainz. The Ferretti Group believes that opening lounges and private spaces in exclusive tourist locations will encourage people to associate its brands with the lifestyle they represent. As such, the Group is actively working with brands to open a series of spectacular locations, including the Riva Lounges at the Gritti Palace Hotel in Venice, Monaco, Paris, Sardinia, Ischia, Croatia, Formentera, Mykonos and Cortina d'Ampezzo in the Dolomites, the Pershing Lounge at the Seven Pines Resort in Ibiza, and Wally at Phi Beach, the elegant Mediterranean venue in Costa Smeralda, Sardinia.

In addition, the Group has launched a merchandising line for its Riva brand, which features high-quality clothing, accessories, furnishings and collectibles that embody Riva's values.

The Group is constantly developing digital marketing channels to increase visibility and brand awareness, share key information about new products and special events, and track customer preferences and market trends. Digital interactions with customers are conducted through the main Group website (www.ferrettigroup.com), individual brand websites (Wally, Ferretti Yachts, Pershing, Itama, Riva, CRN, and Custom Line) and their respective social media platforms, which are visited by millions of users each year.

As of 2020, the Ferretti Group has 35 active social media accounts across 10 platforms (including Facebook, Instagram, LinkedIn, YouTube, Vimeo, Pinterest, WeChat, Weibo, Twitter, and Youku), with over 1.6 million registered followers and 6.7 million engagements.

The Group's visibility is also boosted by online advertising, which generated 814 million impressions in September 2020 alone, while also generating 15 open opportunities and closing nine yacht sales online.

The Group improves its rankings on search engines by fine-tuning technical aspects and by engaging in online PR, with over 1,800 publications in maritime and lifestyle magazines and on relevant social media channels. Our Advertising Value Equivalency, i.e., the value of our online presence, is more than Euro 18 million.

Our internal and external sales network is supported by B2B tools (apps for websites, iPads, and iPhones), with an average of 330 users.

The Ferretti Group also focuses on the local area, and provides an important contribution to the community. Last but not least, during the COVID-19 pandemic in 2020, the Group made significant donations to major hospitals in the areas in which its sites are located, including Milan, Cattolica, Forlì, Mondolfo, La Spezia, Bergamo and Ancona. The Group also launched the digital campaign "A Wave of Caring" on its websites and social media channels, inviting corporate stakeholders to make donations to hospitals and their intensive care units, in particular.

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The project helped pool resources from various stakeholders (shipyards, dealers, people), and saw many people donate money so that new intensive care equipment could be purchased, which strengthened Italy's health system as a consequence. As further testament to the value of the campaign, it has also received important international recognitions from METSTRADE and the IBI (International Boating Industry) magazine in the "Community Support Initiative" category.

2.4 Value creation: figures and achievements

In 2021, the Ferretti Group generated more than Euro 900 million in total economic value, up 42% compared to 2020 and 30% compared to 2019; of the economic value generated, the economic value distributed to the various stakeholders, including suppliers (operating costs), employees, capital providers, the Public Sector, shareholders and the local community, represents approximately 90% of the total, as shown below:

(in Euro thousands) ⁹	%	2021	%	2020	%	2019
Economic value generated	100.0%	908,092	100.0%	638,864	100.0%	698,642
Economic value distributed	89.4%	811,875	90.5%	578,445	91.3%	638,122
Operating costs	75.1%	681,972	74.2%	473,726	75.6%	528,387
Value distributed to employees	12.4%	112,417	14.5%	92,454	13.8%	96,446
Value distributed to providers of capital	0.7%	5,940	1.1%	6,897	1%	6,608
Value distributed to shareholders	0.7%	6,707	0.5%	3,510	0.9%	6,582
Other	0.5%	4,839	0.3%	1,858	0.0%	99
Economic value retained	10.6%	96,217	9.5%	60,419	8.7%	60,520

⁹ "Economic value generated" comprises "Value of production" ("Revenues from contracts with customers"), "Other financial income" ("Other revenues and income", "Financial income", and "Change in inventories") and "Increase in internal work capitalised" ("Increase in internal work capitalised").

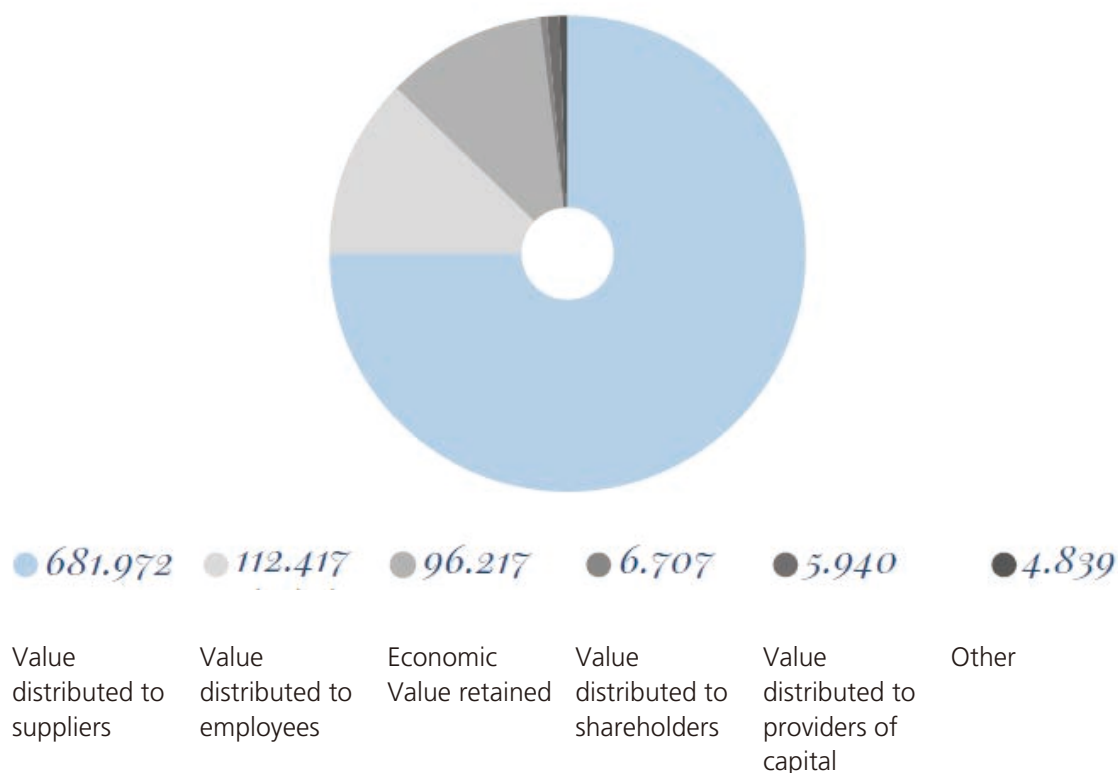
"Economic value distributed" comprises:

- Operating costs: "Raw material costs" ("Raw materials and consumables"), "Service costs" ("Outsourcing costs", "Trade fair, events and communication costs", and "Other service costs"), "Rent, lease and similar costs" ("Rent, lease and similar costs"), and "Miscellaneous operating expenses net of taxes" ("Other operating costs", from which "Non-income related taxes" and "Membership subscriptions" are subtracted);
- Value distributed to employees ("Personnel costs");
- Value distributed to providers of capital ("Financial charges");
- Value distributed to shareholders ("Dividends paid");
- "Other", which comprises:
 - Value distributed to the community: donations, sponsorships, and membership fees ("Membership subscriptions").
 - Value distributed to the government: "Current and prepaid income taxes" (difference between "Income taxes" and "Deferred taxes") and "Other operating expenses" ("Non-income related taxes");

Finally, "economic value retained" comprises "Profit for the year net of dividends" ("Foreign exchange gains (losses)" and "Profit for the period from continuing operations"), "Depreciation and amortisation" ("Provisions and impairments" and "Depreciation, amortisation, and impairment of fixed assets"), and "Deferred taxes". The breakdown in the graphic does not include value distributed to the Public Administration or membership fees (see the account "Other" in the table).

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Breakdown of Economic Value created by the Group in 2021 (Euro thousands)



For years, more than 75% of the total economic value generated has been distributed along the Group's supply chain; this has led to the creation of a real and ever-expanding ecosystem, predominantly made up of small and medium-sized Italian companies, with whom the Ferretti Group has a long history of productive collaboration. The SMEs working with the Group are emblematic of the flexibility, excellence and sustainability of local production systems, and often boast decades of collaboration with Ferretti Group brands and a relationship that is more than simply professional.

Some have been acquired by the Group over the years as they constitute fundamental partners in the sale of the world's leading yachts. Such is the case of Zago S.p.A., a subsidiary of the Group that creates wooden interiors.

While it is true that the Group's complex supply chain allows the Ferretti Group to lead the world by exporting its yachts to every corner of the planet, it is also thanks to the Ferretti Group that those small and medium Italian companies that contribute to the production of the Group's products have the opportunity to deal indirectly with the global market.

In selecting its suppliers the Ferretti Group maintains the highest quality standards and takes into account the individual characteristics of each brand. This approach begins as early as the design phase, which often involves co-design activity between the Group and specific suppliers. The Group does, however, tend towards the internal production of its most crucial components, those which are fundamental to the development and retention of its expertise.

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Selection of suppliers is managed by the Group's Procurement Department which, in close collaboration with the project's managers and engineers, identifies the specific requirements that suppliers must satisfy. These include technical capacity, structural elements (company size, geographic presence, logistics), production capacity, credentials, Key Performance Indicators, financial solidity, and before-and after-sales assistance. Today, the Group also assesses sustainability aspects during the supplier selection process, aware of the growing importance that these aspects will assume in the near future. In this regard, it should be noted that all new suppliers who qualified in 2021 were assessed according to environmental and social criteria; environmental criteria cover certification requirements for waste management and disposal and the climate (FGas declaration), and include ISO 9001 for quality. Social requirements, on the other hand, mainly include criteria for managing occupational health and safety.

It should also be highlighted that the vast majority (93%) of Ferretti S.p.A. and Zago S.p.A.'s suppliers are located within the national territory, and that the non-Italian exceptions are well-structured, reliable multinationals, such as suppliers of engine parts or electronic components.

The Group's suppliers can be broken down into the product categories shown below:

INTERIORS AND FURNISHINGS

All furniture components, including floors, kitchens, marble, interior and exterior upholstery, mattresses, lighting, sanitary and other accessories.

HULLS AND FRAMES

Hulls, frames and superstructures in fibreglass and steel, as well as all rigid and structural components such as rigid canopies and hatches.

ENGINES AND GEARBOXES

Engines, gearboxes, propellers, rudders, generators, fins, manoeuvring propellers and all other aspects of yacht mechanics.

ELECTRONIC COMPONENTS

Audio/video equipment, navigation and communication instruments, batteries, lights, radar and any other electronic components.

MOVING PARTS AND DECK EQUIPMENT

Hold doors, walkways, pulpit handrails, ladders, anchors and all components that allow movement around the boat.

SUBCONTRACTING

This category includes both the manpower and the materials involved in the creation of hydraulic, electrical and insulation systems, and also all the processes of painting, resin coating, fitting out and covering.

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GENERAL, ADMINISTRATIVE AND SALES COSTS

General, administrative and sales expenses, investments and purchases, maintenance services, waste disposal, exceptional transport, consultancy, communication, trade fairs and events.

Highlights

TOTAL VALUE OF ORDERS (2021)	PERCENTAGE OF ORDERS TO ITALIAN COMPANIES	TOTAL NUMBER OF SUPPLIERS OF FERRETTI S.P.A. AND ZAGO S.P.A.	INCREASE IN PURCHASE ORDERS
575 M€	91% (525 M€)	1,868	+54% on total order value compared to 2020 (+17% on 2019)

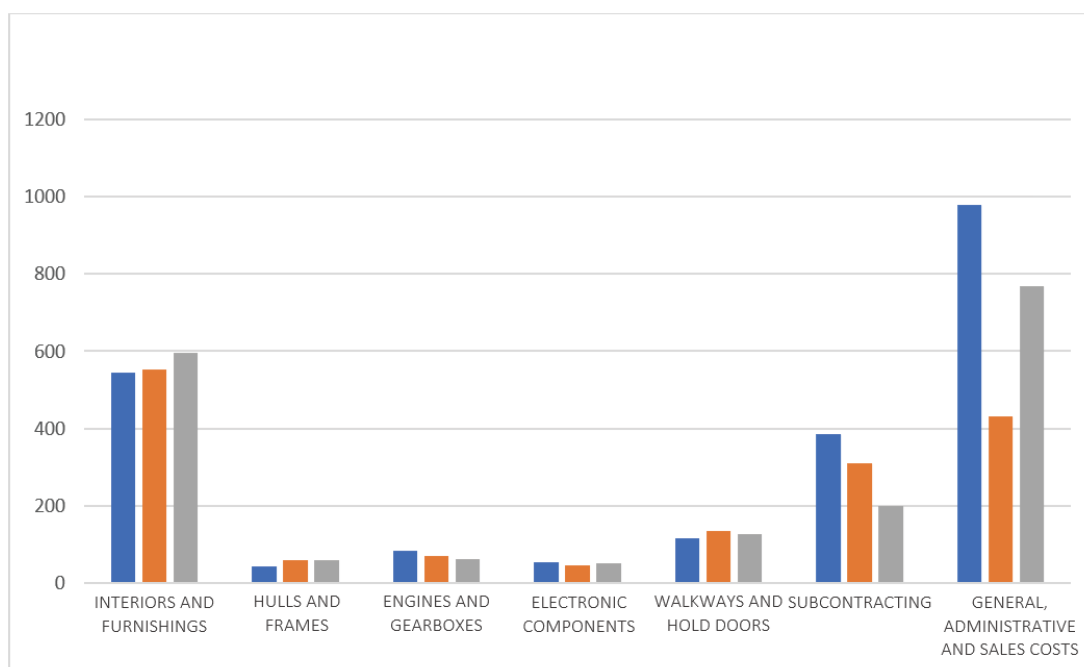
PRODUCT CATEGORY	NUMBER OF SUPPLIERS	VALUE OF PURCHASES
INTERIORS AND FURNISHINGS	596	129,738,685 €
HULLS AND FRAMES	60	82,103,239 €
ENGINES AND GEARBOXES	62	93,651,013 €
ELECTRONIC COMPONENTS	52	22,667,746 €
WALKWAYS AND HOLD DOORS	128	69,439,542 €
SUBCONTRACTING	201	103,089,572 €
GENERAL, ADMINISTRATIVE AND SALES COSTS	769	74,501,539 €
TOTAL	1,868	575,191,336 €

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Year	Number of suppliers			Purchase volume ¹⁰		
	2019	2020	2021	2019	2020	2021
Total	2,210	1,612	1,868	477,543,990 €	372,871,477 €	575,191,336 €

In line with this breakdown, the number of suppliers and total purchase volume by product category is as follows:

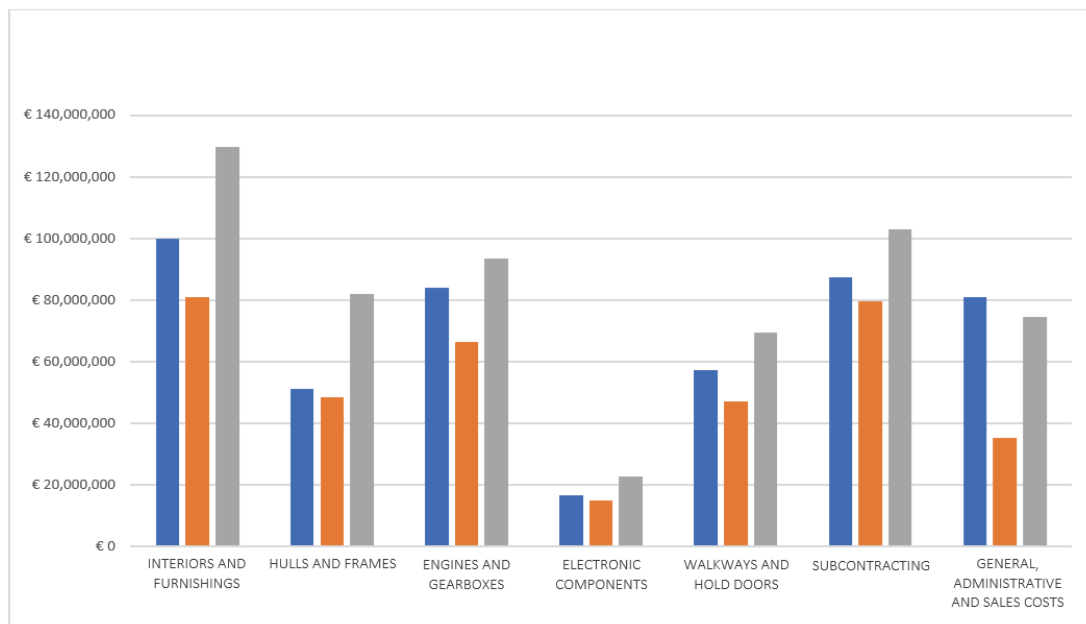
Number of suppliers by product category (2019–2021)



¹⁰ The number of suppliers and the total value of orders issued by the Group includes the companies Ferretti S.p.A and Zago S.p.A, while purchases made between Group companies (inter-company purchases) are excluded from the overall calculation. Furthermore, the volume of purchases cannot be reconciled with the item in the income statement linked to the "Value distributed to suppliers of goods and services", for the following reasons: i) orders to foreign companies (mainly those of Ferretti Group of America, Allied Marine and Ferretti Group Asia Pacific) are not included in the purchase orders; ii) purchases of used vessels are not included in the purchase orders; iii) difference in reporting of information related to Capex purchases and user costs; iv) delay between the date of the purchase order and the actual accrual of the cost of said order.

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Economic value spent by the Group by product category (2019–2021)



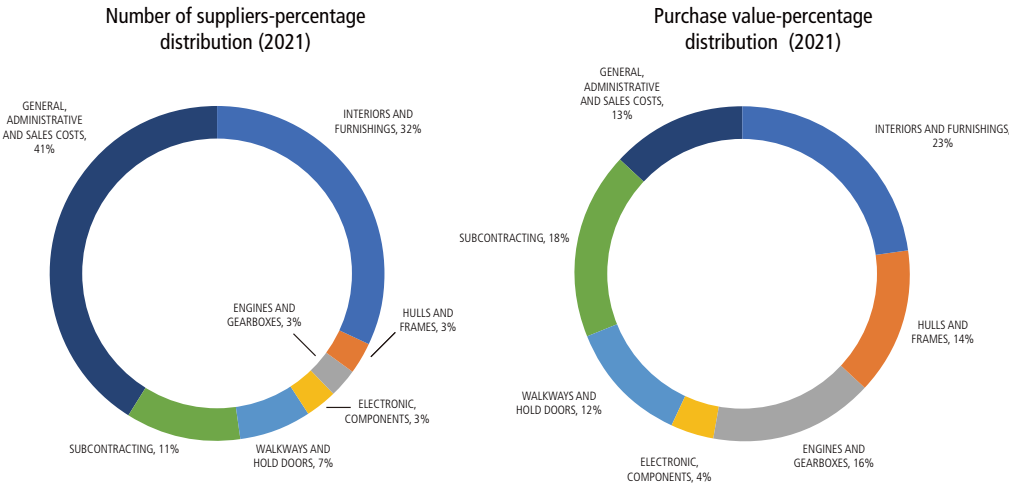
The total value of the Group's purchases, after a significant decrease in 2020 due to the COVID-19 pandemic, rose sharply, exceeding figures for 2019. In 2021, total spending amounts to more than Euro 575 million, +54% on 2020 and +17% on 2021. While acknowledging that 2020 was an extraordinary year, distribution among the product classes has not changed significantly in the three-year period from 2019 to 2021. In addition, the value of furniture and engine purchases increased between 2019 and 2021, and there was a sharp increase in spending on hulls. We note, however, that in 2021, as mentioned above, purchase growth affected all product classes equally.

As the graphs also demonstrate, the product categories related to the mechanical, electronic and structural components of boats, i.e. the hulls, the Engines, Electronic Components and Moving Parts also present a low number of suppliers considering the economic volume from orders to those same suppliers. Specifically, for a number of suppliers that represents 16% of the total, these four product categories constitute 47% of the total economic value of orders.

As regards mechanical and electronic components, the reasons for this percentage differential is related to the trust and validity of large, long-term suppliers, who offer a complete, up-to-date and extremely high-quality catalogue. In contrast, for the other product categories mentioned (Hulls and Moving Parts), the limited number of suppliers is a consequence of the specificity of the products supplied, which are closely linked to the maritime sector. These product categories cover suppliers who are most dependent on the work of large Italian maritime companies, whose growth is therefore necessarily linked to the growth of individual suppliers.

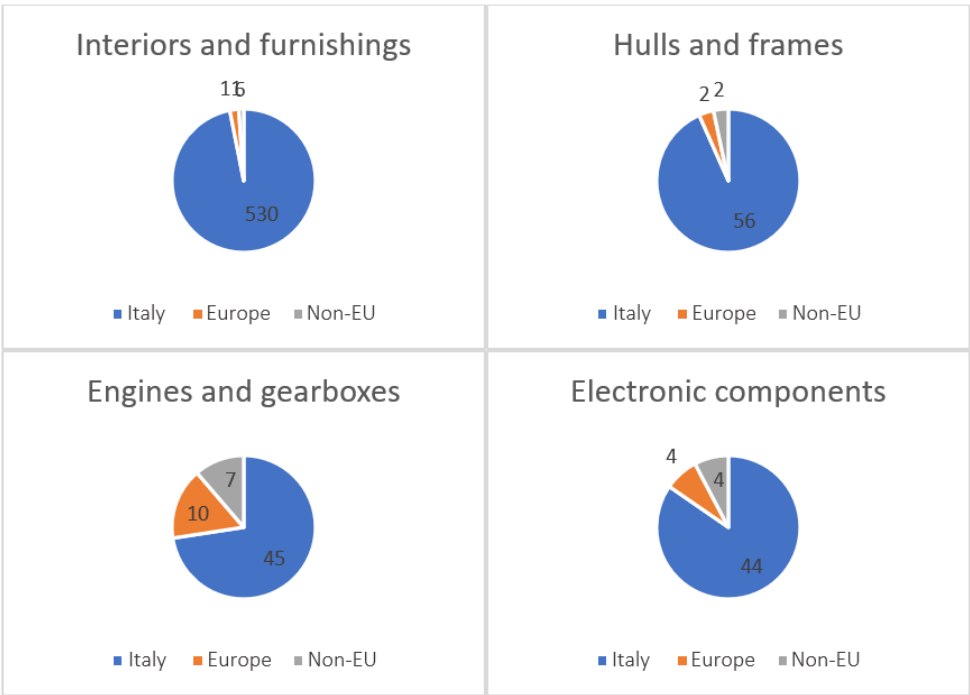
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Breakdown of the total purchase value and number of suppliers used by product category (2021)



Geographical analysis of the number of suppliers by product category reveals a trend in line with the strong craftsmanship that typifies the Made in Italy movement described above. Categories related to manual labour, such as interiors and hulls, relate almost entirely to Italian workmanship; mechanical and electronic components, on the other hand, are produced more internationally, as evidenced by the higher percentage of purchases made from abroad.

