

SUSTAINABILITY REPORT 2019

Leading

a sustainable future

Leading a sustainable future



PERSHING

Italmare

Riva



CRN

CUSTOM LINE



Welcome message from our CEO



2019 was a significant year for the Ferretti Group in many ways: we delivered our strongest financial results in recent years, with revenues of Euro 649.3 million (+6.5% on 2018), Adjusted EBITDA of Euro 62.2 million (+16.3% on 2018), while the EBITDA margin hit 9.6% (8.8% in 2018). The Ferretti family has grown to about 1,500 employees and we took our first steps onto the world financial markets through the listing process – though this is temporarily on hold.

These changes have heightened our awareness of the **array of stakeholders** who look to and interact with us. They have also highlighted the ways in which the needs and expectations of these stakeholders contribute to our success, and therefore the importance of considering them as we set out our strategy.

It is crystal clear that these needs include understanding the **economic, environmental and social impacts** of our operations on the region in which we are based, in addition to our daily actions to manage and offset these impacts. For these reasons - and considering the growing demand for transparency in non-financial reporting - we have decided to **formalise** our commitment in this area. The result is this, our first Sustainability Report, which comes in addition to our obligations and responsibilities in undertaking business in the region.

For Ferretti, sustainability starts with the **quality, excellence** and **luxury** which are the hallmarks of our yachts, and continues with constant **innovation** and the development of new products and solutions. In recent years, purely technological progress has given way to a broader concept of innovation, which encompasses the need to consider the environmental and social impacts that are linked to our products and our production processes.

The main environmental challenges we face on a daily basis relate to **the use of materials** and **reduced energy consumption**, which in turn lead to a reduction in GHG emissions, both at product and process levels. In terms of materials, we seek to marry **durability** and **quality** with the quest for more **sustainable materials**. In furnishings and fittings, for example, our impacts can be reduced by selecting certified wood from responsibly managed forests.

With regard to energy consumption, on the other hand, we are exploring solutions to mitigate both the environmental impact of our products - in particular with research into hybrid engines and new technologies to reduce the weight of hulls - and those related to processes, implementing measures to increase efficiency and optimise work at our shipyards. In this area, the ISO 14001 certification on environmental management systems obtained for the La Spezia site is the starting point for integrated management of the environmental impacts of all our production processes, as is the IMO Tier III certification obtained by CRN for a megayacht of 62 metres, the first shipyard in Italy to receive such certification.

From a social point of view, we focus on developing the Group's real engine, the motor which has driven us forward for more than fifty years: our employees. It would be impossible for us to tackle the challenges ahead without the **wonderful Ferretti family** and without the **synergy and collaboration** we enjoy with the area in which we operate. Over 85% of our 1,500 direct employees (which grows to over 4,000 including the suppliers involved in our business) are located in Italy, which helps create the passion and sense of belonging which have always set us apart.

Finally, a word on the events of recent months, the difficulties arising from the Covid-19 virus and the consequent health and financial crisis. Ferretti has always been on the front line in ensuring the safety of our workers and the best possible workplace health conditions. During this emergency we have supported our workers and their families with specific insurance policies for those contracting the virus, as well as ongoing health checks carried out through a campaign of free virus testing for the entire company population.

As a result of the measures introduced, the Group has obtained the RINA Biosafety Trust certification, the first voluntary certification for the prevention and control of infection.

These elements combine in enabling us to design and build dream yachts as we help develop both individuals at the company and the local economy, all while respecting the environment which provides us with the resources to operate. They combine, too, in meeting our ultimate objective: to fully satisfy our customers, who always remain at the centre of our daily work.

Alberto Galassi
Chief Executive Officer

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<i>Riva</i>	 MOCHI CRAFT	<i>CRN</i>	 FERRETTI YACHTS	<i>Itama</i>	<i>PERSHING</i>	 WALLY	CUSTOM LINE
1842	1960	1963	1968	1969	1985	1994	1996
The most iconic brand in the history of yachting	A versatile, elegant lobster boat in an Italian style	World-leading expertise in the construction of custom megayachts in metal, with over 130 vessels built	The brand that built the Group, one yacht at a time	Sporty open yachts with unique elegance	The pioneer in high-performance luxury yachts	The brand that inspired the modern yachting philosophy and which introduced carbon fibre to the luxury yacht	The Ferretti superyacht division which became the Custom Line brand
+ 175 years	+ 60 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 over 175 years.