Geographical breakdown of the number of suppliers used by purchase product category (2021)

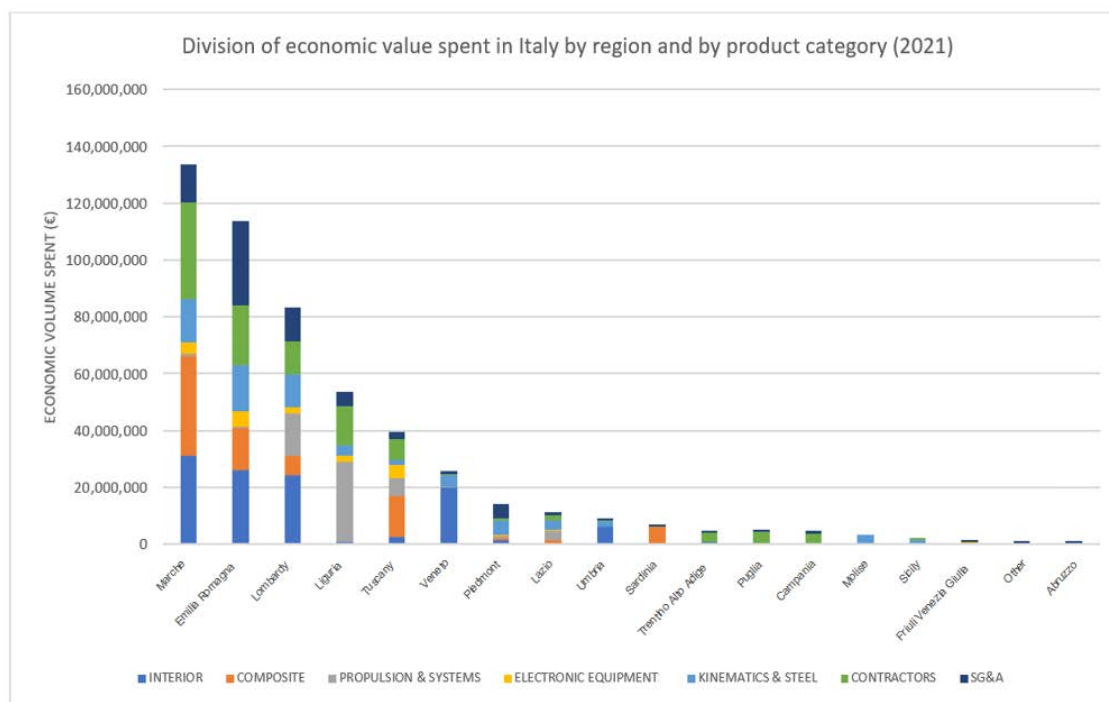


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	Number of suppliers			Value of purchases ¹¹		
	2019	2020	2021	2019	2020	2021
Italy	1,912	1,468	1,750	368,079,938 €	298,636,415 €	525,726,231 €
Europe	230	110	73	78,797,981 €	48,355,204 €	30,775,052 €
Non-EU	68	34	45	30,666,071 €	25,879,857 €	18,690,052 €
Total	<u>2,210</u>	<u>1,612</u>	<u>1,868</u>	<u>477,543,990 €</u>	<u>372,871,477 €</u>	<u>575,191,336 €</u>

Purchases are predominantly made in Italy for all of the large product classes.

Confirming the Group's strong local presence, there is a concentration of turnover in the regions where its shipyards are located. In 2021, 26% of Italian purchases were made in the Marche region (30% in 2019), home of the Ancona and Mondolfo shipyards, 22% in Emilia-Romagna (22% in 2020), where the Ferretti Group is present at the Forlì and Cattolica facilities, 16% in Lombardy, location of the Sarnico shipyard and offices in Milan (15% in 2020), and 11% in Liguria, home to the La Spezia shipyard (6% in 2020). The graphic below shows the breakdown of purchases by Italian region and product category for Ferretti S.p.A. only:



The correlation between the value of purchases and the use of indirect labour at the Group's suppliers is analysed below to estimate the employment value generated by the Group throughout the Italian peninsula.

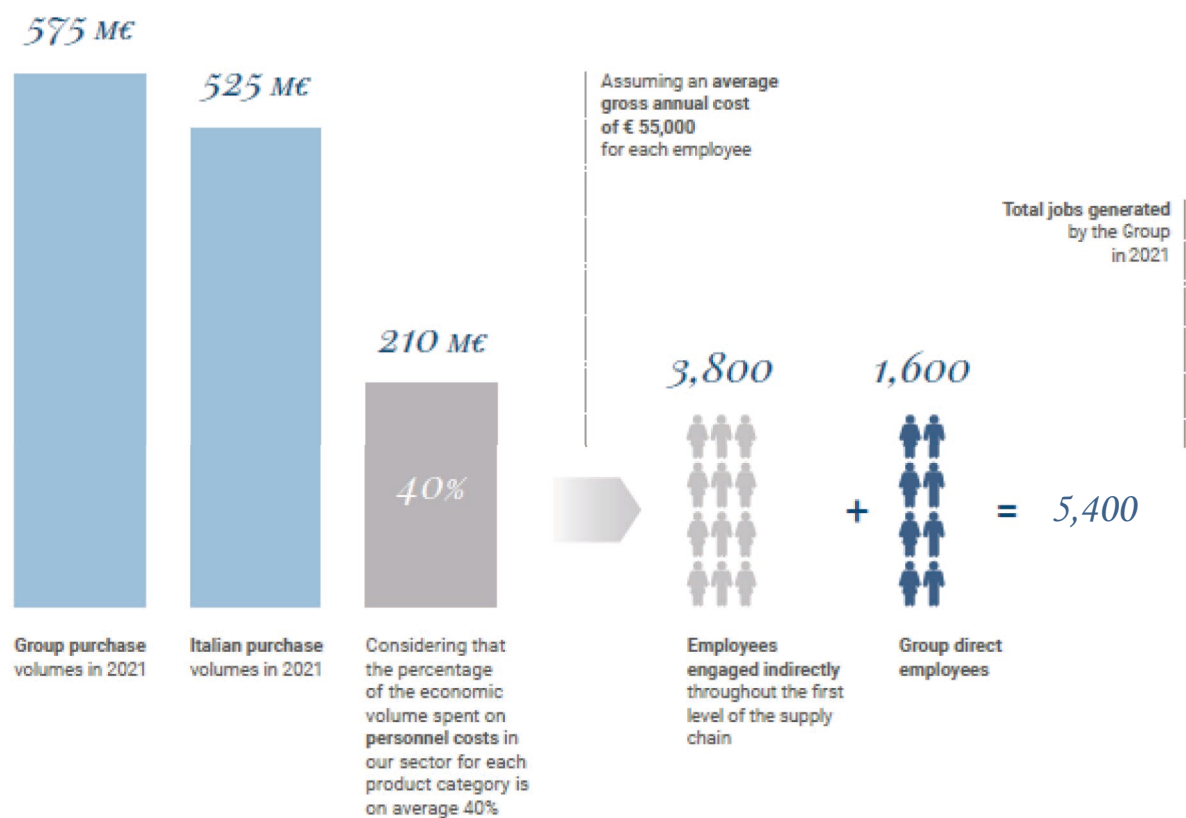
¹¹ Purchases made within Italy through retailers whose production companies are located abroad have been counted entirely as foreign (Europe or Non-EU).

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This analysis considers only purchases from Italian suppliers whose production process is carried out entirely within the country, and therefore excludes Italian retailers whose production companies are based abroad. Also included are the product categories described above, including “General, administrative and sales costs”. Considering that the percentage of the economic volume spent on personnel costs in our sector for each product category is on average 40% of the total value spent, and assuming an average annual gross cost of Euro 55,000 for each employee, this therefore gives a figure of approximately 3,800 people employed along the Group’s supply chain, an increase on the estimated 2,200 staff employed in 2020.

This figure, which represents the number of employees indirectly engaged along the first level of the supply chain, does not include direct employees of the Group (1,600 in 2021); an estimate of the total number of jobs created by the Group’s business in 2021, therefore, gives a figure of around 5,400 people, an increase on the estimated value for 2020 (3,750 people) and 2019 (4,000 people). Compared to the previous year, the proposed analysis includes the associate Zago S.p.A. within the consolidation scope. The Group believes in the importance of generating value for the local area, and we note that this figure has been growing steadily since 2017, with the exception of the severe slowdown caused by COVID-19.

Jobs generated along the value chain by the Ferretti Group in 2021



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3. THE GROUP'S RESPONSIBILITIES: OUR JOURNEY TOWARDS SUSTAINABILITY

In recent years, issues related to sustainability, the reduction of negative impacts, and the maximisation of positive ones on the environment and people have sat alongside and intertwined with the business activities of companies across the world; no industry, including the luxury and yachting sectors, is exempt from this structural change. Today, business models in numerous industries are being restructured to include and integrate sustainability issues, especially when pushed to do so by consumers, investors and other important stakeholders who demand a more conscientious approach to the world beyond business.

Other sectors, such as the one in which the Ferretti Group operates, have recently begun to enter the world of sustainability by attempting to anticipate the growing environmental focus of their stakeholders. In the yachting world this means vessels with hybrid engines, equipped with water treatment and recovery systems, furnished using eco-compatible materials, or even built relying on a network of tracked and responsible suppliers. This drive towards sustainability is dictated both by choices made by the future owners of the Group's products and by increasingly stringent regulations that require every company in the sector to make forward-looking choices and undertake strategic planning that includes sustainability as an integral corporate value.

The Ferretti Group began its journey towards sustainability in 2020 with the publication of the Group's first Sustainability Report for 2019. This began by mapping the main impacts deriving directly or indirectly from its activities with the objective of increasing internal sustainability awareness. This Report constitutes the Group's third step towards the adoption, in the coming years, of an increasingly more strategic vision of these topics, one which is designed to use its pioneering ideas to protect the Group's rich heritage for future generations.

As in 2020, 2021 saw discussion of and updates to two of the most important instruments in the preparation of a Sustainability Report: the list of stakeholders involved throughout the value chain, and a materiality analysis designed to identify the most relevant sustainability issues in terms of impacts generated and stakeholder focus.

It is on the areas identified as material that the Group will focus its current attention and future efforts, with a view to reducing its environmental impact and creating value for the community and the local area.

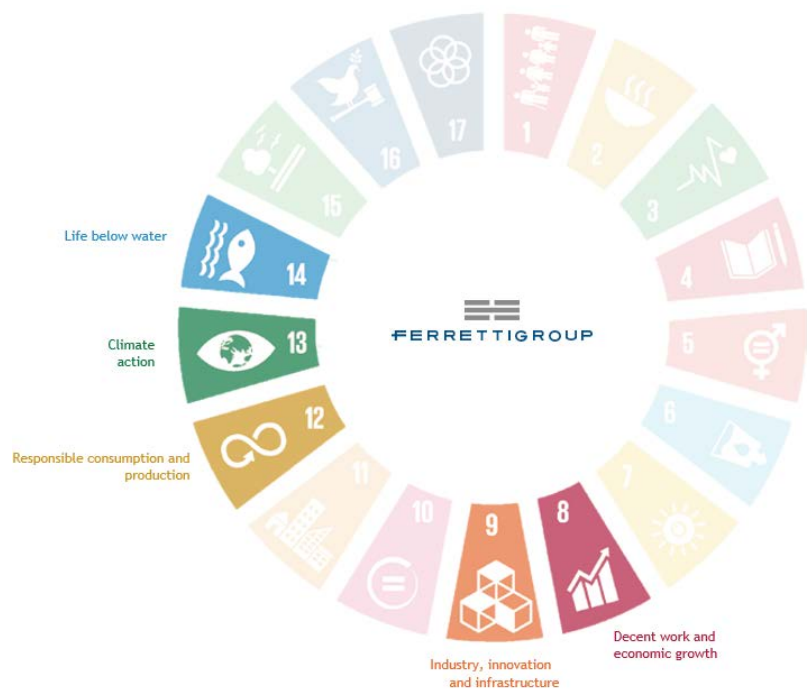
SUSTAINABLE DEVELOPMENT GOALS — SDGs

The Sustainable Development Goals (SDGs) are 17 goals approved in September 2015 by the governments of the 193 member countries of the United Nations General Assembly. They recognise the close relationship between human well-being and the health of natural systems, highlighting the common challenges that every country faces in creating a sustainable future. The objectives are part of the ambitious action programme for peace and prosperity for people and the planet, known as the 2030 Agenda for Sustainable Development. The SDGs are universal, targeting both developing and advanced countries, and are based on integration between the three dimensions of sustainable development: environmental, social and economic aspects. The 17 objectives therefore cover a number of development areas, from the fight against hunger to the elimination of inequality, from the protection of natural resources to urban development, from agriculture to consumption patterns.

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The Ferretti Group supports and promotes the 2030 Agenda for sustainable development and, specifically, has identified five objectives linked to its values and commitments and that it believes it can significantly influence through its activity:

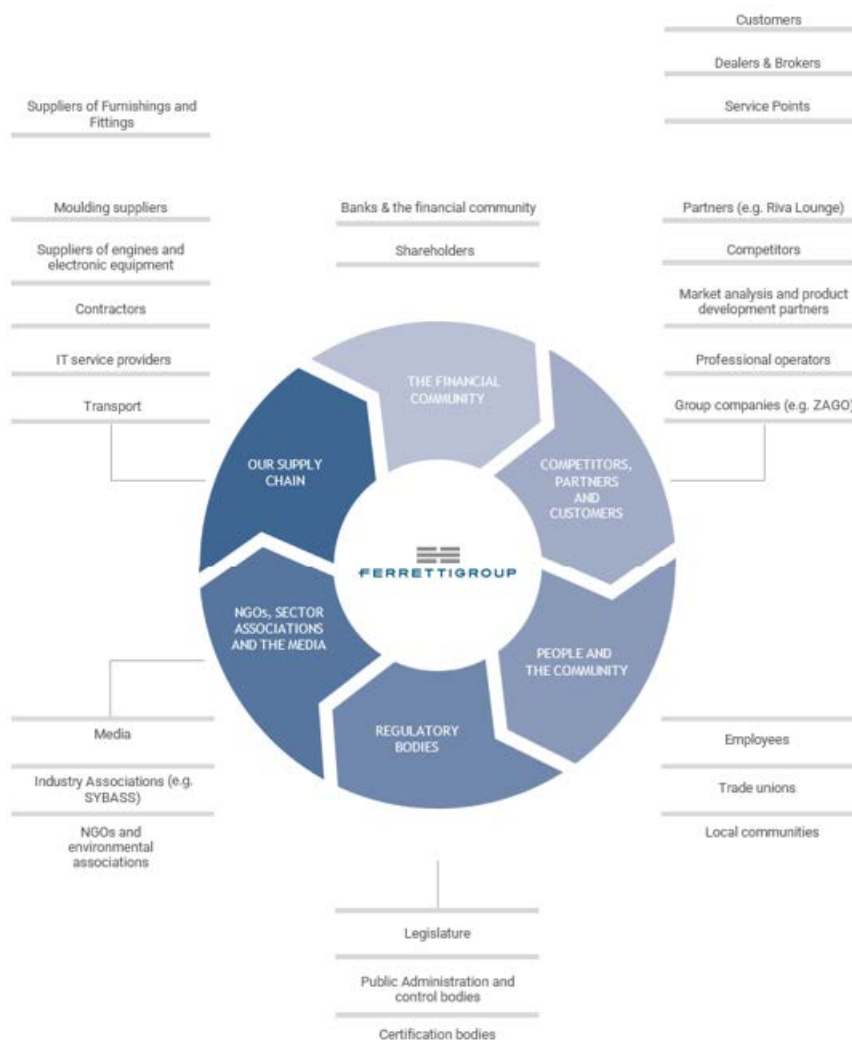


The choice of these five SDGs reflects the topics identified as material, and relates both to the production process and to the products themselves. It also further evaluates the impacts along the supply chain and on the local communities affected by the Group's business.

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3.1 The Ferretti Group's stakeholders

For the Ferretti Group, dialogue with and the direct involvement of its stakeholders are of prime importance in understanding their various expectations and requirements. Over the years this collaboration has allowed the Group to develop the robust personal and professional relationships that guarantee the Ferretti Group the leading role it currently plays in the luxury yachting sector.



Stakeholders were identified by involving the entire front line of the company and considering the players with whom the Group interacts and those groups who influence/are influenced by the Ferretti Group's activities along the entire value chain. The discussion carried out by the Company's senior management confirmed the stakeholders also for 2021, and no changes were made to the list presented below.

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3.2 The materiality matrix

Once the stakeholders had been mapped, the Group continued the process of internal involvement of the Company's front lines. This sought to assess which issues were of particular relevance to both the stakeholders and the company itself.

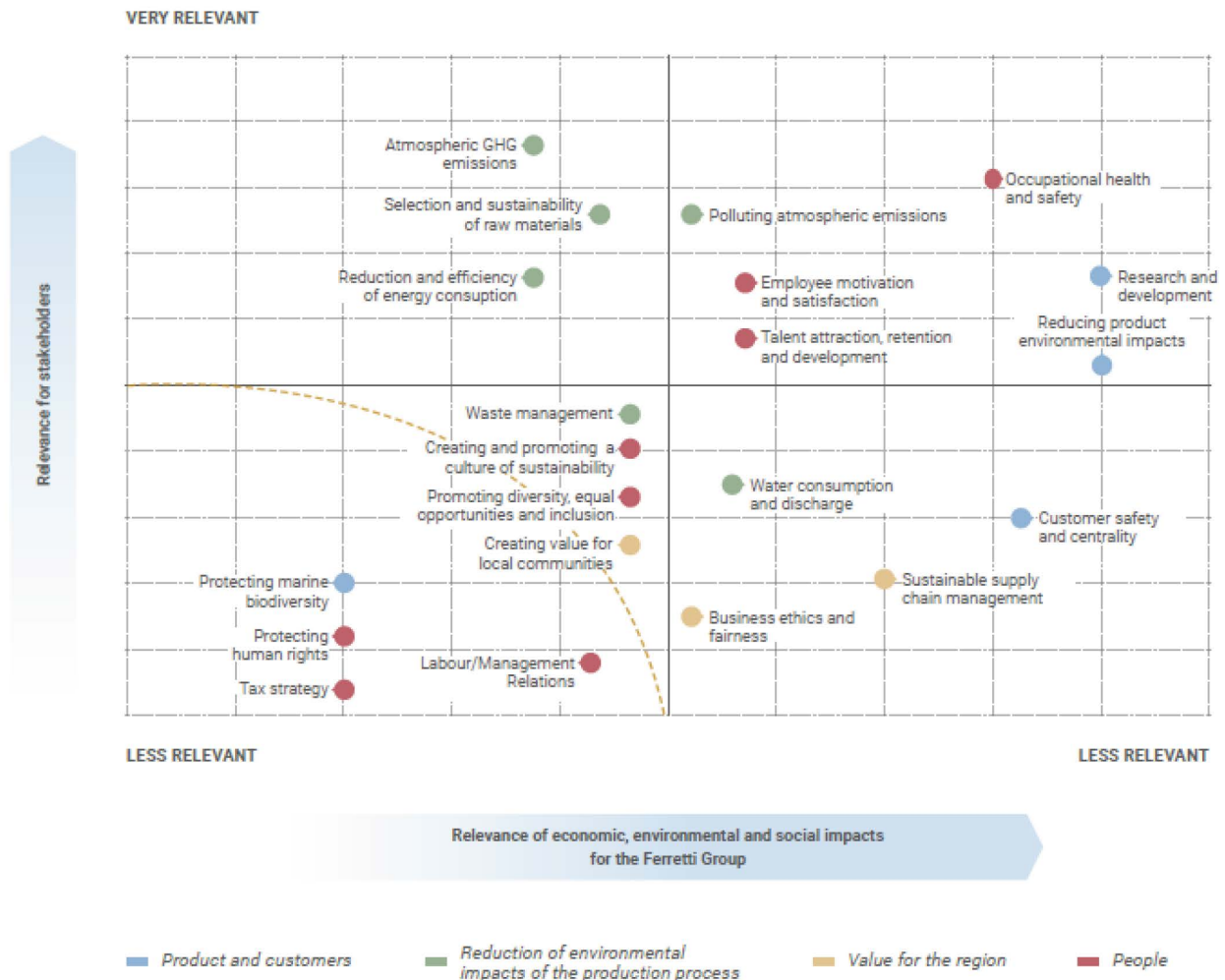
This evaluation is illustrated by the materiality matrix, which reports the relevance of each topic for stakeholders (y-axis) and the relevance of the economic, environmental and social impacts resulting from the company's activity (x-axis).

The Group has drafted its 2021 Sustainability Report in compliance with the GRI (Global Reporting Initiative) Sustainability Reporting Standards; however, this year, the Report has also been drafted according to the Hong Kong Stock Exchange "ESG Reporting Guide", following its listing in March 2022. Possible sustainability issues were identified through an analysis activity that included a benchmark with the Group's main competitors and comparable companies, mapping of the main sustainability trends — both in the sector and at a global level — and a media analysis. The topics identified comprised a topic universe, which was submitted to senior management to be assessed; these topics were divided into four main categories: "Product and customers", "Reduction of environmental impacts of the production process", "Value for the local area" and "People". This division, in addition to categorising topics by action area, allows the environmental impacts of the production phase ("Reduction of environmental impacts of the production process") to be distinguished from those related to the use of products (included in the category "Product and customers"). As for external stakeholders, the analyses carried out last year are also enriched by their voice in this third Report, which includes the results of a survey carried out with one of the Group's most important stakeholder categories: customers. The Ferretti Group had already sent a questionnaire to owners of a boat manufactured by the Group or other producers in the sector in 2020. This questionnaire consisted of four multiple-choice questions, three of which particularly relevant to sustainability. The details of the survey can be found on the next page, along with the answers obtained from it. These answers were then integrated into the stakeholder assessments, allowing the relevance of sustainability topics to be updated and providing the values for the axes of the matrix. The Group has set itself the target of further increasing stakeholder involvement, proposing direct engagement methods like the one used with customers this year, in order to perfect the external viewpoint of the materiality analysis.

Evaluation of the issues along the x-axis, on the other hand, was carried out through a workshop that saw the involvement of company management, who were asked to update the opinion they provided the previous year regarding the relevance of the environmental, economic and social impacts generated by the company's activities in relation to the issues identified.

The updated materiality matrix reports an increasingly linear correlation between the topics that are relevant to the Ferretti Group and those that are relevant for its stakeholders, indicating a substantial overlap between the Group's internal and external interests. Such an analysis is extremely useful in identifying the topics that create more distance between stakeholders and the company. This allows more targeted action and a clearer understanding of the reasons for this asymmetry.

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The topics above the yellow line represent material topics for the Group and its stakeholders and thus fall within the reporting scope of this report; updates to the 2020 universe saw the topics entitled “Creating and promoting a culture of sustainability” (understood as the increasingly in-depth and extensive handling of sustainability topics within the internal and external Company narrative) and “Tax strategy” (which describes the approach to and involvement of stakeholders in implementing the Group’s tax policy) join the matrix; the latter is not material and the former is material. “Promoting diversity and equal opportunities” was included in the 2020 materiality matrix but has become material this year as it reflects the increasing attention paid by the Group to the topics of inclusion and non-discrimination.

Among the topics that were already material in previous years and have since gained further relevance are: “selection and sustainability of raw materials”, “polluting atmospheric emissions”, “water consumption and discharge”, and “reducing product environmental impacts”. These topics have gained further relevance because consumers, investors and other stakeholders are more aware of topics such as sustainability and reducing our environmental impact. As in the previous year, some of the topics excluded from reporting are “Labour/management relations” and “Protecting human rights”. These were considered less relevant due to the excellent relationship between the

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Company and trade unions, as well as the strong focus on human rights that already exists both within the Group and throughout our supply chain. In addition, protecting marine biodiversity is an extremely important topic for the Group and it has defined targeted actions as a result; nevertheless, the materiality matrix expressly requests that the relationship between these topics be assessed in connection to their environmental, social and economic impact for the Group. As a consequence, these topics are considered to be less relevant than others. As described in the methodological note, each material topic was then associated with one or more indicators according to the standards published by the Global Reporting Initiative (GRI), which set out the guidelines for reporting a company's sustainability performance. As described above, to ensure maximum effectiveness of the analysis the Group has seen fit to update the materiality matrix created in 2020, and each year will continue to assess the need to update the matrix based on changes in the Group's supply chain, changes in the relevance of the issues for stakeholders and the company and in accordance with the GRI Standards.

Finally, as outlined above, the following is a summary of the questionnaire sent out by the Ferretti Group to its customers in 2020 to get a snapshot of their views on the Group's sustainability pillars and specific sustainability topics:



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3.3 ESG risk management

In accordance with the Hong Kong Stock Exchange ESG Reporting Guide, the Ferretti Group assesses and determines the characteristics and extent of risks relating to environmental, social, and governance (ESG) topics and its material topics.

ESG risks must be assessed to ensure business continuity and to prevent critical issues from arising that could cause operational or reputation-based problems; as such, the Group is committed to incorporating these risks into its business strategy.

The Group's initial ESG risk assessment was conducted by its Risk Management and Sustainability departments, which adopted a cross-cutting approach to the main challenges of the ESG world. The risk assessment carried out by the Ferretti Group in 2021 comprised an initial qualitative assessment that took into consideration four risk categories:

- **Operational risks:** risks that could interrupt or damage the company's business operations
- **Financial risks:** risks that could have a direct impact on the Company's financial performance.
- **Reputational risks:** risks that could have a negative impact on the Group's reputation and image.
- **Compliance risks:** the risk of non-compliance with applicable laws — which could expose the Group to legal sanctions — the Ethics Code, or internal procedures.

Category	Material Topic	Risk identification	Description	Risk type	Response
ENVIRONMENT	Polluting atmospheric emissions	Potential risks related to poorly controlled pollutants and waste and water management on the Company premises	Non-compliance with regulatory requirements and the inefficient management of pollutants, waste and water could lead to higher operating costs and have a greater environmental impact.	— Compliance risk	Specialised HSE divisions set up at each of the Group's plants, with a strong corporate vision regarding the improved management of pollutants, waste, and water management on Group premises; ISO 14001:2015 on environmental management systems active at the Forlì and La Spezia (2021), Sarnico and Cattolica (2022) sites and in the process of being obtained for all the other Group sites. 14001 provides for the planning of simulations and the correct management of waste, etc. Plant maintenance activities beyond regulatory requirements, regular maintenance to prevent faults and further reduce impact.
	Waste management			— Operating risk	
	Water consumption and discharge			— Reputational Risk	

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Category	Material Topic	Risk identification	Description	Risk type	Response
ENVIRONMENT	Tangible assets	Potential risk related to the poor control of investments in products and/or use of materials that are incompatible with environmental protection and/or potentially hazardous to customers and the environment (including the end-of-life of certain materials (e.g., fibreglass shell))	Investing in products and using materials that are incompatible with environmental protection could lead to higher operating costs and have a greater environmental impact.	<ul style="list-style-type: none"> — Compliance risk — Operating risk — Reputational Risk 	<ul style="list-style-type: none"> — ISO 14001:2015 on environmental management systems active at the Forlì and La Spezia (2021), Sarnico and Cattolica (2022) sites and in the process of being obtained for all the other Group sites. — Defining specific initiatives and actions to a) lighten and reduce weight where possible, b) improve fuel efficiency during use, c) improve materials and component types, including the consumption of associated resources, d) improve the end—of—life process, so that yachts and their component parts can be fully dismantled. — Qualification of suppliers, who are assessed from an environmental standpoint through 14001 certification
ENVIRONMENT	Reduction and efficiency of energy consumption Atmospheric GHG emissions	Potential risk related to the poor control of energy consumption and consequent GHG emissions on the Company's premises	The entry into force of stricter energy efficiency requirements could result in the Group not complying with these requirements.	<ul style="list-style-type: none"> — Compliance risk — Operating risk 	<ul style="list-style-type: none"> — Specialised HSE divisions set up at each of the Group's plants, with a strong corporate vision on the improved management of pollutants, waste, and water management on Group premises; — ISO 14001:2015 on environmental management systems active at the Forlì and La Spezia (2021), Sarnico and Cattolica (2022) sites and in the process of being obtained for all the other Group sites.
			<p>A failure to implement energy efficiency strategies could result in a financial risk due to the failure to reduce costs.</p> <p>The Group could incur transitional risks related to climate change, such as compliance or reputational risks caused by the transition to a low-carbon economy.</p>	<ul style="list-style-type: none"> — Reputational Risk — Finance risk 	<ul style="list-style-type: none"> — The Group will conduct further analysis on physical risks for a more complete picture

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Category	Material Topic	Risk identification	Description	Risk type	Response
SOCIAL	Creating value for local communities	Potential risk linked to an inability to implement an adequate investment plan to support the local community and interruption of the local supply chain, which comprises artisans and people with specific skills handed down from generation to generation. This could jeopardise business continuity in the future.	The lack of a comprehensive community investment plan could have consequences on the effectiveness of the investments themselves, which would bring reduced benefit to the community and would represent a missed opportunity for the Ferretti Group to improve its reputation through social initiatives.	<ul style="list-style-type: none"> — Reputational Risk — Finance risk 	<ul style="list-style-type: none"> — Strong link between production activities and employees who come from the areas in which the sites are located. — Local activities: during the pandemic, the Ferretti Group worked hard to support hospitals and families in the regions in which it is located.
SOCIAL	Customer safety and centrality	Potential risk related to a poor response to security standards, the inability to protect customer data, and potential non-compliance with privacy requirements	Non-compliance with specific safety norms and standards or non-compliance with data privacy regulatory requirements (e.g., data loss/theft) could lead to potential health and safety risks for customers, fines, or reputational damage.	<ul style="list-style-type: none"> — Compliance risk — Operating risk — Reputational Risk 	<ul style="list-style-type: none"> — Maintaining high quality standards, in terms of business processes, customer care and satisfaction; — ISO 9001:2015 Certification; — Compliance with the European Data Protection Regulation (GDPR); — Performing internal audits on compliance with the data privacy regulation; — Carrying out awareness — raising activities on customer protection and privacy.
SOCIAL	Occupational health and safety	Potential risk related to the failure to protect the health and safety of direct employees, contractors, and third parties	Non-compliance with occupational health and safety regulations could lead to fines, as well as a lack of action to prevent accidents and risks to workers' health and safety.	<ul style="list-style-type: none"> — Compliance risk — Operating risk — Reputational Risk — Finance risk 	<ul style="list-style-type: none"> — Guarantee employee health and safety — Provide the best possible working conditions at sites; — ISO 14001 certifications; — Compliance with local 81/2001 H&S decrees; — Monthly meeting at each shipyard to discuss incidents and corrective measures; — Monthly meeting between the employer and facility managers to discuss the measures taken, practices to be followed, and potential critical issues; — Injury reduction targets and severity in the remuneration plans of site managers — Specialised health and safety training courses; — Other specific and up-to-date measures and good practices to reduce risks during operations.

Environmental, Social and Governance Report

Category	Material Topic	Risk identification	Description	Risk type	Response
SOCIAL	Research and development	Potential risk linked to the insufficient monitoring of technological developments within the Company	A failure to monitor technological developments that could improve the quality of products and processes, as well as a failure to streamline costs and to sell products at more competitive prices could harm the Group's economic and financial stability and its reputation. Protecting intellectual and/or industrial property rights is key to the success of the Group's business and products, as well as its competitive standing. The Group is exposed to the risk of third-party interference in the enjoyment and exploitation of its intellectual and/or industrial property rights, as well as to potential disputes and limitations on the exploitation of such rights, which could result in potential liabilities and have negative effects on the Group's economic and financial stability and its reputation.	<ul style="list-style-type: none"> — Reputational Risk — Finance risk 	<ul style="list-style-type: none"> — Conduct industrial research and encourage experimental developments and process innovations to improve existing products, processes and services; — Expand the Group's knowledge base to support its entry into promising new global sectors; — Product strategy committee and product operations committee in place for a number of years.

Environmental, Social and Governance Report

Category	Material Topic	Risk identification	Description	Risk type	Response
SOCIAL	Employee motivation and satisfaction	Potential risk related to a lack of qualified employees, the absence of an adequate pipeline for strategic roles/ skills, and/or a shortage of qualified personnel in the maritime labour market	Risk linked to the lack of or inadequate management and development of skills within the Company using a continuous improvement model, as well as a failure to encourage the full expression of personal skills and to adequately cover corporate roles. This risk may arise, for example, due to a lack of or gaps in investment in staff training, resulting in an inability to learn new skills or improve acquired ones. This category includes the risk of inadequate recruitment due to a failure to identify current and future needs or to use the correct recruitment channels.	— Operating risk	— Strengthening employer branding activities;
	Talent attraction, retention and development			— Finance risk	— Supporting regions by monitoring staff turnover on a quarterly basis and defining action plans to reduce it;
					— Annual survey to monitor employee engagement;
					— Recognition and investment in top performers;
					— Identification of strategic skills/competencies and top talent needed to support future growth;
					— Continued investment in development and training to accelerate the growth of top talent and to build skills.
GOVERNANCE	Business ethics and fairness	Potential risk related to the occurrence of unethical business practices and unfair competition	Failure by Ferretti Group employees to comply with legislative regulations, the internal code of conduct and procedures (e.g., due to employees' lack of knowledge of the matter) could damage the Group's reputation.	— Compliance risk	— Ethics Code in place since 2019 and promotion of the Company's values internally and externally;
				— Operating risk	— Anti-Corruption Policy at Group level
				— Reputational Risk	

Environmental, Social and Governance Report

Category	Material Topic	Risk identification	Description	Risk type	Response
GOVERNANCE	Sustainable supply chain management	Potential risk related to lack of proper due diligence on potential suppliers, a failure to monitor environmental and social regulations, a lack of supply chain resilience due to unstable factors (such as the COVID-19 pandemic), and relationships with third-party suppliers, contractors, and manufacturers	The risk that due diligence is not adequately performed on potential suppliers and that the environmental and social regulations in the contracts concluded are not properly monitored, resulting in activities that do not comply with the principles of sustainability (proper use of natural resources, protection of individual rights, etc.).	— Operating risk	— Raise awareness of the importance of a resilient and flexible supply chain;
	Selection and sustainability of raw materials			— Reputational Risk	— Guarantee the continuity of production, including through periods of significant instability (e.g. the COVID-19 pandemic).

4. LUXURY AND INNOVATION: THE QUALITY AND EXCLUSIVITY OF OUR PRODUCTS

4.1 Research, innovation and sustainability: the new product development process

The luxury maritime sector features a high level of innovation and attention to detail which ensure excellence in final products and bring the best out of their construction.

Considering the highly competitive environment in which the Group operates, continuous investment in the development of new yachts is therefore essential in maintaining a market-leading position.

In this regard, once the new management team had been appointed in 2014, the Ferretti Group began to invest heavily in R&D activities to upgrade and modernise its product lines. As a consequence, the Group incurred total expenditure of more than Euro 110 million between 2018 and 2021 alone. Specifically, significant investments were made into engine components, not just to comply with regulations, but rather to anticipate them, applying the highest standards to the Group's fleet worldwide.

The Group's R&D department comprises more than 70 highly specialised employees, who are overseen by a management team with decades of experience in the sector. Since 2018, 28 new models have been developed and launched, meaning that over 60% of the Group's product portfolio is less than four years old: as this is a key factor in sustaining business growth, the Ferretti Group intends to continue down this investment route in the coming years to further upgrade and expand its product portfolio.

Environmental, Social and Governance Report

At the Forefront of Innovation

110+

*ME invested in R&D
from 2018 to 2021*



Proactively Chasing Market Trends

28 *models launched between 2018
and 2021 (7 related to expansion
of the product portfolio)*

15 *models will be unveiled
between 2022 and 2023
(8 related to expansion of the
product portfolio)*



Group
R&D
figures



Cutting-Edge Model Portfolio

3.7

*average age (in years) of models in the
portfolio in 2020 (due to recent upgrades
to the product portfolio)*

Sustainability at the Core

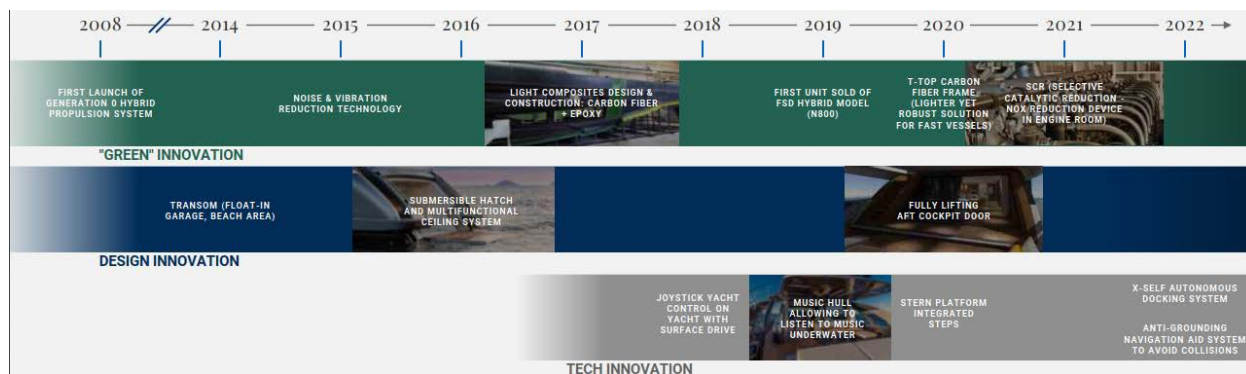


*Partnership with Rolls-Royce
Power Systems
(one of the leading suppliers of
propulsion systems in the maritime
industry) to develop hybrid solutions
for future yachts*



Environmental, Social and Governance Report

By leveraging considerable investments in research and development, the Group has continuously upgraded and expanded its product portfolio with environmentally friendly, technological, and designer innovations since 2014 to keep pace with a rapidly evolving market.



Below are the main innovations launched in recent years, broken by type, as represented in the infographic above.

4.2 "Green" Innovation

RESEARCHING ALTERNATIVE SOURCES OF ENERGY AND REDUCING POLLUTANT EMISSIONS

The machinery within it also plays a vital role in improving performance and reducing consumption. This machinery comprises the yacht's engines and every other mechanical element involved in sailing, propulsion, on-board systems (from the size of tanks for fuel, fresh water, grey water and black water, to desalination and fuel purification systems), electrical systems and components, deck equipment, and moving parts. In general, the choice of qualified, international suppliers ensures that the components used are of the highest standards in terms of both quality and environmental aspects.

In this area, making adjustments to comply with regulatory changes and experimentation and research into alternative propulsion systems are the main factors driving the design of new models.

Environmental, Social and Governance Report

Launch of the first generation of Hybrid Propulsion Systems and embracing a “full electric” perspective

Thanks to its innovative drive, Ferretti Group was the very first Group to introduce a pioneering Hybrid Propulsion solution to the market in 2008, and it continues to innovate in its field. In fact, during 2021, the Ferretti Group began a collaboration with Rolls-Royce Power Systems (one of the leading suppliers of propulsion systems in the maritime industry) to jointly develop hybrid solutions to be fitted on future yachts. The use of auxiliary batteries at certain times while sailing also leads to an overall reduction in engine hours, and a resulting reduction in maintenance costs¹². In 2021, CRN signed a contract to build a new and completely bespoke 67-metre yacht that will be fitted with a diesel-electric hybrid propulsion system, developed together with a partner company. It will be an innovative and environmentally friendly pleasure boat, and will consume significantly less fuel. Under specific conditions, electric batteries, which will also power on-board utilities, will allow the yacht to sail in zero-emissions mode. This type of propulsion also complies with the stricter emissions regulations now in force in many ports and regions around the world: when the engine is operating in full electric propulsion mode, it does not emit any sulphur, nitrogen oxide, or particulate matter, thus enabling yachts fitted with the system to sail in protected areas (such as the Baltic Sea, the North Sea, the Caribbean, and the North American coast).

Another good example is the Wallytender 43, which can be fitted with photovoltaic panels that can power the whole yacht for several hours when in hotel mode. This option allows our yacht owners to enjoy on-board comforts in peace and quiet, while also respecting the environment.

The Group also began another project involving hybrid propulsion in 2019, when its FSD division won a tender to design and build 16 patrol boats for the Carabinieri. The new FSD N800 are equipped with a fibreglass-carbon hull and are powered by a newly developed hybrid Transfluid diesel/electric system that allows “zero emissions” sailing. Because of their hybrid propulsion, these boats will be used for patrols to observe and protect Italian marine areas, including areas characterised by the most stringent environmental protection regulations.

Finally, we note that the Ferretti Group is developing a full electric propulsion system for smaller yachts. This will allow vessels to make typical journeys (lake boats or ship’s tenders) using only electricity. The full electric concept satisfies modern pleasure boating expectations. In addition to improving the steering experience, the concept seeks to guarantee eco-compatibility and protect the environment (by reducing localised pollution and eliminating exhaust gases), all while improving on-board comfort by reducing noise and vibrations.

¹² For further information about the Hybrid Propulsion System please visit our website: <https://bit.ly/3NrCO9S>

Environmental, Social and Governance Report

The hydrogen challenge

Hydrogen is attracting increasing attention as an energy source, and has the potential to become a fixture of the maritime sector. As part of the decarbonisation process underway in every sector, including that of maritime transport, hydrogen presents two significant advantages. The first advantage relates to the possibility of producing hydrogen in a sustainable way, via hydrolysis processes powered by renewable electricity; in this case, this means green hydrogen, which differs from grey hydrogen, which is generated using fossil fuels through reforming processes, or blue hydrogen, which uses Carbon Capture and Storage (CCS) technologies to capture carbon dioxide during the reforming process. The second advantage is its compatibility with use in fuel cell systems, which could in future lead to hybrid-electric technology powered by green hydrogen, which does not generate climate-altering gases during the production phase or in use. These aspects combine to make green hydrogen a “zero impact” energy source. Today, production of hydrogen energy is in its infancy, and its use limited by high associated costs.

The Weichai Group, which is the Ferretti Group’s majority shareholder, is achieving significant results on this front, having already installed hydrogen engines on land vehicles. It will continue to invest in research and development so that these engines can be fitted on vessels in the maritime sector, too.

Despite this, a number of countries both in Europe and elsewhere have put hydrogen at the centre of their decarbonisation strategies, which will presumably see the gas used chiefly in sectors defined “hard to abate”, i.e. those in which decarbonisation using other technologies is difficult. The use of hydrogen as the main fuel for heavy transport (including ships) should therefore be considered a very real possibility, and constitutes a challenge on the path towards efficiency and the reduction of CO₂ emissions created by the use of yachts.

SCR catalytic reduction technology

The main objective regarding the efficiency of internal combustion engines remains that of reducing consumption and therefore emissions of pollutants and greenhouse gases into the atmosphere; these engines consume an average of 800–1000 litres per hour in cruising conditions. A vessel such as those produced by the Group, however, is used on average for only 180–200 hours per year. The introduction of nitrogen oxide (NOx) abatement technologies in the maritime sector is making a significant contribution to the reduction of pollutant emissions. In this area, selective catalytic reduction technology (SCR), which uses urea solutions as reduction agents, is regarded as a key technology.

The first project launched concerns the installation on a Group’s yacht of an MTU hybrid propulsion system, compliant with IMO III regulations thanks to the selective catalytic reduction system.

Environmental, Social and Governance Report

CRN and IMO TIER III Certification

In early 2020, CRN became the first shipyard in Italy to receive IMO Tier III certification for the CRN M/Y 137, a 62-metre mega-yacht built in steel and aluminium. IMO is the International Maritime Organisation that regulates and unifies the shipping industry's efforts to reduce environmental impacts according to MARPOL; IMO Tier III Annex VI, specifically, is the standard for reducing NOx emissions from marine engines.

As a result, and in accordance with the regulation, a certified reduction of 70% in emissions of harmful nitrogen oxides (NOx) in engine exhaust gases is now guaranteed for all CRN yachts with keel setting after January 1, 2021.

This certification has been mandatory for sailing in ECA (Emission Control Areas) for all diesel engines with power >130kW of yachts with keel setting since January 1, 21. Compliance is achieved by fitting engine exhausts with the SCR (Selective Catalytic Reduction) auxiliary system, which uses a chemical process to reduce NOx emissions.

In addition, as regards the Hong Kong Convention Resolution for the prevention of the marine environment, all vessels of tonnage over 500GT and commissioned after December 31, 2018 must have an IHM (Inventory of Hazardous Materials) inventory, a database that lists all materials on board and which must be constantly updated by the shipowner. CRN also holds this certification, which certifies the absence, or defined and limited use, of hazardous materials in the construction of the yacht. This certification constitutes the mandatory log used to monitor the materials on board throughout the vessel's life cycle.

THE CHOICE OF MATERIALS: WEIGHT REDUCTION AND REDUCED ENVIRONMENTAL IMPACT

Weight reduction

The weight of a yacht is a fundamental aspect in determining its environmental impact. Weight determines fuel usage and related emissions of polluting and greenhouse gases.

As such, the challenge for the Ferretti Group is to use materials that continue to guarantee durability, quality and high-performance levels while moving towards lighter vessels with lower consumption and therefore reduced environmental impact. The first component to target is the hull and its composite materials, traditionally fibreglass, very fine resins, and sometimes epoxy resins. Over the years, the Ferretti Group has undertaken a number of initiatives to reduce the weight of its yachts. One example is the Pershing Generation X, a vessel that represents real evolution, both from a functional-stylistic and a performance point of view, thanks to the introduction of carbon fibre as the main construction material in a concept that aimed to reduce weight by adopting various construction solutions. 2017 saw the launch of the Pershing 9X and the first extensive use of carbon fibre. This allowed a 30% weight saving compared to an equivalent model built with traditional materials. The launch of the Pershing 7X in 2019 involved an even further-reaching weight reduction initiative, which saw redesigns of furnishings, interior materials, the use of lighter alloys and the installation of lithium batteries instead of traditional ones. Each of these changes aimed to reduce the weight of the yacht and therefore to optimise its consumption. These solutions led to a reduction in displacement from 39 to 35 tonnes. Research aimed at lightening the interior is continuing on models from other brands as well.

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Another brand at the forefront of the use of new materials is Wally; more than thirty years ago, in fact, it was one of the first brands to introduce carbon fibre into its hulls. In 2012 it extended this use to a 50-metre yacht, Better Place, earning the Rina Green Star certification.

REDUCING ENVIRONMENTAL IMPACTS: MATERIALS AND COATINGS

With a view to reducing the environmental impact of its yachts, the Ferretti Group is constantly seeking innovative solutions, which involve both the choice and use of alternative materials and the application of coatings with a low biocide content. As far as the former are concerned, the Group is increasingly focusing its attention on recycled materials, which eliminate residual non-recyclable and polluting parts and at the same time guarantee quality, durability and characteristics for use equal to those of the materials currently in use. Specifically, research is focusing on materials of natural origin that may be a good alternative to fibreglass, with the ultimate goal of increasing the use of renewable material and reducing the carbon footprint, without affecting product performance. One of these materials is flax, which if mixed with low-toxicity epoxy resins, can be used in the construction of hulls instead of fibreglass. Other naturally occurring materials are cork (light and recyclable, a viable alternative to teak) and bamboo fibre (possible alternative to fibreglass).

Coatings, too, need to be developed in the near future in order to make the Group's yachts increasingly sustainable; a distinction must be made here between coatings for hulls (e.g. anti-vegetation coatings) and coatings for interior furnishings (e.g. water-based coatings).

As mentioned, antifouling paints play a central role in the first category: to combat and prevent fouling (from silt, algae or animals), yacht hulls are covered with a layer of so-called "anti-fouling" paints, which perform a fundamental anti-vegetation and anti-fouling function for yachts that spend long periods in the water. To this end, the Ferretti Group is working on the implementation — from 2022 onwards — of anti-vegetation coatings with a low or zero biocide component, in order to considerably reduce their environmental impact.

Regarding coatings for interior furnishings, we note that part of Zago S.p.A. coating cycles have been converted, where possible, to use water-based coatings rather than solvent-based ones. Since water-based coatings have a much lower solvent content, their impact on the environment and on human health is decidedly less harmful: emissions of VOCs (Volatile Organic Compounds) into the atmosphere are thus reduced, and the working environment is healthier. The objective is to continue to increase the use of water-based coatings, seeking to significantly reduce the consumption of solvents within the Company.

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FURNISHINGS AND FITTINGS: RESPONSIBLE SUPPLY

Another key area in which the Ferretti Group can reduce its environmental impacts relates to furnishings and fittings, which represent a significant proportion of the materials used within the Group's yachts.

While the materials and workmanship of the furnishings are key elements for the product, on the other hand they are an important aspect in terms of using increasingly sustainable materials with a lower environmental impact. For example, for secondary or semi-structural internal structures, the Group has, in recent years, begun to make increasing use of fibres such as linen and hemp, as well as recyclable resins, instead of the more classic glass and carbon. These materials, as well as being of natural origin, have obvious advantages in terms of lightness, recyclability and environmental impact. In particular, the Group carried out a number of studies in 2021 that showed that some types of linen fibre, for the same performance, have a carbon footprint up to 30% lower than traditional fibres.

Furnishings, fittings and materials are developed and applied according to a co-design approach: the concept and layout is achieved with the Ferretti Group designer, while the joinery unit is in charge of the executive part. As a guarantee of quality and durability, over the years the use of precious and durable solid woods has become established (such as walnut, teak and oak), which may be recovered and reused after dismantling.

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Furnishings and fittings meet sustainability and innovation: the craftsmanship of Zago

The company pays particular attention to the responsible procurement of wood and its derivatives. Wood is sourced from responsibly managed forests, while suppliers in the chain work in compliance with the European Timber Regulation 995/2010.

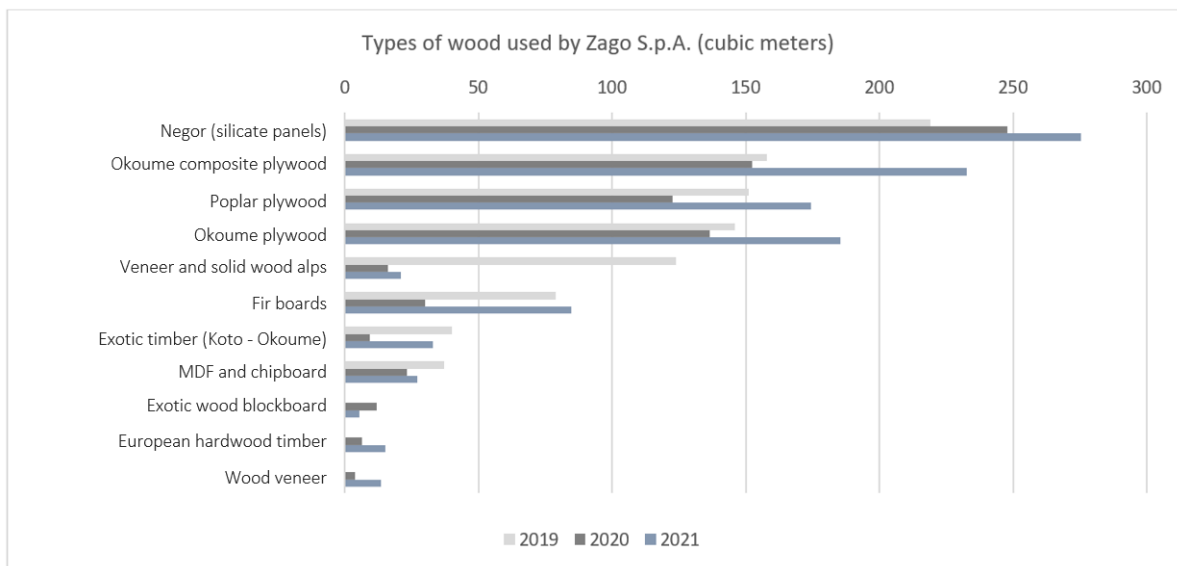
The suppliers involved, most of which are FSC (Forest Stewardship Council) certified, issue declarations that attest that wood is sourced from controlled forests, and pay close attention to the impact of this wood over its entire life cycle. Okoumé plywood, purchased from FSC certified suppliers, belongs to the Burseraceae family (mahogany), is pinkish in colour and is particularly appreciated for its water resistance, with characteristics that make it suitable for use in the construction of supporting structures that compartmentalise and subdivide the boat spaces.

In addition to the woods used in the upholstery and which are an aesthetic feature of the furnishings, the product portfolio also includes poplar plywood structures and lightweight composite panels which provide excellent mechanical performance, guaranteeing maximum durability, strength and smoothness.

Depending on project requirements, in addition to natural materials the materials used for upholstery are often derived from an industrial process that uses starting points including ayous, lime and poplar. These are worked and reconstituted in a huge number of colours and trims to satisfy the widest range of aesthetic demands, imitating the design of the highest quality types of wood which are preserved in the same way.

The company's main supplier of this composite wood is Alpi S.p.A., which guarantees that the raw material comes from forests that are managed in compliance with national regulations stipulating prudent forest management which guarantee that forest areas designated for felling are naturally or artificially renewed, while all operations and documentary processes are overseen by the relevant authorities. In addition to paying close attention to the responsible supply of wood, Zago S.p.A. constantly undertakes to use low formaldehyde products in its production cycle, and periodically carries out indoor tests to assess how healthy each workspace is. Also in order to guarantee health and safety in working areas and the external environment, the company has introduced cycles of water-based paint rather than solvent-based lacquering.

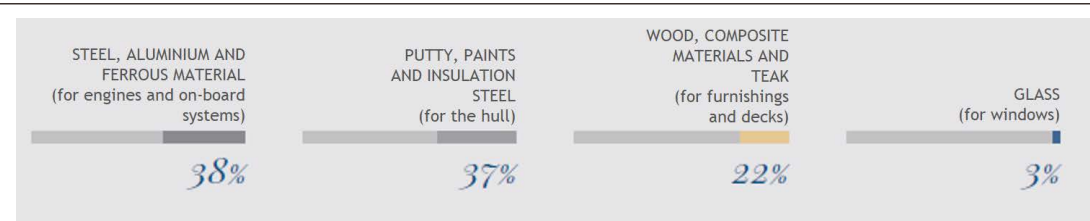
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Materials for a yacht made from composite materials

The main raw materials used in a production cycle are:

- steel, iron, plastics and other ferrous and non-ferrous alloys, for engines and on-board systems: around 38%
- fibreglass, paints, steel and aluminium for the construction of the hull: around 37%
- wood and composite materials for furnishings: around 22%
- glass for windows: around 3%.

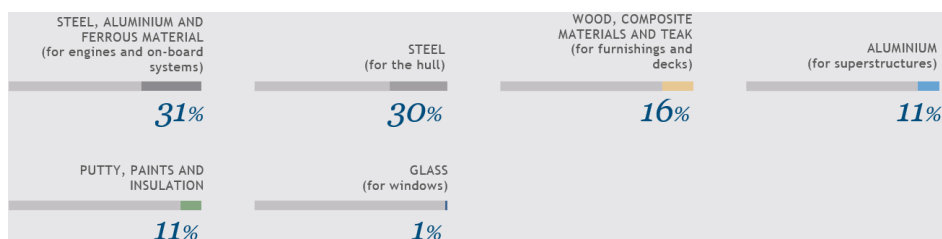


Environmental, Social and Governance Report

Yachts made of metallic materials

The main raw materials used in a production cycle are:

- steel, aluminium and ferrous material, for engines, on-board systems and machinery: around 31%
- steel, for the hull structure; around 30%
- wood, composite materials and teak, for furnishings and external decks: around 16%
- aluminium, for the superstructure: around 11%
- putty, paint, forex and insulation, for external finishes: around 11%
- glass, for external windows: around 1%.



Towards life-cycle design thinking

In the interests of **product sustainability** and to respond to the changing context and growing awareness of the issue, design choices are gradually moving towards “life cycle design thinking”, including in the maritime sector. This approach involves integrating information on the environmental footprint of products at every stage of yacht development, directing research and innovation towards improving and optimising the consumption of natural resources.

In the yacht world, it is therefore vital that the industry works to ensure that boats can be effectively disassembled at the end of their lives. To date, if they could be easily disassembled and separated, the interiors, engines, equipment, and superstructure could be easily recycled, while the boats’ hulls are still difficult to manage. Research is on-going into techniques to crush hulls and use the resulting product to make cement or other building materials. Other projects focus instead on the recovery of valuable fibres (carbon, for example) using techniques that allow the matrix itself to be dissolved.

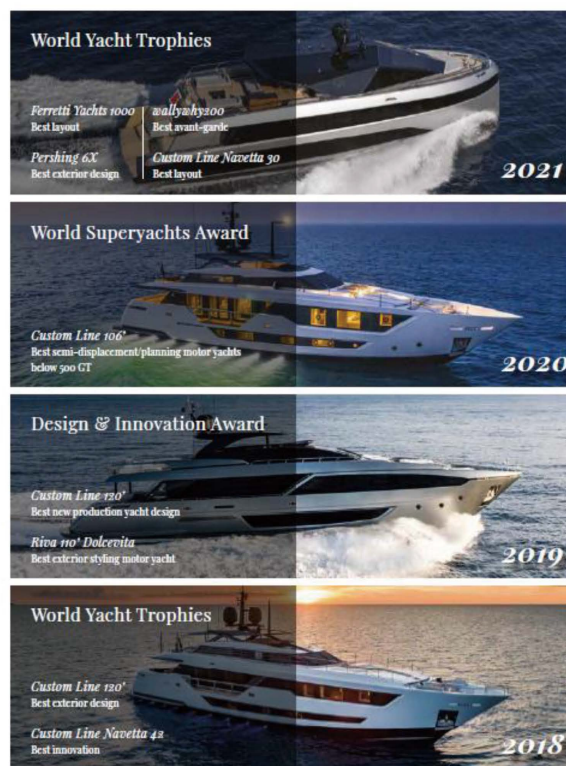
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4.3 Design Innovation

The Ferretti Group is recognised globally for the strength of its brand, the excellence of its technical performance and its unique, distinctive design. Since 2015, Ferretti Group has received more than 80 awards from prestigious and well-known luxury lifestyle publishers. For example, in 2021, the Pershing 140 received Boat International's "Design & Innovation Award" in the "Best Naval Architecture" category and the Riva 88' Folgore received the same award in the "Best New Series" category. In 2020, the Custom Line 106' was honoured at the "World Superyachts Awards" by Boat International Media in the "Best Semi-Displacement Motor Yacht 30–34.9m" category. In 2019, the Ferretti Yacht 720 was awarded the "World Yacht Trophies" by Yachts France in the "Best Exterior Design Trophy 64–80ft" category.

As market leader, and with its rich history and portfolio of iconic brands, the Group is positioned as a trend-setter in the global luxury yachting industry and an ambassador for Italian maritime excellence around the world.

Awards Received - Illustrative Selection



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4.4 Tech Innovation

Innovation in driving comfort: the Manoeuvre Joystick and Integrated Helm Station

Sustainability also means knowing how to create innovative solutions to guarantee customers an easy, safe and pleasant sailing experience: this vision has led to the development of two original features in the form of the Joystick and the Integrated Helm Station.

The **Joystick** makes it easier to manoeuvre the boat during navigation and mooring. In cruise mode, it allows you to manage the speed of the yacht and in DPS (Dynamic Positioning System) mode the system allows you to keep the yacht fixed on the ship's course through autonomous use of the propellers to maintain position.

The **Integrated Helm Station** is an interface that allows the control and setting of the propulsion and direction of the yacht and the monitoring of navigation and automation parameters. This panel consisting of screens is an HMI (Human Machine Interface) and is highly customisable. It is very intuitive and requires no special navigation training.

4.5 Quality System

One of the milestones on the path to excellence is the achievement of **ISO 9001:2015**¹³ certification, which attests to compliance with the best standards of all business processes that impact the Quality of Products and Services and, ultimately, Customer satisfaction. Unique in the world of yacht-builders, Ferretti S.p.A. underwent the certification process in 2006 in order to ensure excellence within the organisation and in the management of the processes involved in creating products and offering services, from development to final delivery, with the establishment of a consolidated heritage of best practices and know-how.

¹³ From 2018 onwards, the quality system has incorporated the requirements of ISO 9001:2015; RINA is the certification body. To date, the Group's quality certification does not include CRN and the Fort Lauderdale shipyard.

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In addition to ISO 9001:2015, the Group has recently obtained the following additional certifications:

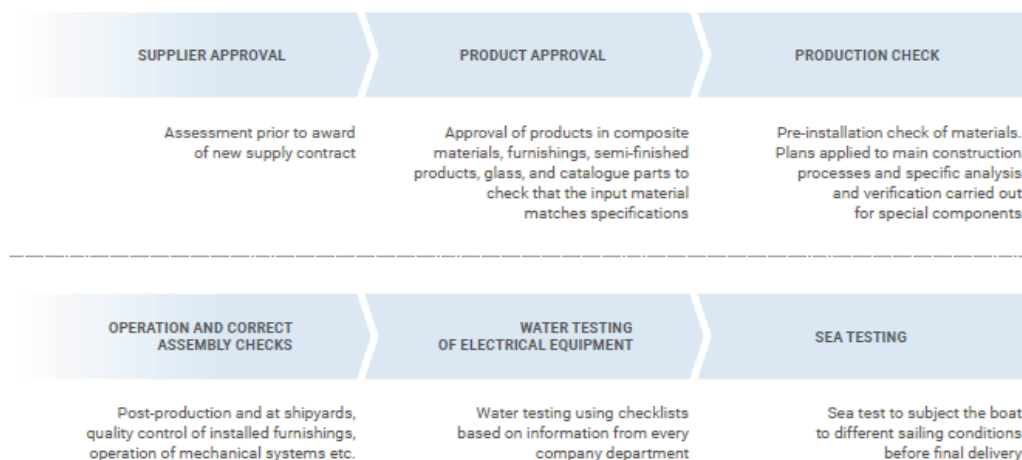
- **ISO 14001:2015** on environmental management systems, currently active at the La Spezia (2019), Forlì (2021), Cattolica and Sarnico (2022) sites and in the process of being obtained for all the other Group sites. ISO 14001:2015 Certification, an internationally recognised reference, contributes to the environmental pillar of sustainability, with a view to preserving the environment. In 2019 Ferretti S.p.A. extended the Certification to all plants with the aim of analysing, optimising and where possible improving its environmental performance, both in terms of process and product. As a naval shipyard, one of Ferretti S.p.A.'s main objectives is the production of boats designed to meet the needs of the market both from the point of view of performance and aesthetics, and environmental sustainability from a product life-cycle perspective.
- **Biosafety Trust certification RINA:** active at all Group sites (except Zago and Fort Lauderdale), this is the first voluntary certification for infection prevention and control. It is owned by RINA and is currently being accredited by Accredia. This Management System will support the company in its adoption of measures designed to minimise health risks to its employees, suppliers and customers, both in relation to the COVID-19 emergency that first emerged in 2020 and, more generally, to infections linked to the spread of biological agents that are harmful to humans. By implementing an Infection Prevention and Control System, the Ferretti Group confirms its commitment to protecting the health and safety of workers and the environment and to their constant monitoring and maintenance, in line with the requirements of the standard.

The quality system sets out specific responsibilities at two different levels. At the first level, the Quality Assurance function guarantees **the direct control of some key aspects of the value chain** from the customer satisfaction and customer experience perspective, via the direct management of After Sales and continuous product improvement thanks to an evolved and systematic dedicated problem-solving process, by Brand and Production Site.

At the second, plant managers are entrusted with product quality control, with local supervision of production processes through quality control of assembled products, the assembly process, testing and approval.

Environmental, Social and Governance Report

In summary, in order to ensure that products delivered to customers are of the highest possible quality, six main steps are followed, as illustrated in the graph below.



The site Quality department is also responsible for final delivery of the vessel to the customer and for the captain's quayside training. In the interests of customer care and the best use of products throughout their entire life cycle, the Ferretti Group provides full training on use of the vessel. In some cases, the Group also offers an accompanying service for the owner's first voyage. In the future this service will be extended to a greater number of customers to accompany and support the future owners of our products from their earliest sailing experiences.

Finally, product quality is certified by appropriate marking and certifications. The **CE mark**¹⁴ is valid in the European Economic Area for the sale of newly built boats up to 24 metres long. It is a requirement in guaranteeing the health and safety of passengers, product quality, environmental impact and consumer protection. Through the CE marking process, the Ferretti Group guarantees owners that their yachts meet the highest safety standards, protecting their commercial value and quality throughout the life of the yacht.

For boats over 24 metres, the same guarantees are provided by specific **approval procedures** overseen by certification bodies, mainly RINA, for "pleasure yachts". Certificates are issued which certify that the product meets the requirements of the relevant approval standards, including tests for the various components.

In 2021 there were no non-conformities related to consumer health and safety aspects of the vessels produced and sold, and no significant complaint in relation to product or service quality and delivery.

¹⁴ Directive 2013/53/EU.

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5. EXCELLENCE AND DEVELOPMENT: PRODUCTION SITES AND ENVIRONMENTAL IMPACT

5.1 Our shipyards

The quality, innovation and reliability of our yachts is guaranteed by the Group's cutting-edge production centres, which combine state-of-the-art production efficiency and the inimitable attention to detail ensured by the craftsmanship that accompanies every stage of the process.

Equipped with high-tech equipment and the most modern production processes, the Italian shipyards are located in Italy's celebrated maritime district, and specifically in Forlì, Cattolica, Ancona, Mondolfo, Sarnico, La Spezia and the US site is in Fort Lauderdale (Florida). With the exception of the latter (which was fully operative from early 2020 and dedicated to refitting), these are mainly assembly sites, where the finishing, testing and delivery processes take place, as does a significant portion of the tooling process, i.e. the production of all the composite material components that make up the boat. In addition to the seven naval aforementioned shipyards (six of which carry out assembly and the other refitting), there is also the Zago S.p.A. site in Scorzè (VE). This is an important woodworking facility that produces the furnishings used in the majority of the Group's yachts.

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The production of fibreglass components

Fibreglass is a composite material, i.e. a system consisting of two or more phases, whose properties and performance are designed to be superior to the constituent materials acting independently. In this specific case, i.e. the yachting world generally, fibreglass is a system consisting of fibre fabrics (glass and/or carbon), of various weights, warp and weave that constitute the core, immersed in a base of hardening resin — a plastic material consisting mostly of polyester, phenolic or epoxy resins. The construction process for the composite material, called lamination, is carried out by superimposing the various layers of fibre fabric, impregnated with the aforementioned resin on a mould until the desired design thickness is achieved, letting it harden through the catalysis process induced within it by an appropriate catalyst. In the yachting world, there are two main working methods: the manual lamination process, i.e. Hand Lay Up (HLU) lamination, a technique by which the operator impregnates the various fabrics manually and then arranges them in the mould, and the infusion lamination process, i.e. placing dry fabric in the mould and then proceeding with the resin adduction by means of a vacuum process that causes the resin to expand, thus filling the air within the fabrics. This second working methodology allows a greater control of materials, layers and better standardisation of the production process.

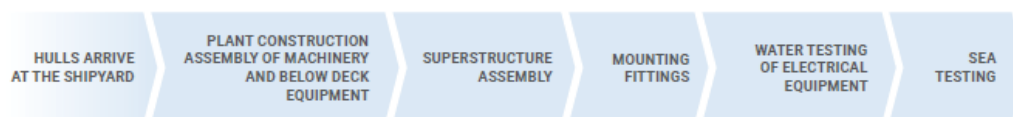
Ferretti Group Lab

Within the Group, Ferretti Group Lab is responsible for the qualification of raw materials. Since 2020, the laboratory has been internalised and placed under the control of the Models and Moulds M&M department, although it has always been an integral part of the Group (previously it was managed by Central Quality, and before that, the Engineering department). The Lab originated in 2006, as the Group immediately understood the strategic importance of qualifying materials destined for “fibreglass”. Over time its expertise has expanded to handling decisions regarding other materials used in the boat (salt spray, glues, wood classification, etc.). Today the Laboratory, led by the M&M centre, continues its monitoring, homologation and standardisation of raw materials, and also coordinates all the tests necessary for the validation of components in composite materials, coordinating relations with all external laboratories for vessel authorisations. In addition, for the production of buy items, it coordinates the extensive non-destructive testing required to validate the main components (hulls, decks and SVR) received from various shipyards and verifies/certifies the degree of resin polymerisation of the coated components, thereby authorising the initiation of coating works at the various shipyards.

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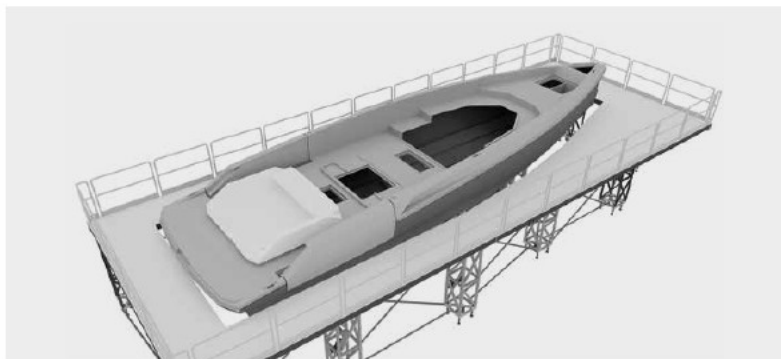
The six yacht construction sites are designed to allow a sequential production strategy that involves the preparation of the product according to predetermined positions and flows, guaranteeing uniformity in the management of production progress and logistics flows and allowing greater control of the process. This strategy is adapted according to the size and features of each individual vessel, and on the basis of the space available within the shipyard.

Activities carried out at a typical shipyard



Traditionally, smaller yachts were built on an assembly line in which the vessel moved from one workstation to the next. To optimise efficiency and ergonomics, the most recent innovation is for yachts over 20 metres to remain stationary while the workstations and assembly line move around them. In addition, thanks to the modernisations introduced in the Industry Plan 4.0 and the supporting investments, computerised visualisation of the processes has been introduced.

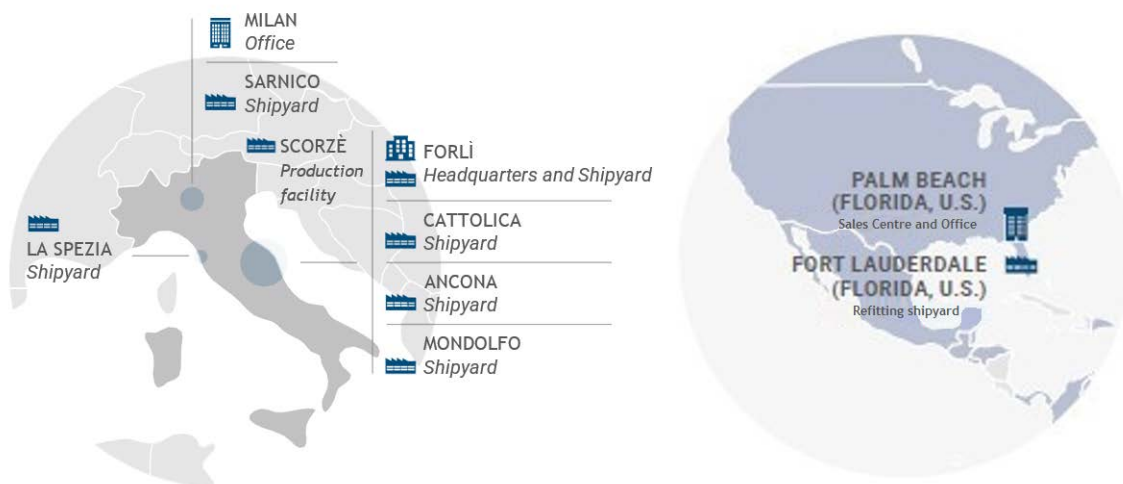
In-line production using mobile scaffolds.



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The yachts, which leave the shipyards at the end of production, are launched for the execution of the testing phase and then delivered to the end customer. At the La Spezia and Ancona shipyards the launch is carried out at sea, while at Sarnico it takes place on Lake Iseo. For the other shipyards, special transport is provided for land transfer to the nearest ports; this mode of transport is also used to reach non-sea-facing locations on the occasion of trade fairs (e.g. Düsseldorf International Boat Show). By contrast, most transfers of yachts destined for embarkation or trade fairs in maritime locations take place mainly by sea: in fact, loading is carried out water-to-water, i.e. without the need for land transport.

The entire land-and sea-based logistics process, including the transport of components and vessels or maritime deliveries to Italy or abroad, is managed by external suppliers. For this reason, although the reporting of environmental impacts in this Report does not include logistics activities, the Group has always been committed to carefully selecting suppliers of this service with a view to their efficiency and sustainability.



Shipyards and COVID-19

As noted earlier in this document, the spread of the COVID-19 pandemic affected the entire Ferretti Group and had especially significant consequences for the work carried out at its shipyards. Unlike office work, this could not be carried out remotely, making it essential to meticulously ensure the safety of workspaces.

The Group made numerous investments to protect its employees. These included purchasing disinfectant gel and oximeters, the provision of masks for all workers and, where necessary, virus testing (despite the fact that no outbreaks occurred within the company). A green pass and temperature monitoring mechanism was also introduced through systems installed at the entrance to each of the Group's shipyards and offices.

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A series of initiatives designed to prevent the spread of the virus were also introduced. These included cleaning workstations and ensuring space between them, in addition to greater use of shift working to minimise the number of workers at the same site at any one time.

To raise vaccination awareness, a take-up campaign was also launched through dedicated vaccination hubs at the Rimini and Forlì sites. The campaign was relatively short because by the time it was initiated, most of the working population had received the first dose.

COVID committees, established in 2020, continued to operate in 2021, at two different levels:

- **Central Committee**, consisting of: Employer, Chief HR Officer, HR Manager, EHS Manager, Plant Managers, Employee Health and Safety Representative (EHSR), and General Workers' Representative Body (RSU).
- **Site Committee**, consisting of: Plant Director, HR Manager, Prevention and Protection Service Manager (PPSM), Employee Health and Safety Representative (EHSR) General Workers' Representative Body (RSU) and others. The presence of the Company-Appointed Doctor is evaluated when necessary. The committees meet periodically — according to the evolution of the pandemic curve — and discuss possible actions to improve safety in the workplace in relation to the measures adopted at national level.

The Ferretti Group has also obtained Biosafety Trust certification, a management system scheme issued by RINA aimed at preventing and mitigating the spread of infections within the Company. In January 2021, group certification was renewed with a first semi-annual visit, followed by the second in July 2021. These now occur annually and the next audit is scheduled for June 2022.

FORLÌ

The site and the shipyard

The Forlì shipyard is the site of production facilities for Ferretti, Itama and Wally yachts, houses the Group's head offices, and is also where models, moulds and fibreglass hulls for a number of Group lines are made. The current site occupies a total surface area of 51,524 m² (of which 22,547 m² is covered). This includes the extension carried out following the 2019 acquisition of a facility next to the original industrial complex. This is a significant investment designed to create new Wally production areas — including a new testing tank — and administrative and representative offices.

Work was scheduled to be completed in two phases. The first of these, which centred around the development of the production site for the Wallytender series, concluded in 2020. The second phase of the project is scheduled for completion by the end of 2022.

Once this phase is completed, the spaces will house a commercial showroom and an outdoor area dedicated to customers, as well as the completion of a production line. Since the end of 2021, in addition to the shipyard, some offices and the equipment storage area are operational.

In 2020 the shipyards also took on management of the docks, which are therefore the responsibility of the site administration. This is a change that affects not only the shipyard at Forlì but the Ferretti Group as a whole.

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CATTOLICA

The Ferretti Tradition

The Cattolica production centre opened its doors in 2001, and is the production site for Ferretti Yachts, motor yachts between 24 and 30 metres in length. The shipyard stretches over a total surface area of 12,212 m², of which around 6,757 m² is covered, and is equipped with 16 assembly stations. The facility meets the most modern efficiency criteria. The layout of the Cattolica production line uses an “island” construction system, in which every workstation is entirely autonomous. Its proximity to the sea also makes it easy to conduct water testing and checks. In the first months of 2022, renovation of the office building will also be completed: modernisation of the ground-floor reception area, new commercial showroom and restyling of the customer route to the production area.

THE SHIPYARD OF THE FUTURE

The Mondolfo shipyard

The Mondolfo plant, a futuristic space covering around 45,498 m², of which over 13,403 m² is covered, is much more than just a production centre. It is the meeting point of form and function, dreams and technology, a space that has been designed in every detail to enable the Ferretti Group to continuously develop its production and expand its product range, including in terms of the size of its yachts. This shipyard produces the Pershing and Itama yacht brands and the Ferretti Security Division (FSD) line of patrol vessels. In recent years, the Mondolfo shipyard has been at the centre of an incredible design evolution that has led to the development of the Pershing Generation X yachts.

The production site boasts a large, innovative painting booth measuring around 500 m² where yachts are dry painted. A second such site will be completed by April 2022, which will almost double the space available for dry painting. The test tank is used for all hydraulic checks (engines, exhausts, bilges and generators) and for yacht waterproofing tests, while the travel lift allows towing and trial tank launches to be carried out.

2020 also saw the completion of important modernisations in the fire prevention system and the hardware and software used to manage shipyard heating. These offer a centralised system which can be managed directly from the headquarters in Forlì.

Other important site-upgrade initiatives will continue, such as the transformation of the materials warehouse into a production area and the acquisition of a new building adjacent to the site to which the warehouse will be transferred.

These operations will conclude in 2022.

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MULTI-BRAND HUB AND CENTRE OF EXCELLENCE

Ancona Superyacht Yard

The Ancona shipyard is a multi-brand centre of excellence that was founded in 1963 as a CRN shipyard, specialising in the design and construction of full-custom yachts in steel and aluminium from 45 to 95 metres. In 2019 the Ancona shipyard became the Group's Superyacht Yard, one of the most significant and advanced production centres in the European maritime sector. It designs and builds CRN, Riva Superyachts Division and Pershing 140 pleasure boats in addition to the entire Custom Line fleet in composite materials.

The Superyacht Yard covers an area of 76,945 m², of which around 32,194 m² is covered, and makes use of a nearby private marina boasting a total water surface area of 23,000 m². The marina is equipped with five quays for a total of 14 berths for yachts from 24 to 100 metres and five quays dedicated to the fitting out and completion of pleasure boats and yachts in addition to refitting work. Yachts up to 50 metres in length are launched using the travel lift, which has a capacity of up to 670 tonnes, while all longer vessels are launched at the adjacent shipyard, Palumbo, using a syncro system. Larger yachts are launched using slipways. The covered area of the shipyard comprises nine sheds designed for the construction of yachts, four of which are reserved for steel and aluminium construction and five dedicated to the construction of the Custom Line range. The Superyacht Yard also includes an apartment building for the teams and shipyard crews that carry out tests and checks and deliver the yachts.

The shipyard employs over 1000 day workers, 360 of whom are highly skilled workers, technicians, engineers, architects and office staff who are currently working on the design and construction of more than 20 yachts. Attention to the customer and his/her project team is ensured by the numerous customer care services provided throughout the entire design and construction processes. It continues with after-sales care which guarantees constant availability, assistance and support even after the yacht has been delivered.

Refitting work is carried out by a dedicated team. Thanks to their technical expertise, experience and design skills, the professionals that work at the Superyacht Yard are able to offer a complete range of personalised services that will satisfy the most demanding of customers. These include technical inspections, damage assessments, conversion and on-board system modification projects and optimisation of interior design.

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THE RIVA SHIPYARD AT SARNICO

The timeless workshop

The Sarnico shipyard, created in 1842 on Lake Iseo, in the heart of Franciacorta, has given life to the whole history of Riva, from the construction of the legendary wooden hulls to the current yachts, from 8 to 21 metres. The heart of the shipyard is the office of Engineer Carlo Riva, called “la Plancia”, who planned it considering not only its design, but above all its functionality. The studio is located in the centre of the depot’s large vault, with an arch 40 metres wide supported by two other lateral pillars, which also support two overhead cranes, each of which is capable of lifting yachts weighing over 20 tonnes. The daring and futuristic architecture of this office, protected along with the entire shipyard by the Environmental Heritage Department, does not go unnoticed and still represents an example of great architectural modernity.

The shipyard extends over a total surface area of around 43,378 m², of which around 16,986 m² is covered, and offers 10 available berths, 2 jib cranes, 4 painting booths and a 50-tonne trailer used for the transportation of finished vessels to the quayside and for the internal handling of hulls or bulky elements.

THE RIVA SHIPYARD AT LA SPEZIA

A leap into the future

The La Spezia production hub, certified ISO 14001:2015¹⁵ and ISO 9001:2015, is of strategic importance from an industrial, social and environmental point of view. Operational since 2004, today it forms the centre of the Ferretti Group’s technical, logistic and commercial operations in the Ligurian and Tyrrhenian Sea basin. Designed according to the most advanced production techniques, the shipyard covers a total area of 39,025m², of which almost 17,387m² is covered. This modern facility houses production of the largest models in the range and is also the main centre for the testing, launching and delivery of the Group’s yachts. Support and port services for the customers of all brands are also provided at the shipyard.

¹⁵ ISO 14001:2015 is a voluntary international standard specifying requirements for an effective environmental management system. An ISO 14001-compliant management system requires detailed understanding of the environmental aspects (energy consumption, emissions of polluting gases, use of water, waste management) involved at a production site. It also means analysing the legislative framework and requirements applicable to the company, assessing the significance of its impacts, and defining a company policy and specific environmental responsibilities. ISO 14001 enables supervision and maintenance of legislative compliance and environmental performance monitoring, a significant reduction in waste, incentives in financing procedures and bureaucratic/administrative simplifications, support for decisions regarding investment or technological change, a better relationship and stronger communication with the authorities, and finally an improved company image and reputation.

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In 2018, the authorisation process for an expansion and restructuring project, dictated by increased production capacity requirements, was launched. The project is still ongoing, and foresees demolition and reconstruction that will conclude in late 2022. The new covered docks will improve working conditions at the workstations in question, protecting them from sun and rain and therefore allowing work to continue regardless of weather conditions. In 2021, on the other hand, construction of the first new buildings for administrative staff was completed. In addition, the plants using solvents are all protected by double, paint-stop filters and batteries with active carbon filters, to minimise the impact of emissions into the atmosphere and are synchronised with a usage schedule that also maximises use by reducing the amount of special waste to be disposed of.

The facility is located within a Site of Regional Interest, where reclamation projects were planned both on land and in the marine area. While the first of these has already been carried out, following changes to the project plans no work is planned at sea, and as such the entire reclamation plan will be remodelled by the technical work group that is currently underway.

OUR PRESENCE IN THE UNITED STATES

Investing in ancillary services in the temple of recreational yachting

Over the years the Ferretti Group has expanded globally and currently operates through a network of offices, dealers and brokers located across Europe, Asia and America. This guarantees a presence in the key maritime markets and means that its products reach customers in 74 countries.

The Group operates in the United States of America through the subsidiary Ferretti Group of America LLC, with headquarters and offices in Fort Lauderdale (Florida) itself and also Palm Beach, through which it manages a network of stores and services, in order to offer its customers an all-round experience, from the marketing of the Group's brands throughout the North American market to the provision of ancillary services.

In addition to the offices of the American headquarters, Ferretti Group has a large, important showroom.

As regards services, Ferretti Group owns Allied Marine, a dealership company with a widespread presence on the east coast of the USA, which also offers brokerage and chartering services.

In addition, in 2019 the Group leased a shipyard in Fort Lauderdale, which became fully operational in 2020. This is dedicated to refitting, for both yachts belonging to the Group's brands and other brands. Activities include hull painting and antifouling operations and, more generally, repairs to damage of various sizes.

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Results in the first year of operation have been very satisfactory, in spite of the challenges posed by the health crisis from early 2020. The shipyard was only partially open during the national lockdown in spring, providing only emergency activities and an extremely limited range of operations. The refitting activities, while still representing a small part of Ferretti Group's business, have grown thanks to intense promotional and public relations activities and once the limitations imposed by the local government due to the pandemic were removed, the shipyard achieved excellent results, with a continuous crescendo of commissioned works and incoming yachts. The fact that the Ford Lauderdale shipyard hosts yachts made by companies outside the Ferretti Group is, in fact, a source of great pride for the Group, as it confirms the high quality of the activities carried out at the US shipyard and the dependability of its staff.

ZAGO S.p.A.: ONE HUNDRED YEARS OF SERVICE TO THE MARITIME INDUSTRY

Among the hundreds of enterprises involved along the Ferretti Group's supply chain, one stands out, partly because it is an integral part of the Group, and partly because it symbolises more than any other company the crucial role that artisan work plays in the maritime sector.



The history of the Zago joinery begins early last century, when in 1908 Carlo Zago, a skilled craftsman and woodworker, opened a small workshop in Venice. Decades later, in 1945, the shop was left to his grandson, also called Carlo. By now, the workshop had become a true business, and was growing constantly. After the Second World War, production capacity expanded to include furnishings for hotels and large banks and from 1961 Zago moved into the maritime sector, marking the beginning of a long-standing and significant collaboration with Fincantieri. Its first naval outfitting was the Appia ferry of the Adriatica di Navigazione. A production line dedicated to naval furnishings was created and in 1964 the facility was moved to its present location in Scorzè. In the following years Zago began to specialise in maritime furnishings, injecting innovation into the sector and establishing itself as a national leader. In 1987, it created the first Italian patent for the construction of prefabricated cabins, and in 1989 it participated in the construction of the passenger ship Crown Princess, commissioned by the historic shipping company P&O Princess Cruise Line, continuing today the historic collaboration with Fincantieri with the production of about 7,000 m² of cabins per year.

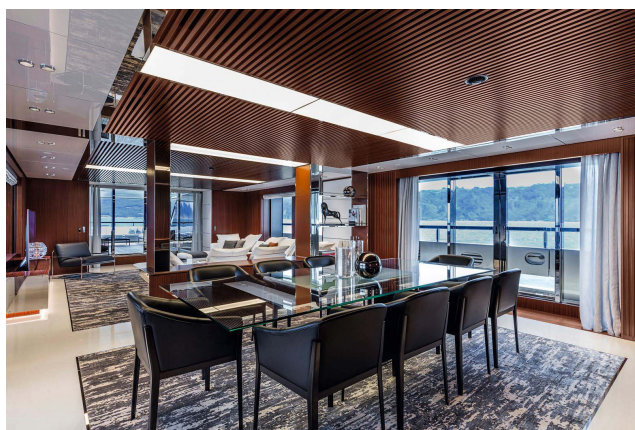
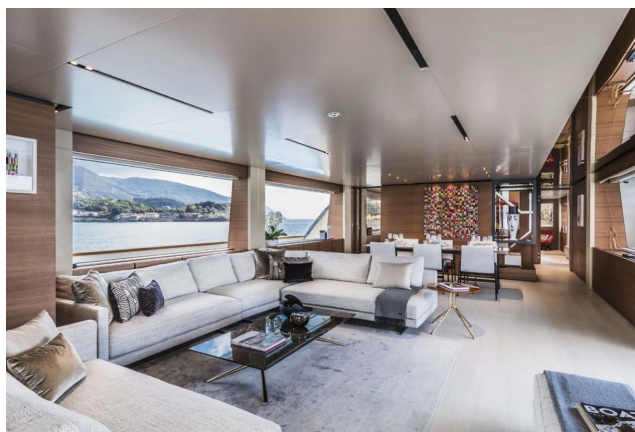
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After 47 years of outstanding work, Carlo Zago passed away from natural causes in 1992. The business passed to his son Antonio, who represents the fourth generation of the family and who now leads the company as it continues to grow and expand. It was under his leadership that in 1994 Zago began to establish itself in the yacht furnishings sector; in 1998 collaboration began with Cantiere Navale Benetti, while in 2000 the company launched a close partnership with Italy's leading maritime organisation: the Ferretti Group. After constructing the lower deck of the first model of the Custom Line 112, the Group decides to entrust Zago with fitting-out the interiors of CRN and Riva yachts.

In the space of ten years the company had developed a collaboration with the sector's leading shipyards and in 2004, to further support this growth, Zago joined the Ferretti Group. This allowed it to make an even more fundamental contribution to the growth of the yachting sector.

Today the Company employs 110 people in a production facility covering 12,500 square metres divided into two plants. The semi-industrial approach it has adopted allows it to deal flexibly with technically complex projects of any size.

Zago S.p.A. has been ISO 9001-certified since 2004 (the longest lasting Group certification). In 2004 it was certified according to the then ISO 9001:2000 standard, and then adapted to ISO 9001:2008; currently it is adapted to the requirements of ISO 9001:2015.



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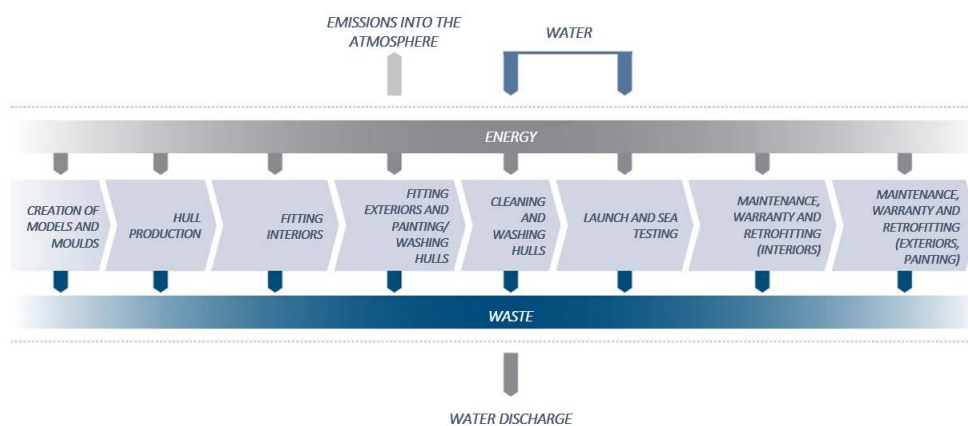
5.2 Environmental impacts

The protection of the environment, together with the health and safety of workers and technological and production development, are fundamental and enabling elements of the Group's growth process. Improving environmental performance is therefore an integral part of the shipbuilding development policies implemented within the individual production sites.

Responsibilities for the management of environmental impacts are assigned to reference figures at shipyard level, supported by external consultants for specific issues and coordinated by a central group department. The total absence of sanctioning activities in this area testifies to the Group's priority commitment to ensuring compliance with current environmental regulations.

Depending on the specifics and characteristics of the sites, the type of activities carried out there and in line with the nature and size of the related environmental impacts, the sites pursue their own improvement objectives, in particular with regard to the reduction and management of process waste, energy efficiency, environmental protection and the health and safety of workers in the use of chemical substances and products and the control of indirect environmental aspects related to the work of contractors.

Process steps and related environmental impacts



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ENERGY AND CLIMATE FOOTPRINT

As in previous years, the Group's top source of energy consumption is natural gas, which is primarily used to heat indoor premises, to produce domestic hot water and, where present, to heat painting booths. The second-largest source of energy consumption is electricity, which is used at all Group shipyards and offices to power production departments (such as compressed air systems, dust extraction systems, air inlet and extraction systems in painting booths, refrigeration units and woodworking machines). The remainder of electricity consumption regards lighting (particularly in the sheds) and air conditioning in the summer months. At Group level, consumption changed significantly during 2021 compared to 2020 (approx. +30%) due to the increase in production activities at the sites, and — to a lesser extent — the gradual return of the Group's workforce to the office. This increase is, however, mitigated by the activation in 2020 of the trigeneration plant at the Ancona shipyard, which guarantees a saving of approximately 20% of primary energy at the site (for details on the operation of the trigeneration plant, please refer to the dedicated paragraph).

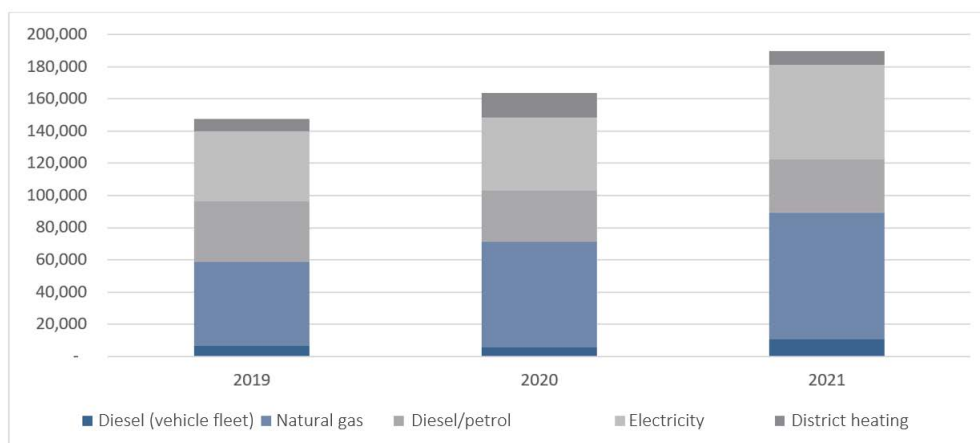
The Group also consumes diesel and petrol, mainly to test and launch boats, as well as to power internal handling activities at shipyards, to fuel the company vehicle fleet and, to a lesser extent, to heat the Zago site. Diesel consumption increased during 2021, primarily due to the resumption of manufacturing activities and car travel, which had previously been reduced during the 2020 national lockdown periods.

In Forlì — where both the shipyard and headquarters are located — the Ferretti Group no longer directly uses fossil fuels to heat its indoor premises and has instead connected the entire site to the municipal district heating network.

In 2015, among the various initiatives to improve efficiency and therefore reduce energy consumption, Ferretti Group began to revamp the lighting systems in the production halls, switching to LED technology. The upgrade was trialled in Mondolfo, before being rolled out to Group production sites over the course of three years. LED technology has since been installed in all new buildings.

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Total annual energy consumption (GJ) by energy source¹⁶



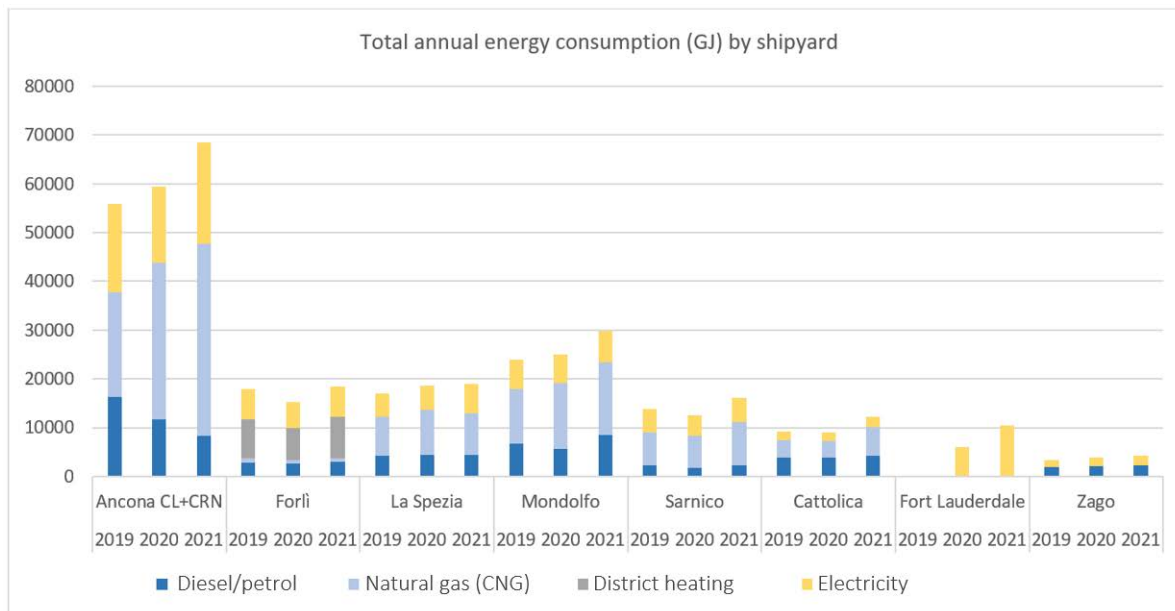
Energy diagnostics allow improved understanding of how consumption is distributed and facilitate the evaluation of energy-saving solutions. The company is subject to periodic energy diagnosis obligations and, in compliance with the principles of clustering, identified the Mondolfo site for Ferretti S.p.A. for the mandatory diagnoses carried out in 2015 and 2019. While they are not mandatory, energy audits were carried out on the majority of sites (La Spezia in 2016, Sarnico, Forlì and Cattolica in 2017), and further campaigns are planned for all Group sites in the future, again with the aim of continuously optimising energy consumption.

The focus on energy efficiency and the results of the diagnostics carried out have led to improvements in measures to improve efficiency and the introduction of cutting-edge technology. This combination has produced significant reductions in consumption and operating costs (LED systems, as described above). Among these interventions, the most significant dates back to 2019 and the installation of the trigeneration plant in Ancona.

Finally, in line with new infrastructure investments, new energy-saving solutions are systematically assessed. These include, for example, the use of heat pumps instead of methane systems in new projects and the use of renewable resources, especially photovoltaic systems, according to the new volumes available. A project to install photovoltaic systems on the roofs of the Group's plants is also scheduled to start in 2022. Energy consumption by shipyard and source is broken down below.

¹⁶ We note that, from 2020, the reporting scope for energy consumption data includes the Fort Lauderdale shipyard. Electricity is considered as indirect energy consumption while the rest is considered as direct energy consumption.

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The Ancona shipyard: using cutting-edge technology to save energy and reduce our climate footprint

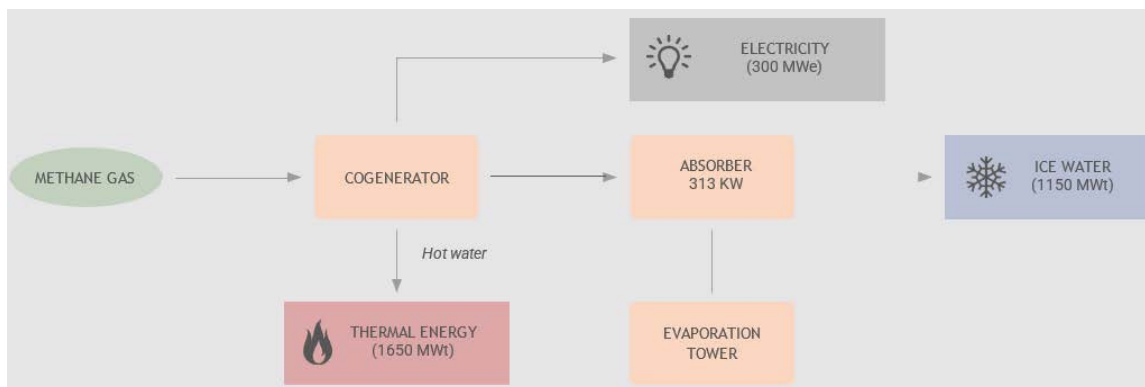
As of 2019, we began construction of a trigeneration plant to produce electrical, thermal and cooling energy at our Ancona site. The plant reduces the amount of electricity and heat needed to air-condition production environments, while meeting the needs of the Super Yacht Yard in Ancona, which spans an area of over 30,000 m² and requires ongoing temperature management.

Samso S.p.A.-an Energy Service Company (ESCO)-is behind the project's conception and roll out. The plant contains a high-efficiency gas-fired cogenerator with an electrical power of 500 kWe, a thermal power of 600 kWh, and a 460-kWh absorber that will produce cold water using thermal energy recovered from the plant itself.

Once fully operational, this initiative will result in a 79% drop in electricity demand and a 32% drop in thermal energy demand, allowing the Group to reap an annual saving of 20%. The plant became fully operational in the second half of 2020 and, considering the partial use during the year, its contribution to the energy efficiency of the shipyard was appreciable from 2021; in fact, based on the amount of natural gas burned by the trigenerator during the reference year, a reduction in GHG emissions of almost 1,000 tCO₂ is estimated compared to those that would have been emitted by purchasing electricity from the grid.

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Trigeneration plant



Also at the end of 2019, the Group installed a photovoltaic solar power plant for the production of electricity on the roofs of the warehouses, thus using the roofs to their full potential. Total installed power is 189kW, of which 70kW in operation as of 2019. In order to ensure maximum efficiency of the lighting systems, the existing lamps have been replaced with modern LED lamps.

The commitment to increasing its awareness of the climate impacts of its activity and production processes and a commitment to reducing these impacts are part of the Ferretti Group's responsibility and demonstrate its focus on future generations.

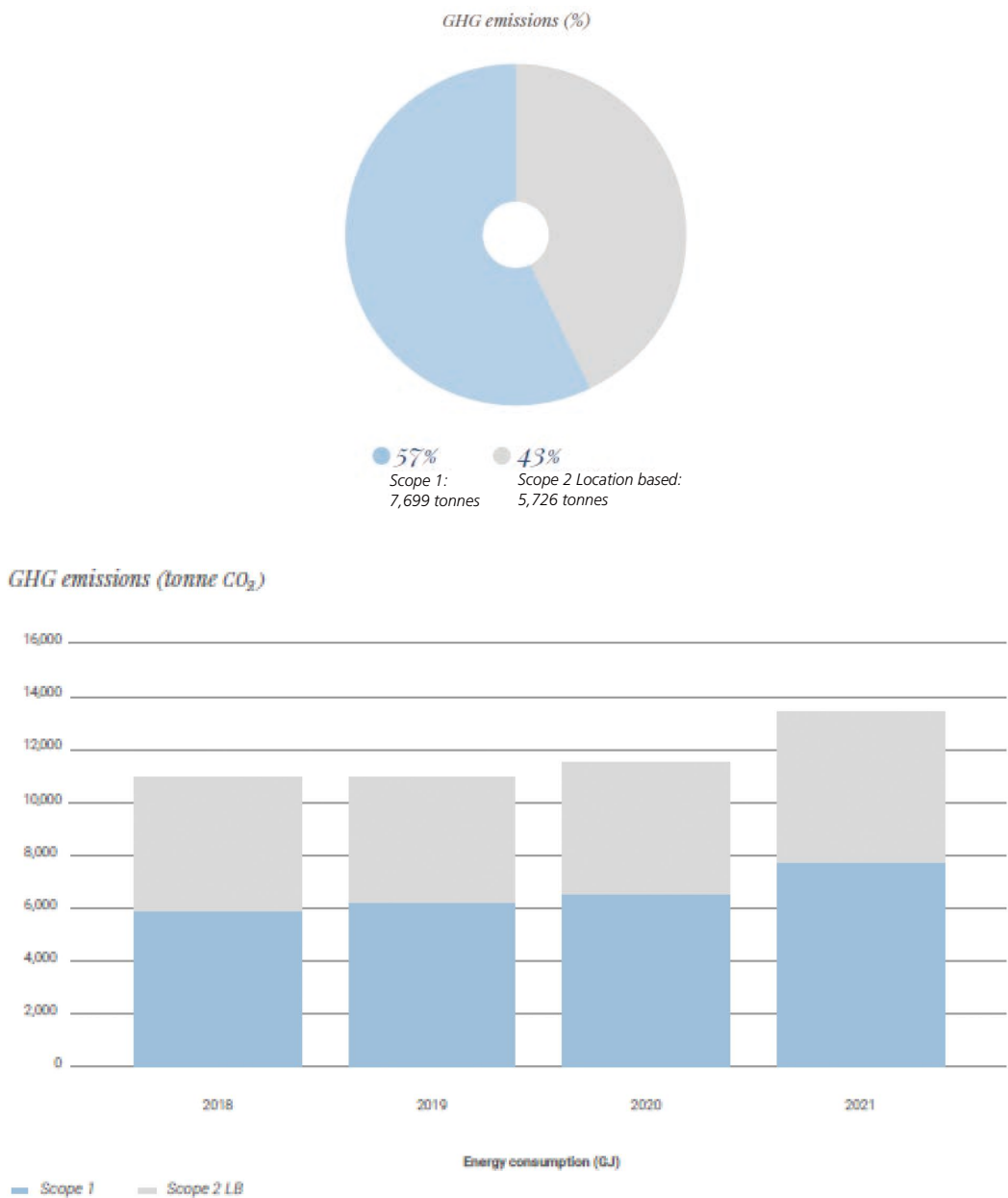
Greenhouse Gas (GHG) emissions are calculated using a standardised methodology¹⁷ to quantify corporate greenhouse gas emissions. This methodology categorises the company's direct and indirect emissions into three scopes:

- Scope 1: direct emissions generated by the company, the source of which is owned or controlled by the company itself;
- Scope 2: indirect emissions generated by the production of energy purchased and consumed by the company;
- Scope 3: includes all other indirect emissions that are generated by the company's value chain, for example related to business travel, raw material production, inbound and outbound logistics.

These categories are not currently reported by the Ferretti Group as they are emissions over which the Group does not exercise direct control; in future it will be possible to carry out an in-depth analysis of its supply chain, both upstream and downstream of the production phase, to verify which categories are the most significant in terms of emissions and therefore carry out an in-depth analysis to estimate the main greenhouse gases produced.

¹⁷ "GHG Protocol Corporate Accounting and Reporting Standard (2004)" (available at <https://ghgprotocol.org/corporate-standard>)

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Reductions in energy consumption and self-production of electricity from photovoltaic renewable sources are therefore essential factors in reducing climate-altering gas emissions. Ongoing work in this area will therefore lead to a gradual reduction in emissions.

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POLLUTING ATMOSPHERIC EMISSIONS MONITORING AND REDUCTION

In the furnishings and joinery departments, work is carried out that requires dust extraction points and related filtering systems for dust reduction. These include the sanding of wooden models and retouching plaster and polyurethane moulds. Extraction of the relevant plaster and fibreglass dust is carried out using flexible hoses and intake terminals. These are the main atmospheric emissions which are subject to authorisation and self-control for compliance with emission limits for dust and volatile organic compounds.

These abatement systems are subject to strict inspection procedures, as required by law. For facilities in which hull painting work is carried out, i.e. Sarnico, La Spezia Mondolfo and Fort Lauderdale, modern suction systems and systems designed to reduce emissions of volatile organic compounds are installed in accordance with the specific authorisations.

An advanced fibreglass infusion printing system is used at Forlì. The infusion of composite materials is a production process which is increasingly used to improve the aesthetic quality of the final product and to reduce total labour costs. The general principle of infusion is to “vacuum” resin into the fibres which will be reinforced using vacuum technology. The system is equipped with an active carbon filter that allows highly professional finishes to be achieved in complete safety.

A second spray booth is being added at the Mondolfo shipyard, whilst two powder and one solvent emission booth are being added at the La Spezia shipyard, which is undergoing renovation. In addition, the first spray booth is currently under construction at the Forlì shipyard and will be completed in 2022.

Focus: Painting Booth

According to European environmental regulations, air contaminated by any pollutant produced during processing must be treated before being released into the atmosphere. Pollutants can be divided into two categories: particulate matter (PM) and volatile organic solvents (VOCs).

Particulate matter is dust of various sizes that is released into the atmosphere during many types of work such as carpentry, sandblasting and others, while VOCs are small droplets of solvents or fumes that are released during processes such as painting, sanding, trimming and resin coating. In some cases, such as in painting, VOCs are released at the same time because the portion of paint that is released via the over-spray phenomena consists of both powders and solvents. Particulate materials and VOCs can be removed using various types of filters.

Painting booths are used in industrial sectors where products — in order to be considered finished — must undergo a coating process. This process leads to the aerial dispersal of particles that, if inhaled by workers, can cause serious damage to health, starting from the respiratory system and, in the most severe cases, travelling to the nervous system. These dusts pose an additional hazard in that they make the surrounding atmosphere potentially explosive.

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Regulations for painting booths

The regulations that govern the manufacture of painting booths are part of a wide range of technical standards concerning safety in the design, construction and installation of machinery for the application of coating products. These are European standards implemented in Italy by UNI, the Italian Standards Agency.

Of particular note is the new standard UNI EN 16985:2019, which replaces the previous standards:

- UNI EN 12215:2010 (Painting plants — Painting booths for the application of liquid coating products — Safety requirements);
- UNI EN 12981:2009 (Painting plants — Painting booths for the application of powder coating products — Safety requirements);
- UNI EN 13355:2009 (Painting plants — Painting booths — Safety requirements). The UNI EN 16985:2019 standard defines all of the most significant hazards (electrical, thermal or mechanical or caused by faults or malfunctions or even noise, harmful substances, explosion or fire) that may occur in relation to painting booths.

Many other certifications exist, of course, but among all of them we highlight what is conventionally known as the ATEX Standard. This is described in the European Directive 2014/34/EU on potentially explosive atmospheres and regulates equipment used in explosive areas, imposing the obligation to certify these products.

WATER: A PRECIOUS RESOURCE

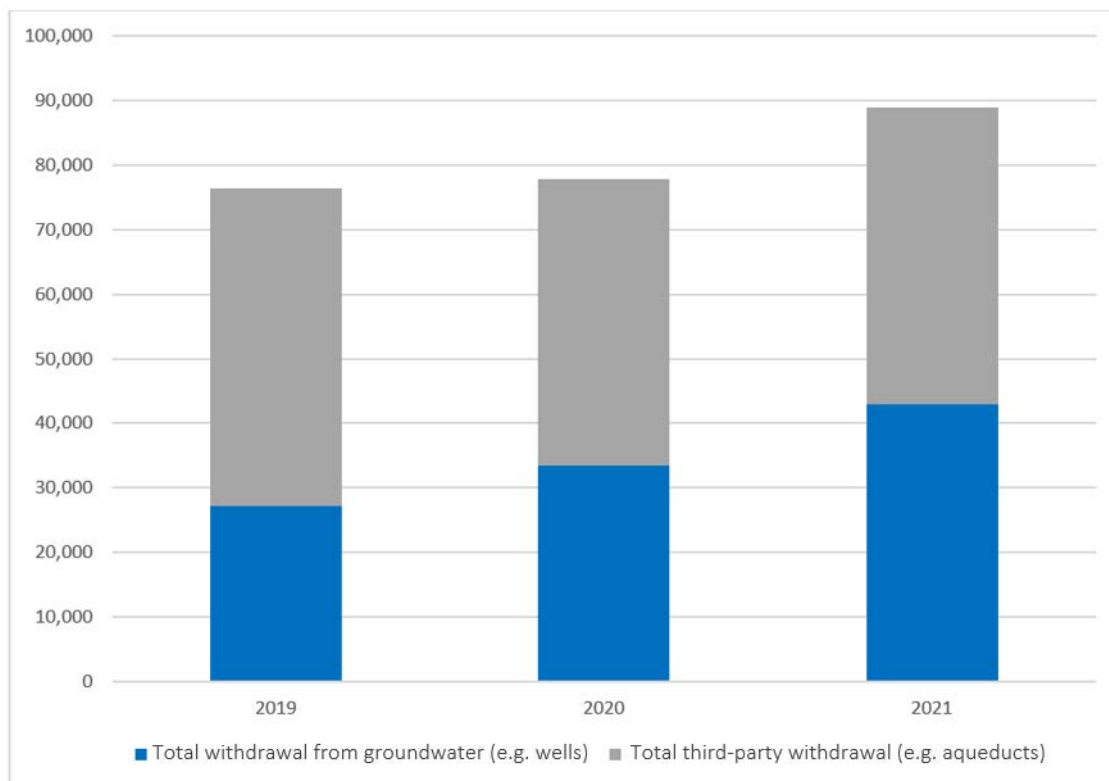
In recent decades, safeguarding water resources has become a significant objective in both the civil and industrial sectors. Because of the type of work that it carries out, the Ferretti Group's shipyards do not require significant water consumption, and, depending on the site, water is sourced chiefly from mains water, with a lower percentage coming from well water. None of the sites are located in water-stressed or particularly sensitive areas.

Drinking water is used for hygienic and sanitation purposes. Process water, on the other hand, is used to fill tanks in which buoyancy tests for finished yachts are carried out (at Mondolfo and Forlì) if no quays are available to allow the tests to be conducted sea, as they are at La Spezia. Pressurised water is used to clean hulls and facilities.

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As shown in the chart below, in 2021 the Group withdrew a total of 88,968 m³ of water, 52% of which came from third parties (e.g., aqueducts) while the remainder was sourced from wells.

Water withdrawal by source (m³)¹⁸



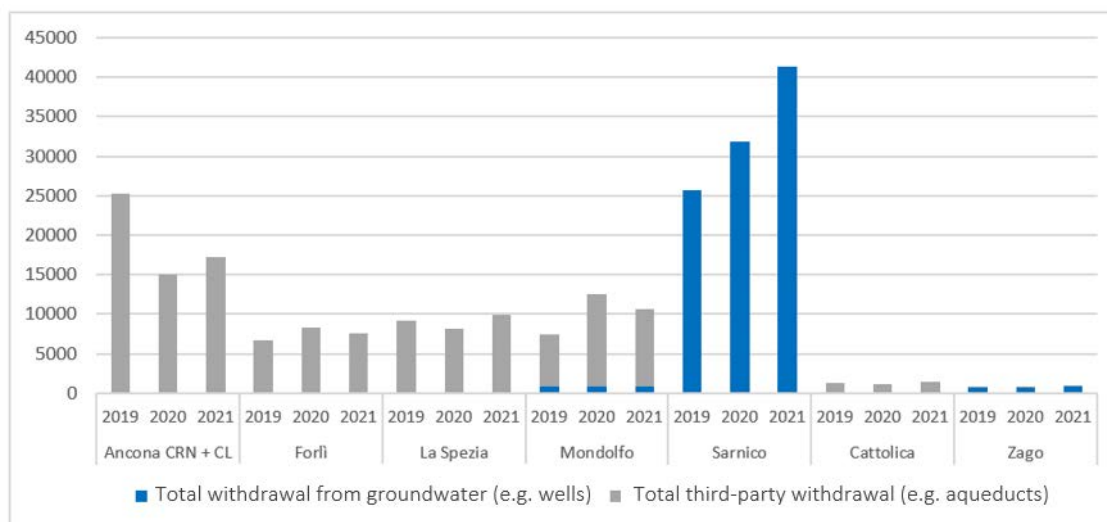
Despite these substantial withdrawals, water consumption remains low. This is because most of the water withdrawn is discharged into the sewerage system, partly as industrial water (subject to measurement and monitoring obligations) and partly as water similar to domestic water, as specified in the individual authorisations. No precise measurements are made regarding the latter, as they are not legally required. The significant increase in groundwater withdrawal in both 2020 and 2021 at the Sarnico shipyard is partly attributable to some leaks at the main plant.

¹⁸ The total quantity of Ferretti Group water withdrawal does not include figures relating to the Fort Lauderdale shipyard.

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Where no discharge authorisation is available, as at Forlì, the cleaning or recovery water from compressors is collected in tanks and processed as waste. At La Spezia, water is discharged into the sea. To ensure full compliance with legal limits, the water is treated at a chemical-physical plant before discharge. Future plans include a reduction of discharge into the sea by collecting water in public sewers. Water withdrawal for each of the Group's shipyards is reported below, specifying groundwater and third party withdrawal:

Water withdrawal by shipyard (m³)¹⁹



WASTE

The Ferretti Group has chosen to invest in cutting-edge technological equipment at its shipyards and to make use of the most modern production processes to optimise use of material and minimise production waste. Non-hazardous waste from the production process is generally waste from internal and external preparation and industrial cleaning processes, and is duly sorted.

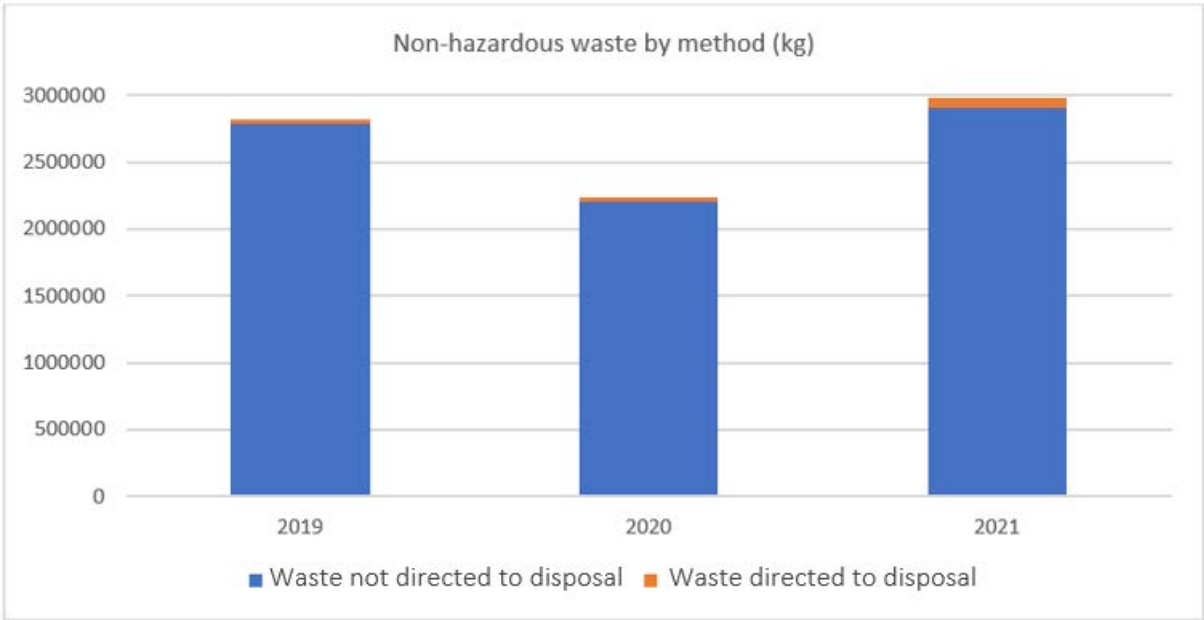
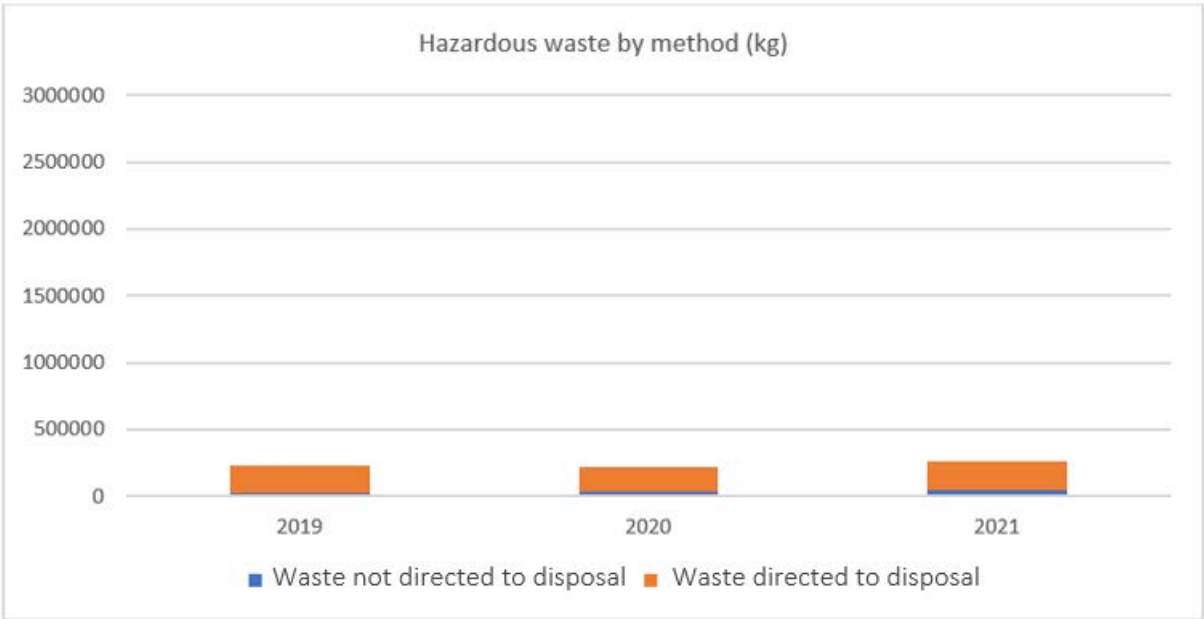
Waste defined as hazardous (around 8% of the total) chiefly comprises solvent mixtures, products used in painting booths, fibreglass scraps, or oils, waste emulsions and dirty packaging in general.

¹⁹ as part of the calculation for water withdrawal at the Sarnico site in 2021, more detailed groundwater withdrawal data was available than that considered for the calculation performed in FY 2019 and reported in the 2020 Report. Specifically, this methodological change enabled the inclusion of withdrawals from a meter that was not properly considered last year. The details outlined above (which became available in 2021) allowed the calculation of water withdrawal from the Sarnico shipyard to be refined for both the current reporting year (2021) and, therefore, for 2019, in order to give the most reliable and consistent representation possible; this Report therefore shows the most accurate figure for 2021, 2020 and 2019. The total quantity of Ferretti Group water withdrawal does not include figures relating to the Fort Lauderdale shipyard.

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A breakdown of waste produced by the Group is shown below, including both processing method (almost all waste is directed to disposal) and total hazardous and non-hazardous waste produced by each shipyard in the last three years.

Non-hazardous waste: quantity and processing method (kg)²⁰



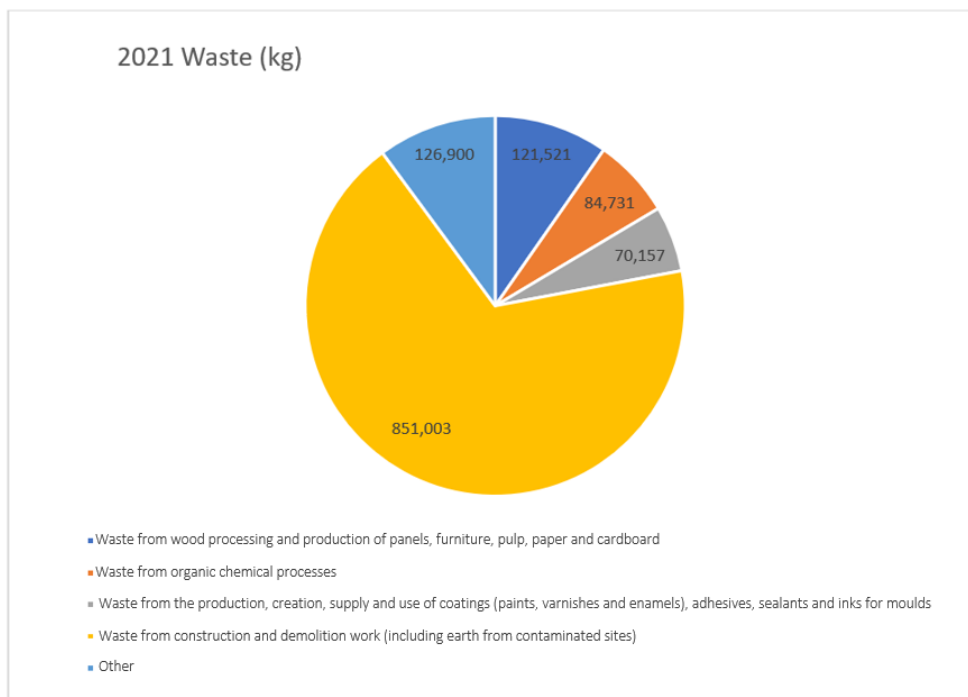
²⁰ Total waste produced by the Ferretti Group does not include figures for the Fort Lauderdale shipyard.

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Waste production by shipyard (kg)

Year	Type	Ancona CRN + CL	Sarnico	Cattolica	Mondolfo	Forlì	La Spezia	Zago
2021	non-hazardous	593,400	146,600	61,150	328,880	1,048,860	514,720	284,170
2021	hazardous	82,260	12,240	15,920	48,104	70,910	26,462	7,270
2020	non-hazardous	516,010	137,368	10,849	279,097	944,311	436,762	197,605
2020	hazardous	71,160	12,753	16,310	33,345	71,558	55,317	7,982
2019	non-hazardous	707,917	200,120	18,200	275,320	963,024	525,420	198,800
2019	hazardous	83,170	13,270	7,200	26,235	79,697	12,011	6,500

The graph below shows the main categories²¹ of waste produced by the Group in 2021. The most significant item (more than 850 tonnes) is waste from construction and demolition operations, which accounts for 68% of the total waste produced. This is followed by waste from wood processing (just over 121 tonnes in 2021), waste from organic chemical processes (around 85 tonnes) and waste from coatings such as paints, varnishes and enamels (around 70 tonnes). The category “Other” includes various types of waste produced in smaller quantities, such as municipal waste (household and assimilated waste produced by commercial and industrial activities as well as institutions) — including waste from separate collection, waste oils and liquid fuel residues (except edible oils), organic solvents, refrigerants and waste propellants.



²¹ The legislation in force at European level provides for the classification of waste using EWC codes, numerical sequences comprising 6 digits joined in pairs. These are designed to identify waste according to the production process which created it.

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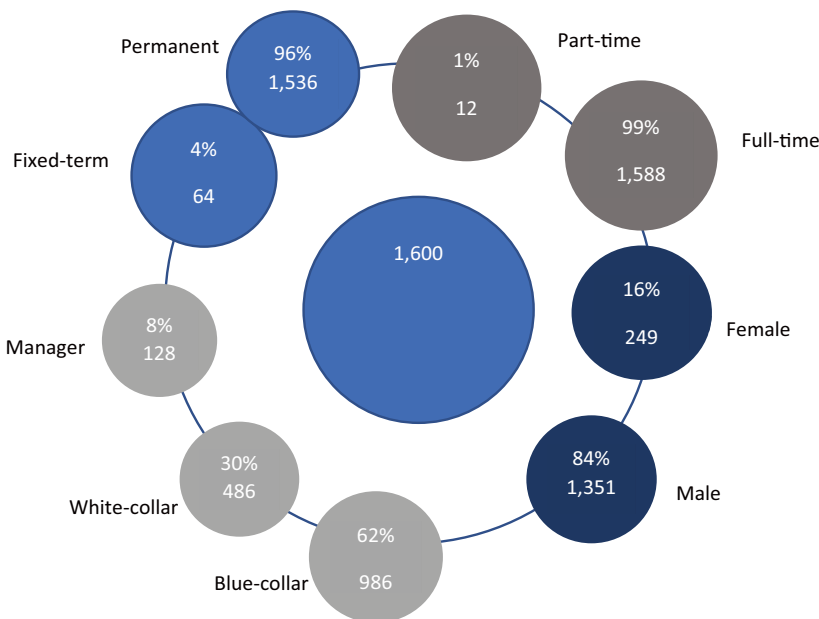
6. OUR PEOPLE: PRIDE, PASSION AND BELONGING

6.1 Key figures

Building some of the world's most beautiful yachts requires a special crew, one that is able to bestow on our products the distinctiveness, innovation and quality that set the Ferretti Group apart. Our employees are the ultimate embodiment of these values and as such are the source of our success; our crew adds expertise, experience and a strong sense of belonging to the pride of building unique masterpieces.

At the Ferretti Group, every individual is at the centre of the Group's vision, and our main objective has always been to ensure that each employee is able to express himself or herself as a person even before expressing him/herself as a professional. This leads, on the one hand, to constant improvement in the quality of work, and on the other to a particular focus on human relationships, which are founded on trust, friendship, respect and cohesion. This is the only way to preserve the Group's cultural heritage, an authentic treasure trove of knowledge and experience which is unrivalled anywhere in the world.

At the end of 2021, the Group²² employed a total of 1,600 staff, a slight increase on previous years (+4.1% compared to 2020 and +4.3% compared to 2019); of these, the vast majority were hired on a full-time permanent contract.



²² The Reporting scope on the employees includes: Ferretti S.p.A., Ferretti APAC, Ferretti AMAS and Zago S.p.A. and excludes 17 employees from RAM Srl that was acquired at the end of 2021.

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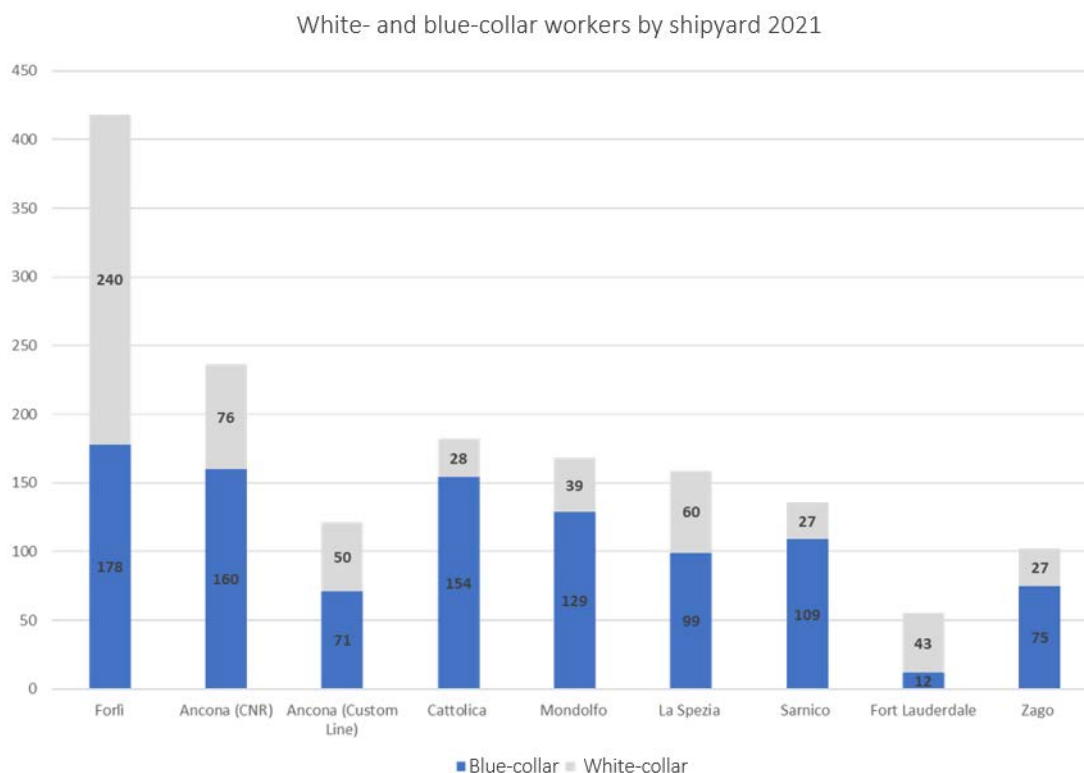
The gender breakdown shows a preponderance of male workers, though there is a clear correlation between contract type and gender: women make up 38% of office workers, compared to a lower percentage of managers (21%) and especially of blue-collar workers (4%), in part due to the characteristics of the nautical construction sector. There are, however, encouraging signs of a growth in the total number of female employees over the last three years. While 228 women were employed by the Group in 2018, this number now stands at 249, an increase of nearly 10% in four years.

TYPE OF EMPLOYMENT CONTRACT	GENDER	2019	2020	2021
MANAGERS	Female	23	25	27
	Male	93	94	101
	Total	116	119	128
WHITE-COLLAR	Female	179	180	183
	Male	268	278	303
	Total	447	485	486
BLUE-COLLAR	Female	39	37	39
	Male	932	923	947
	Total	971	960	986
TOTAL	Female	241	242	242
	Male	1,293	1,295	1,295
	Total	1,534	1,537	1,600

A breakdown of employees by category (white-collar and blue-collar) for all Group shipyards is presented below. As the graphic illustrates, the Ancona and Forlì shipyards employ the largest number of workers, where they are responsible for yacht production and assembly but also perform other functions including warehouse, sales and office roles. At Forlì, home of the Group headquarters, the number of white-collar workers is particularly high. This contributes to making Forlì the Group's largest centre in terms of direct work. At Ancona, on the other hand, while the absolute value is among the Group's highest, we note that direct employees constitute a smaller percentage of the total number of workers on site each day. Including both direct and third-party employees, in fact, the total number of workers at the shipyard (for both CRN and Custom Line) is around 1,200.

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The second most significant shipyard in terms of third-party employees as a percentage of total workers is La Spezia.



As noted above and reported throughout this document, the Ferretti Group has always been committed to developing a company that is well rooted in the local area at every level, including the managerial sector. As evidenced by the table below, 82% of the white-collar workers at all of the Group's shipyards and plants were born or reside in the region where the site itself is located. This indicator was reported for the first time in 2021 and demonstrates the key role that local communities play in the Group's management. It is also synonymous with the Group's ability to give back to the community in which it operates, both in economic terms and by providing opportunities for growth and professional development.

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	Direct white-collar workers at December 31, 2021	
	Born or residing in the region of the shipyard	% natives or residents of the region of the shipyard
Cattolica	13	46%
Forlì	192	80%
Mondolfo	30	77%
Sarnico	26	96%
Ancona (Custom Line)	33	66%
Ancona (CRN)	69	91%
La Spezia	50	83%
Fort Lauderdale	43	100%
Zago	25	93%
Final KPI:	82%	

Moreover, the company population is evenly distributed across the main age groups, and shows a rejuvenation, especially in the under-30 age group, which has undergone an increase in absolute value compared to 2020 (from 95 to 119) and in percentage terms (from 6% to 7%).

	2021	% 2021
UNDER 30	119	7%
31–40	330	21%
41–50	657	42%
OVER 50	494	32%

The Group also features particularly high levels of seniority; around a third of employees have between 11 and 15 years of continuous experience in the company. This is certainly the result of a stimulating, ever-changing working environment, which has helped create a stable, long-lasting team; at the same time, however, it may represent a risk if new recruitment policies aimed at encouraging the entry of young people and the renewal of skills are not implemented. The Group is aware of this risk and has in recent years strengthened its relations with schools and universities in the areas where it operates, encouraging the addition of young people under the age of 30. The 2021 figure (64 new staff under 30) is the highest in recent years and bears witness to the commitment that the Group has made in this area.

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AGE		2019	2020	2021
NEW HIRES DURING THE REPORTING PERIOD	< 30	56	32	64
	31–40	48	30	52
	41–50	24	22	28
	> 50	3	8	12
Total		131	92	156

A large number of these additions relate to the hiring of recent graduates through internships which in most cases lead to a fixed-term contract; at the end of this period they are then given permanent contracts.

EMPLOYEES	2019	2020	2021
TOTAL NUMBER OF INTERNS (curricular and extra-curricular)	62	15	12

Considering these hires, and despite the complex recent and ongoing complex social-health backdrop, there are no particular trends in staff terminations, which remain related chiefly to retirements and voluntary resignations.

In addition to its internal workforce, the Ferretti Group also makes use of an external workforce through subcontracting agreements with third parties. External workers are mainly engaged in the creation of on-board systems for yachts, and therefore deal with electrical systems, painting and air conditioning systems. A “proxy” figure for the number of direct and external workers at some of the Group’s shipyards in the last three years is given below. The figure illustrates the percentage of hours worked by direct and external workers in producing yachts at a selection of shipyards. As shown in the table and noted above, the Ancona and La Spezia shipyards make the most extensive use of external workers in producing the Group’s yachts.

	2019		2020		2021	
	Direct	Contractors	Direct	Contractors	Direct	Contractors
Forlì	59%	41%	57%	43%	49%	51%
Cattolica	71%	29%	59%	41%	52%	48%
Mondolfo	48%	52%	39%	61%	30%	70%
Sarnico	88%	12%	87%	13%	84%	16%
La Spezia	21%	79%	23%	77%	19%	81%
Ancona (Custom Line)	10%	90%	12%	88%	11%	89%
Group	36%	64%	35%	65%	31%	69%

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6.2 Training and development

Training and development play a key role in enhancing the Group's human capital. At the Ferretti Group, employees are guided and involved at every stage of their development, using specific tools in line with their experience and role within the company. This is training as a competitive advantage: developing staff to help them grow towards the key skills needed to maintain market leadership over time.

As in 2020, training activities in 2021 continued to be adversely affected by the COVID-19 emergency, which resulted in training courses being delivered primarily remotely. The training activities that were conducted in person complied with all regulatory requirements for COVID-19 Prevention.

The training offered followed the 2021 training plan, created on the basis of the survey of training needs expressed by management and a number of proposals made by the HR function.

In addition to the usual attention to health and safety, the training programme in 2021 focused on communication, among other things, with courses on Communication Skills & Storytelling and E-Writing. Training on issues of Lean Management was also completed, through both the "Habits for Excellence" course — which enables staff to develop more effective and sustainable personal and organisational habits, thereby achieving and maintaining maximum personal and team productivity over time — and the "5S Model". This is a procedure to efficiently manage production processes and workstation tidiness. 5S refers to five Japanese terms describing the main steps in the methodology. These are Seiri (choose and separate), Seiton (arrange and organise), Seison (check order and cleanliness created), Seiketsu (standardise and improve) and Shitsuke (maintain over time).

16,522 hours of training were provided in 2021, an 89% increase over 2020, during which the number of hours fell sharply due to the restrictions caused by the spread of the COVID-19 pandemic.

Total annual training hours

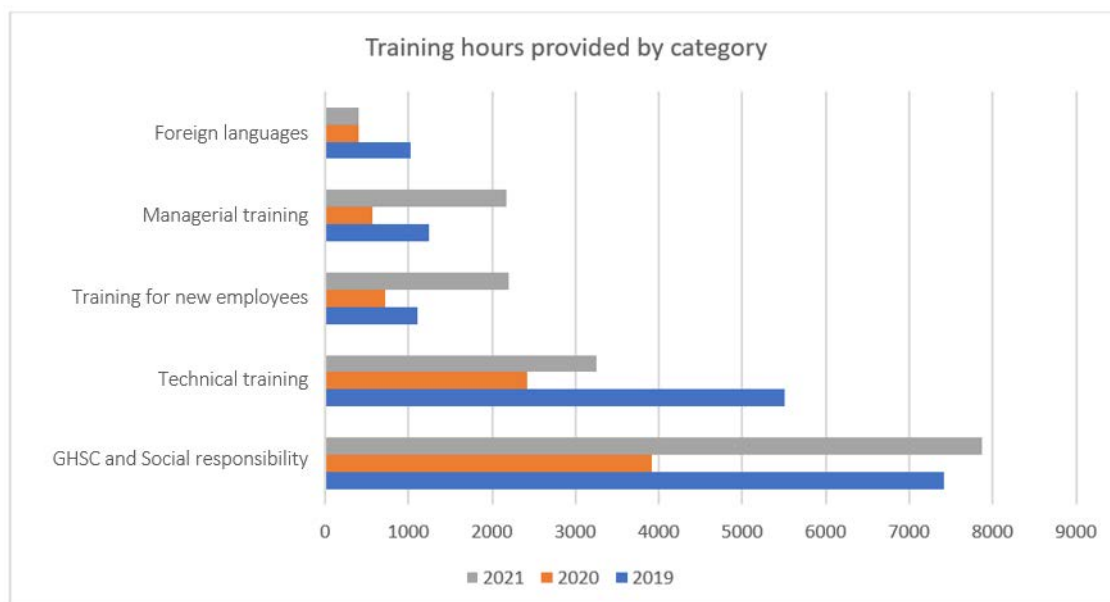
2019	2020	2021
15,208	8,756	16,522

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Total training hours provided per employee and per job category show a clear increase in 2021 compared to 2020, a year in which, as mentioned above, training activities were reduced due to restrictions related to the spread of the COVID-19 pandemic. In 2021, therefore, there was an 81% increase in total training hours per employee and job category.

AVERAGE TRAINING HOURS BY

EMPLOYEE CATEGORY	MEASUREMENT UNIT	2019			2020			2021		
		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
MANAGERS	H	22.9	20.0	22.3	6.6	14.6	8.3	14.3	14.6	14.4
WHITE-COLLAR	H	18.8	11.5	15.9	9.2	7.2	8.4	16.7	14.2	15.8
BLUE-COLLAR	H	7.0	7.1	7.0	4.1	2.8	4.1	7.1	8.0	7.1
TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES										
	H	10.6	11.6	10.8	5.4	7.3	5.7	9.8	13.2	10.3

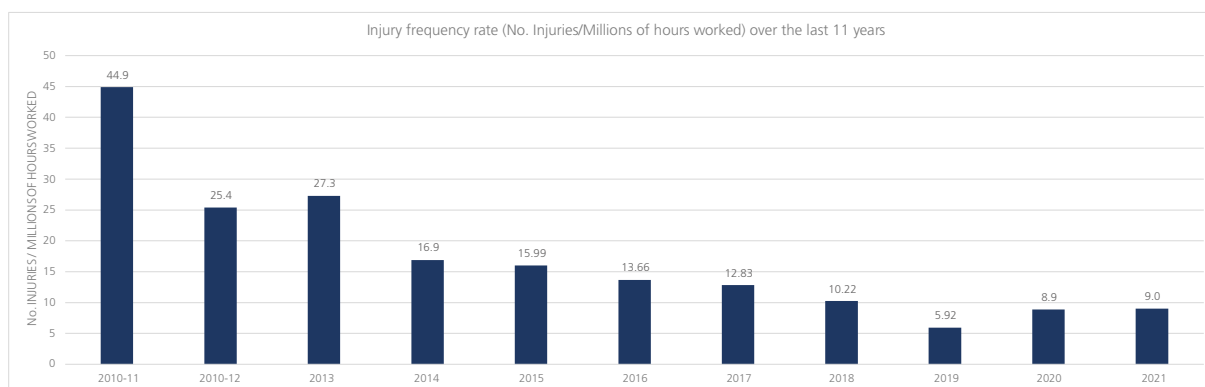


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6.3 Health and safety

The health and safety of workers has always been of fundamental importance to the Ferretti Group. Ensuring a safe and comfortable working environment is not only a priority for the Group, but is also a strategic and development factor for the entire company.

In the last 11 years, thanks to a series of measures and policies designed to lower the number of accidents involving its workers, Ferretti S.p.A. has reduced its injury rate (that is, the number of injuries per million hours worked) by 80% compared to 2010.²³



This extraordinary result was only made possible by detailed, continuous assessment of the potential risks at each of the Group's shipyards and the consequent implementation of all the measures (whether organisational or systems-based) required to eliminate or, where this is not possible, reduce these risks to a minimum. Among the risks identified at the main stages of the production process are a not insignificant chemical risk, a carcinogenic risk, a risk deriving from working at height, a moderate biomechanical risk, a moderate noise risk, a very slight vibration risk and a mechanical risk.

²³ The increase in the injury rate in 2020 can be interpreted as an effect of the sudden imposition of pandemic containment measures. These shifted the attention of company workers to the newly adopted COVID-19 prevention measures and temporarily away from all other working risks, especially during the early months of the year.

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Main investments for safety at shipyards 2019–2020–2021

- Lifelines on all overhead cranes
- Machine qualification — wood with badge (still in the implementation phase)
- Regularisation of scaffolding at Cattolica

In order to prevent potential injuries, each employee receives detailed training on the risks to which he or she is exposed, including practical training. At the end of this process, the work of each employee is then checked, supervised, and coordinated by his or her Contact Person. Each Contact Person is selected from among experienced employees and formally appointed to the role, having received adequate training for the position. Every month the Contact Person attends an **occupational health and safety meeting** along with their colleagues, the Prevention & Protection Service Manager (PPSM), the Facility Director and the EHS Manager. This meeting is an opportunity to share the procedures adopted and practices to be used, and critical issues, injuries and near-misses that have emerged in previous weeks are discussed, as are the related corrective actions, as detailed below.

In the event of an accident or near-miss (any event that could have caused an injury or damage to health but which, by pure chance, did not) involving an employee or contractor or subcontractor, a report is drawn up which includes a detailed description of the event. A specific section is also filled in relating to the corrective measures identified, indicating the person appointed to implement said measures and the date by which they will be carried out. Each of these events is then illustrated, commented on and shared with the Employer and all Facility Managers at a specific meeting that is held monthly and is called the “**OMT Meeting**”. The involvement of Executives and attention to every single accident or near-miss event is fundamental in sharing situations of potential risk and implementing prevention measures across all the Group’s shipyards.

Each production site is also associated with a **Company-Appointed Doctor** who is in charge of all the activities related to Occupational Medicine. The Company-Appointed Doctor works alongside the Employer, the Safety Manager and the PPSM to manage professional risks, and particularly focuses on assessing the compatibility between a worker’s health and the role he/she performs.

In addition to a regular health check, in the event that any worker believes there are specific situations that may cause injury or health problems, he or she may request an extraordinary medical examination to share his/her concerns with the Company-Appointed Doctor and to discuss potential regulations or limitations necessary to safeguard his/her health. In order to ensure maximum confidentiality, every worker’s health and risk records are held and managed by each Company-Appointed Doctor in full compliance with privacy regulations.

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These measures for the prevention and management of injuries have led to positive results in recent years. In 2021, as in 2020, no serious injuries (i.e. those entailing an absence of over six months) were reported, and there were no deaths at any point in the period. The Group will continue to work to ensure this figure stays at zero and to reduce every accident and injury rate.

DIRECT EMPLOYEES	MEASUREMENT		2019	2020	2021
	UNIT				
Employee work hours	No.		2,370,243	2,270,814	2,529,259
Total number of recordable work-related injuries, including deaths	No.		30	26	31
of which injuries during commute (only if transport was arranged by the organisation)	No.		0	2	0
of which work-related injuries with serious consequences (> 6 months absence), excluding deaths	No.		0	0	0
of which deaths	No.		0	0	0
Recordable work-related injury rate (calculated per 1,000,000 hours worked) ²⁴	—		12.7	11.4	12.3
Serious work-related injury rate (calculated per 1,000,000 hours worked)	—		0.0	0.0	0.0
Death rate (calculated per 1,000,000 hours worked)	—		0	0	0

²⁴ The work-related injury rate figure given here for the years 2019 and 2020 is different from the one reported in the table at the beginning of section 6.3. This is because of different reporting scopes: this section also includes data for Zago S.p.A., while the earlier table reporting data to 2010 relates to Ferretti S.p.A.

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In 2021, the Group reported four cases of work-related ill health to INAIL for Ferretti S.p.A. We note that the Ferretti Group does not present sufficiently high levels of risk to justify a causal relationship to the work-related ill health reported and recognised by INAIL. The Risk Assessment Document (RAD) does not suggest above-average risks in relation to upper limb overload or manual load transport (risks that produce osteo-muscular-joint conditions). This reflects the fact that the actions or particular movements that could lead to such risks form part of non-repetitive, low-frequency tasks.

6.4 Company welfare and industrial relations

Among the company benefits provided for full-time employees, a distinction should be made between those provided by national collective bargaining agreements and the further benefits offered by the Group.

Among the benefits provided by the national collective bargaining agreements, the following should be noted:

- **Life Insurance** (for Executives);
- **Healthcare** (as a fringe benefit and therefore in the form of reimbursement of medical expenses for Executives, or from the Fondo Altea fund for the timber sector);
- **Social Security** (through the Fondo ARCO Fund for the timber sector and through Previndai for Executives);
- **Assistance for workers seconded abroad** (for all company personnel);

Among the further benefits offered by the Group, the following should be noted:

- **Unisalute Healthcare** for managers and expatriates;
- **Assistance for work-related and non-work-related injuries** (for Executives and Directors);
- **Copertura Kasco coverage**, allowing use of a car for workers on company business;
- the **Corporate Welfare System**, according to second level bargaining agreements.

These benefits are not, however, provided for part-time employees or those on fixed-term contracts.

As regards the company welfare plan, Group employees may allocate up to 50% of their results bonus to welfare goods and services, choosing from dozens of options available and enjoying significant tax benefits.

In terms of industrial relations, over the years the Group has built solid relationships which have contributed to the current relationship of trust and mutual respect. Temporary redundancy and shutdown periods were managed with the sector's main trade unions through meetings held in a calm and constructive atmosphere.

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Specifically, we note that on November 20, 2020 — around a month before the deadline of December 31, 2020 — Ferretti S.p.A. and the national and European trade unions and shipyard Workers' Representative Bodies signed an agreement to renew the supplementary second level contract.

In addition to extending the company supplementary contract until December 31, 2021, the agreement recognised an increase in the results bonus for all workers. This initiative demonstrates the Company's commitment and closeness to its staff during a year such as 2020, in which the pandemic forced Ferretti S.p.A. and other Italian companies to suspend operations for a period.

6.5 Local initiatives

Il Miglio Blu (The Blue Mile)

La Spezia has always been one of the most important global centres for yacht production, hosting shipyards run by the Ferretti Group, Sanlorenzo, Baglietto and Fincantieri, among others. This concentration of yacht producers in an area around one mile long, combined with the ambition of local administrators to enhance this unique industrial hub, has led to the creation of the Miglio Blu (Blue Mile) project. The project foresees a requalification of the whole area that is designed to enhance this section of the port both aesthetically, making this stretch of road immediately identifiable, and logistically, organising space so as to create a true maritime district which responds to all the specific needs of the sector.

The project also includes the construction of a pedestrian and cycle path, marked with the "Blue Mile" logo, which will allow residents and tourists to rediscover a special, historic place where hundreds of unique yachts are produced every year. The project will also lead to training for around 300 professionals to meet the employment needs of the requalified area, which will have a positive effect on local employment. At the same time, the presence of the La Spezia university hub will also prompt innovation and research, leading to training for highly qualified workers; the objective is therefore to strengthen synergies between the maritime companies and the university hub, including through the direct participation of the Group's companies.

The project was in the developmental phase in 2019. In June 2020 a Memorandum of Understanding was signed by all the major shipyards in the area, as well as by local institutions; the Ferretti Group is proud to contribute to the creation of an exclusive nautical district capable of establishing La Spezia as the international capital of the maritime industry.

Despite the restrictions and limitations in place following the COVID-19 pandemic, in December 2020 Ferretti was able to take part in a round table to define the objectives and strategy of the initiative. Furthermore, in early 2021 a number of specific clusters and working groups were established, including one which will focus on sustainable energy, and work began to restructure Viale San Bartolomeo to create pavements.

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The donation to La Fenice

The Ferretti Group believes that the companies representing Made in Italy around the world have a duty to support and promote other Italian excellence in the field of culture and historical and artistic heritage. In 2021 it therefore made a donation to support the Fondazione Teatro La Fenice, in Venice.

METHODOLOGICAL NOTE

Reporting criteria

The 2021 Sustainability Report represents the third step in the Ferretti Group's Sustainability journey, which began in 2020 with the publication of the first Sustainability Report. In this document, the Group has updated and extended its reporting of the main initiatives, activities and performance in environmental, social and governance terms.

In order to accurately and clearly update the topics covered in this report, in 2022 the Group once again organised an internal workshop designed to assess whether the most relevant issues considering both its impacts generated and its main stakeholders have changed since the previous editions of the Sustainability Report. This process led to an update of the materiality matrix, which was defined according to the chosen reporting framework: the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

This report, for the year 2021, has been prepared using the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") reporting framework published by the Global Sustainability Standards Board, in accordance with the GRI-referenced approach, as required by Standard 101: Foundation, paragraph 3. In addition, following the listing process concluded in 2022, reference was made to the disclosures in the ESG Reporting Guide (Main Board Listing Rules — Appendix 27) of the Hong Kong Stock Exchange, which are set out in the Content Index. This Sustainability Report refers to specific standards of the framework that have been chosen for reporting. They are summarised in the table below:

Macro-category	Material topic	GRI Aspect
Product and customers	Customer protection and safety	GRI 416: 2016 — Customer health and safety GRI 417: 2016 — Marketing and labeling GRI 418: 2016 — Customer privacy
	Reducing product environmental impacts	—
	Research and development	—
	Creating and promoting a culture of sustainability	—
People	Employee motivation and satisfaction	GRI 401: 2016 — Employment
	Talent attraction, retention and development	GRI 404: 2016 — Training and education GRI 202: 2016 — Market presence
	Occupational health and safety	GRI 403: 2018 — Occupational health and safety
	Promoting diversity and equal opportunities	GRI 405: 2016 — Diversity and equal opportunity GRI 406: 2016 — Non-Discrimination

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Macro-category	Material topic	GRI Aspect
Value for the local area	Creating value for local communities	GRI 201: 2016 — Economic performance
		GRI 204: 2016 — Procurement practices
	Business ethics and fairness	GRI 205: 2016 — Anti-corruption
		GRI 307: 2016 — Environmental compliance
Reduction of environmental impacts of the production process	Sustainable supply chain management	GRI 419: 2016 — Socioeconomic compliance
		GRI 414: 2016 — Supplier social assessment
		GRI 308: 2016 — Supplier environmental assessment
	Waste management	GRI 306: 2020 — Waste
	Polluting atmospheric emissions	—
	Water consumption and discharge	GRI 303: 2018 — Water and effluents
	Reduction and efficiency of energy consumption	GRI 302: 2016 — Energy
	Selection and sustainability of raw materials	GRI 301: 2016 — Materials
	Atmospheric GHG emissions	GRI 305: 2016 — Emissions

The purpose of the document is to describe the activities, objectives and performance achieved by the Group in the three-year reference period regarding issues identified through the materiality analysis, described in chapter 3 of this document. The Group's Sustainability Report is published annually and is distributed to stakeholders through the Company's usual communication channels. The previous Sustainability Report, published in November 2020, is available at <https://bit.ly/3yEfd1B>.

All figures reported refer to the reporting year between January 1, 2021 and December 31, 2021, and refer to all Group companies on a consolidated basis. All data are presented in comparison with the two years prior to this Report, namely 2020 and 2019, in order to provide greater detail and highlight the main trends occurring during the three-year period.

The sources of the parameters used to calculate the data presented in this report are as follows:

- **The Conversion to Lower Calorific Power (PCI) of energy sources** used by the Group was carried out using the conversion factors provided by the Ministry for the Environment and Protection of the Land and the Sea (MATTM) in the National Standard Parameters Table for 2021.
- **Direct GHG emissions (Scope 1)** produced by the Group and due to the consumption of natural gas were calculated using the factors provided by the Ministry for the Environment and Protection of the Land and the Sea (MATTM) in the National Standard Parameters Table for 2021. As regards consumption of diesel and petrol, on the other hand, the factors used were those provided by the UK Government's Department for Environment, Food and Rural Affairs (DEFRA), available in the document "Greenhouse gas reporting: conversion factors 2021". Specifically, in calculating CO₂ emissions associated with the vehicle fleet, the reference factor for "Upper medium" vehicles was used.

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- When calculating energy indirect **(Scope 2) Location-Based**²⁵ GHG emissions, the factors used were those published by Terna in the document “International Comparisons 2020–2019 data”. For **Scope 2 Market-Based** emissions the emission factor used was the one published in 2021 by the Association of Issuing Bodies in the document “European Residual Mixes — Results of the calculation of Residual Mixes for the calendar year 2020”.

No reference has been made to Comply or Explain Provisions B4.1 and B4.2 (relating to measures to prevent forced and child labour and subsequent corrective actions) or Comply or Explain Provision B8.1 (relating to areas where the contribution to the community is greatest) of the ESG Reporting Guide of the Hong Kong Stock Exchange, as these matters are not currently considered material to the Group under the materiality assessment in accordance with the GRI principles.

We also note that KPI B6.1 (Percentage of total products sold or shipped subject to recalls for safety and health reasons), and KPI B6.4 (Description of quality assurance process and recall procedures) are not deemed applicable to the Group’s business. As regards KPI B6.3 (Description of practices relating to observing and protecting intellectual property rights), please see the discussion of this topic in the “Business — Intellectual Property” section of the Prospectus published in March 2022 on the Group’s website.

For any information regarding this document please contact Margherita.Sacerdoti@ferrettigroup.com.

²⁵ The Location-Based approach uses an average emission factor which refers specifically to the Italian electricity production mix, while the Market-Based approach uses emission factors based on rates defined contractually with electricity suppliers. Given the absence of specific electricity agreements between the companies of the Group and the suppliers (e.g. a Guarantee of Origin purchase), for this calculation an emission factor related to the national “residual mix” was used.

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GRI CONTENT INDEX

Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
Organizational profile 2016					
102-1	Name of the organization		1.4		
102-2	Activities, brands, products, and services		2.1, 2.2		
102-3	Location of headquarters		1.4		
102-5	Ownership and legal form		1.2, 1.4		
102-7	Scale of the organization		1.2, 2.3		
102-8	Information on employees and other workers	KPI B1.1	6.1		
102-9	Supply chain	KPI B5.1 KPI B5.2 KPI B5.3	2.4		
102-12	External initiatives		2.3, 3.1, 4.1		
102-13	Membership of associations		3.1		
Strategy 2016					
102-14	Statement from the senior decision-maker		Welcome message from our CEO		
102-15	Key impacts, risks and opportunities		3.3		
Ethics and integrity 2016					
102-16	Values, principles, standards, and norms of behavior		1.4		
102-17	Mechanisms for advice and concerns about ethics	KPI B7.2	1.4		
Governance 2016					
102-18	Governance structure		1.4		
102-24	Nominating and selecting the highest governance body		1.4		
102-26	Role of highest governance body in setting purpose, values, and strategy		1.4		
102-29	Identifying and managing economic, environmental, and social impacts		3.3		
102-30	Effectiveness of risk management processes		1.4, 3.3		
102-31	Review of economic, environmental, and social topics		The Board of Directors meets with those responsible for sustainability activities at least annually to approve the Sustainability Report.		
102-32	Highest governance body's role in sustainability reporting		1.4, 3.2		

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
Stakeholder engagement 2016					
102-40	List of stakeholder groups		3.1		
102-41	Collective bargaining agreements		Annex		
102-42	Identifying and selecting stakeholders		3.1		
102-43	Approach to stakeholder engagement		3.1		
102-44	Key topics and concerns raised		3.1		
Reporting process 2016					
102-45	Entities included in the consolidated financial statements		1.2		
102-46	Defining report content		3.2		
102-47	List of material topics		3.2		
102-48	Restatements of information		7.1		
102-49	Changes in reporting		7.1		
102-50	Reporting period		7.1		
102-51	Date of most recent report		7.1		
102-52	Reporting cycle		7.1		
102-53	Contact point for questions regarding the report		7.1		
102-54	Claims of reporting in accordance with the GRI Standards		7.1		
102-55	GRI Content Index		7.2		
102-56	External assurance		This document has not been audited by an independent third party firm.		
GRI 200: Economic Standards series					
Economic performance 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B8			
201-1	Direct economic value generated and distributed	KPI B8.2	2.4		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A4			
201-2	Financial implications and other risks and opportunities due to climate change	KPI A4.1	3.3		

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
Market presence 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B1			
202-2	Proportion of senior management hired from the local community		6.1		
Procurement practices 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
204-1	Proportion of spending on local suppliers	KPI B5.1	2.4		
Anti-corruption 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B7 KPI B7.2			
205-2	Communication and training about anti-corruption policies and procedures	KPI B7.3	1.4		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B7			
205-3	Confirmed incidents of corruption and actions taken	KPI B7.1	1.4		
GRI 300: Environmental Standard Series					
Materials 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A2			
301-1	Materials used by weight or volume	KPI A2.5	4.2		
Energy 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D.A2			

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
302-1	Energy consumption within the organization	KPI A2.1	5.2.		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A2			
302-3	Energy intensity	KPI A2.1	Annex		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A2			
302-4	Reduction of energy consumption	KPI A2.3	5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A2			
Water and effluents 2018					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B5			
303-1	Interactions with water as a shared resource	KPI A2.4 KPI A3.1	5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
303-2	Management of water discharge-related impacts		5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
303-3	Water withdrawal		5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
303-4	Water discharge		5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A2			
303-5	Water consumption	KPI A2.2	5.2		
Emissions 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
305-1	Direct (Scope 1) GHG emissions	KPI A1.1 KPI A1.2	5.2	—	
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
305-2	Energy indirect (Scope 2) GHG emissions	KPI A1.1 KPI A1.2	5.2	—	
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
305-4	GHG emissions intensity	KPI A1.2	Annex		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
305-5	Reduction of GHG emissions	KPI A1.5	5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
305-7	Emissions from Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant emissions	KPI A1.1	Annex		

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
Waste 2020					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1 G.D. A3			
306-1	Waste generation and significant waste-related impacts	KPI A3.1	5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
306-2	Waste by type and disposal method	KPI A1.3 KPI A1.4	5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
306-3	Waste produced	KPI A1.3 KPI A1.4	5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
306-4	Waste diverted from disposal	KPI A1.6	5.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
306-5	Waste directed to disposal	KPI A1.6	5.2		
Environmental compliance 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. A1			
307-1	Non-compliance with environmental laws and regulations	G.D. A1	5.2		

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
Supplier environmental assessment 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
308-1	New suppliers that were screened using environmental criteria	KPI B5.1, KPI B5.2, KPI B5.3, KPI B5.4	2.4		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
GRI 400: Social Standard Series					
Employment 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B1			
401-1	New employee hires and employee turnover	KPI B1.2	6.1	-	
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		6.4		
Occupational health and safety 2018					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B2			
403-1	Occupational health and safety management system	KPI B2.3	6.3.		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
403-2	Hazard identification, risk assessment, and incident investigation		6.3		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B2			
403-3	Occupational health services	KPI B2.3	6.3		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B2			
403-4	Worker participation, consultation, and communication on occupational health and safety		6.3		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
403-5	Worker training on occupational health and safety	KPI B2.3	6.3		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
403-6	Promotion of worker health		6.3		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B2			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	KPI B2.3	6.1		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
403-8	Workers covered by an occupational health and safety management system		6.3		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B2			

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
403-9	Work-related injuries	KPI B2.1 KPI B2.2	6.3		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B2			Injury data for contractors is not included. The data relating to the days lost due to injury at the moment is not collected; the Group is implementing the data collection process to report it starting from the next Sustainability Report.
403-10	Work-related ill health	KPI B2.1	6.3		
Training and education 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B3			
404-1	Average hours of training per year per employee	KPI B3.1 KPI B3.2	6.2	—	
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B3			
Diversity and equal opportunity 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B1			
405-1	Diversity of governance bodies and employees	KPI B1.1	1.4 6.1		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B1			
NON-DISCRIMINATION 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B1			
406-1	Incidents of discrimination and corrective actions taken	G.D. B1	No incidents of discrimination occurred during the three-year reporting period		

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
Supplier social assessment 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B5			
414-1	New suppliers that were screened using social criteria	KPI B5.1, KPI B5.2, KPI B5.3, KPI B5.4	2.4		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B5			
Customer health and safety 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B6			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	G.D B6	4.5		
MARKETING AND LABELING 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B6			
417-2	Incidents of non-compliance concerning product and service information and labeling	G.D B6	No incidents during the three-year reporting period		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D B6			
417-3	Incidents of non-compliance concerning marketing communications	G.D B6	No cases of non-compliance were identified during the three-year reporting period		

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Disclosure	Description	HKSE Req.	Paragraph	Omissions	Explain
Customer privacy 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D B6			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	KPI B6.2 KPI B6.5	2.3	–	
SOCIOECONOMIC COMPLIANCE 2016					
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)	G.D. B1 G.D. B2 G.D. B4 G.D. B6 G.D. B7			
419-1	Non-compliance with laws and regulations in the social and economic area	G.D. B1 G.D. B2 G.D. B4 G.D. B6 G.D. B7	No incidents during the three-year reporting period		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
—	Research and Development		4.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
—	Reducing product environmental impacts		4.2		
103-1, 103-2, 103-3	Management approach (explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach)				
—	Creating and promoting a culture of sustainability		6.5		

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ANNEX

Primary Environmental Data²⁶

SOURCE	MEASUREMENT UNIT	2019	2020	2021
NATURAL GAS	m ³	1,466,248	1,866,209	2,229,590
DIESEL	litres	1.059.1272	888,863	909,385
<i>of which for heating</i>	litres	52,000	59,932	65,000
<i>of which for yacht testing</i>	litres	997,127	816,498	828,771
<i>of which for movement of vehicles and yachts</i>	litres	10,000	12,433	15,614
DIESEL (vehicle fleet)	litres	187,083	152,861	290,783
PETROL	litres	240	124	12,885
ELECTRICITY CONSUMPTION	kWh	12,002,680	12,552,620	16,291,389
DISTRICT HEATING	kWh	2,216,000	4,429,000	2,374,000

Environmental data — GHG emissions

CATEGORY	MEASUREMENT UNIT	2019	2020	2021
SCOPE 1	tonne CO₂	6,254	6,503	7,699
From gas	tonne CO ₂	2,896	3,703	4,421
From diesel	tonne CO ₂	2,801	2,389	2,460
From diesel (vehicle fleet)	tonne CO ₂	557	411	787
From petrol	tonne CO ₂	0.55	0.29	30.15²⁷
SCOPE 2 LOCATION-BASED	tonne CO₂	4,696	4,618	5,726
From electricity	tonne CO ₂	4,309	4,307	4,223
From district heating	tonne CO ₂	387	311	405
SCOPE 2 MARKET-BASED	tonne CO₂	5,979	5,500	6,771
From electricity	tonne CO ₂	5,592	5,190	5,076
From district heating	tonne CO ₂	387	311	405

²⁶ For the Fort Lauderdale shipyard (FL, USA), only electricity consumption is measured

²⁷ As part of the calculation of 2021 gasoline consumption, more detailed data relating to boat testing at the Forlì shipyard became available than that considered for the calculation carried out last year and reported in the Sustainability Report 2020.

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Environmental Data — Energy and emissions Intensity

ENERGY INTENSITY	MEASUREMENT UNIT	2019	2020	2021
Revenue	GJ/Euro million	210.4	256.4	208.9

Length (ft)	MEASUREMENT UNIT	2019	2020	2021
Ancona CL	GJ/ft	17.5	20.3	26.8
Mondolfo	GJ/ft	19.0	19.2	12.8
Cattolica	GJ/ft	6.3	6.4	6.1
Forlì	GJ/ft	7.8	7.2	5.5
Sarnico	GJ/ft	7.7	9.2	7.5
La Spezia	GJ/ft	9.8	11.1	8.6

EMISSIONS INTENSITY	MEASUREMENT UNIT	2019	2020	2021
Revenue	tCO ₂ e (Sc.1 + Sc.2 Location-Based)/Euro million	15.7	17.4	14.8

Length (ft)	MEASUREMENT UNIT	2019	2020	2021
Ancona CL	tCO ₂ e (Sc.1 + Sc.2 Location-Based)/ft	1.4	1.2	1.1
Mondolfo	tCO ₂ e (Sc.1 + Sc.2 Location-Based)/ft	1.4	1.3	0.9
Cattolica	tCO ₂ e (Sc.1 + Sc.2 Location-Based)/ft	0.5	0.5	0.4
Forlì	tCO ₂ e (Sc.1 + Sc.2 Location-Based)/ft	0.5	0.5	0.4
Sarnico	tCO ₂ e (Sc.1 + Sc.2 Location-Based)/ft	0.6	0.7	0.5
La Spezia	tCO ₂ e (Sc.1 + Sc.2 Location-Based)/ft	0.7	0.8	0.6

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WATER WITHDRAWAL BY SOURCE²⁸	MEASUREMENT UNIT	2019	2020	2021
Total withdrawn from groundwater (e.g. wells)	m ³	33,330	33,372	42,936
Total withdrawn from third parties (e.g. mains water)	m ³	49,247	44,480	46,032
Total water withdrawal	m ³	82,577	77,852	88,968

WATER WITHDRAWAL BY DESTINATION²⁹	MEASUREMENT UNIT	2019	2020	2021
TOTAL WATER WITHDRAWAL, BY DESTINATION	m³	31,900	30,716	28,395
Water discharge to third parties (e.g. to public sewers)	m ³	31,900	30,716	32,072

WASTE (kg)

Year	Type	Ancona CRN + CL	Sarnico	Cattolica	Mondolfo	Forli	La Spezia	Zago
2021	non-hazardous	593,400	146,600	61,150	328,880	1,048,860	514,720	284,170
	hazardous	82,260	12,240	15,920	48,104	70,910	26,462	7,270
2020	non-hazardous	516,010	137,368	10,849	279,097	944,311	436,762	197,605
	hazardous	71,160	12,753	16,310	33,345	71,558	55,317	7,982
2019	non-hazardous	707,917	200,120	18,200	275,320	963,024	525,420	198,800
	hazardous	83,170	13,270	7,200	26,235	79,697	12,011	6,500

²⁸ Group water withdrawal data reported in the tables do not include figures for the Fort Lauderdale shipyard (FL, USA).

²⁹ Only measured industrial discharge

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POLLUTING ATMOSPHERIC EMISSIONS ³⁰	MEASUREMENT	2019	2020	2021
	UNIT			
NO _x	kg	1,168	1,129	1,309
Volatile Organic Compounds (VOC)	kg	2,974	5,174 ³¹	6,099
Particles (PM)	kg	46	42	49
CO	kg	65	121	140³²

Staff breakdown

CONTRACT TYPE	MEASUREMENT	2019	2020	2021
	UNIT			
PERMANENT	Female	223	232	231
	Male	1,245	1,259	1,305
	Total	1,468	1,491	1,536
FIXED-TERM	Female	18	10	18
	Male	48	36	46
	Total	66	46	64
TOTAL		<u>1,534</u>	<u>1,537</u>	<u>1,600</u>

CONTRACT TYPE	MEASUREMENT	2019	2020	2021
	UNIT			
FULL-TIME	Female	233	236	243
	Male	1,288	1,289	1,345
	Total	1,521	1,525	1,588
PART-TIME	Female	8	6	6
	Male	5	6	6
	Total	13	12	12
TOTAL		<u>1,534</u>	<u>1,537</u>	<u>1,600</u>

³⁰ The data reported in the table refer only to the Sarnico and Zago sites.

³¹ The amount of VOCs produced by Zago S.p.A. refers only to H2 2020.

³² The pollutant emission data for the Sarnico and Zago sites are estimates, since the data for 2021 are not yet available. Specifically, the value of NO_x, Volatile Organic Compounds, Particulate Matter and CO has been re-proportioned on the basis of site energy consumption.

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Employees by age group and gender

GENDER	AGE GROUP	2019	2020	2021
Female	< 30	27	24	31
	31-40	65	60	48
	41-50	113	118	122
	> 50	36	40	48
Total female		241	242	249
Male	< 30	72	71	88
	31-40	299	290	282
	41-50	527	524	535
	> 50	395	410	446
Total male		1,293	1,295	1,351
TOTAL		1,534	1,537	1,600

Employees covered by collective bargaining agreements

EMPLOYEES	MEASUREMENT UNIT	2019	2020	2021
Total number of employees at December 31	No.	1,534	1,537	1,600
Number of employees covered by collective bargaining agreements	No.	1,534	1,537	1,600
Percentage of employees covered by collective bargaining agreements	%	100%	100%	100%

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New hires during the reporting period

GENDER	AGE GROUP	2019	2020	2021
NEW HIRES				
Female	< 30	18	10	18
	31-40	9	4	10
	41-50	2	3	6
	> 50	1	2	0
Total female		<u>30</u>	<u>19</u>	<u>34</u>
Male	< 30	38	22	46
	31-40	39	26	42
	41-50	22	19	22
	> 50	2	6	12
Total male		<u>101</u>	<u>73</u>	<u>122</u>
TOTAL		<u>113</u>	<u>92</u>	<u>156</u>

Employee departures during the reporting period

GENDER	AGE GROUP	2019	2020	2021
NUMBER OF DEPARTURES				
Female	< 30	4	6	6
	31-40	7	7	12
	41 -50	5	2	4
	> 50	2	2	5
Total female		<u>18</u>	<u>17</u>	<u>27</u>
Male	< 30	6	7	15
	31-40	12	10	22
	41-50	16	17	6
	> 50	47	37	23
Total male		<u>81</u>	<u>71</u>	<u>66</u>
TOTAL		<u>99</u>	<u>88</u>	<u>93</u>

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AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY	MEASUREMENT UNIT	2019			2020			2021		
		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
MANAGERS	H	2,128	460	2,588	619	366	985	1,477	395	1,842
WHITE-COLLAR	H	5,033	2,060	7,093	2,552	1,297	3,849	5,072	2,593	7,665
BLUE-COLLAR	H	6,545	277	6,821	3,817	105	3,922	6,704	311	7,015
TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES	H	13,705	2,796	16,502	6,988	1,768	8,756	13,223	3,299	16,522