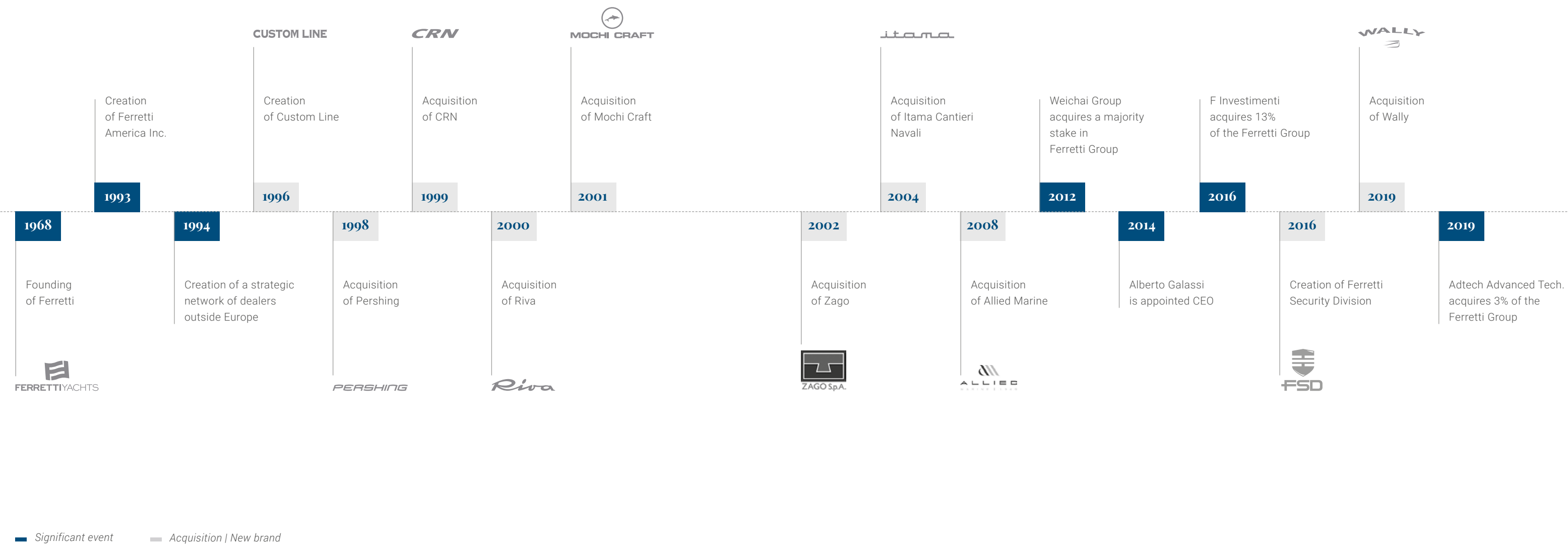
Today, Ferretti still maintains strong ties to Italy’s centuries-old yachting tradition, and it is well-known for its distinctive Italian style and design, along with production centres that are on the industrial cutting edge.

The Group possesses a unique portfolio of **eight prestigious and exclusive brands**, including: Ferretti Yachts, Riva, Pershing, Itama, Mochi Craft, CRN, Custom Line and Wally. Ferretti 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 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’s **Strategic Product Committee** coordinates with its **Marketing Department** and **Engineering Division** to continuously improve its fleet, which ranges from 8-metre tenders to mega-yachts stretching over 95 metres.

The Group collaborates with internationally renowned architects and designers to help Ferretti 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.

.1 Our history:
from 1968 to today





Ferretti in 1970

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 ARRIVAL
OF THE MOTOR BOAT**
1980-1990

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.



The “GIESSE”, which brought Team Ferretti to victory in the 1994 World Championships

FERRETTI GOES GLOBAL
1990-1999

Ferretti’s passion for advanced technology lead 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.

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
1999-2012

After acquiring **Pershing**, the Group bought **C.R.N. S.p.A.** in 1999, a shipyard specialised in manufacturing maxi-yachts with composite materials, mega yachts 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 May 2001, Ferretti S.p.A. bought assets from the Oram shipyard in La Spezia, where the new Riva production area would later be built. In November that same year, the Group concluded its acquisition of the **Mochi Craft S.r.l.** shipyards in Pesaro.

In 2001, the Group acquired the Aprea shipyards in Sorrento and, after having consolidated and internationalised the brand, resold them to the founding families in 2010.

In 2002, the Group took on Diesse Arredamenti in order to complement its historical boating expertise with experience in the boat fittings sector.

In line with this strategy, the Group also acquired the Mario Morini shipyard in Ancona in 2002, which allowed CRN to expand its production capacity, along with Pinmar SL, a company specialised in yacht painting & refitting, and **Zago S.p.A.**, an Italian company specialised in manufacturing high-quality wooden furnishings and fittings. Diesse Arredamenti and Pinmar were subsequently sold, thus ceasing to belong to the Group.

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 post-sales assistance, the marketing of new and pre-owned motor yachts, and brokerage services.

GROWTH AND SUCCESS
From 2012 to the present

The 2008 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 a 75% stake in the Ferretti Group.

In August 2012, **Tan Xuguang** was appointed chairman of the Ferretti Group, and in 2014, **Alberto Galassi** became its CEO. 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.

Ferretti's excellent performance over recent years allowed it to make one final acquisition, which was concluded after several months of negotiations. In 2019, the **Wally** brand – brought to the fore by Luca Bassani and his innovative, ultra-technological sailboats – joined the Ferretti family, bringing the total number of Group brands to eight.

In 2019 the Group achieved its best results in recent years, with revenues of Euro 649 million, up 6.5% compared to 2018, Adjusted EBITDA¹ of Euro 62 million, up 16.3% compared to 2018, and Net Financial Debt of Euro 80 million compared to Euro 265 million at December 31, 2018, thanks to the renewed confidence of shareholders who converted the shareholder loan into shares in August 2019. 2019 was also the year that saw the Group present itself on the Milan Stock Exchange, only to withdraw from listing after having successfully closed the order book, because the price obtained was not considered in line with the Group's results and growth potential.

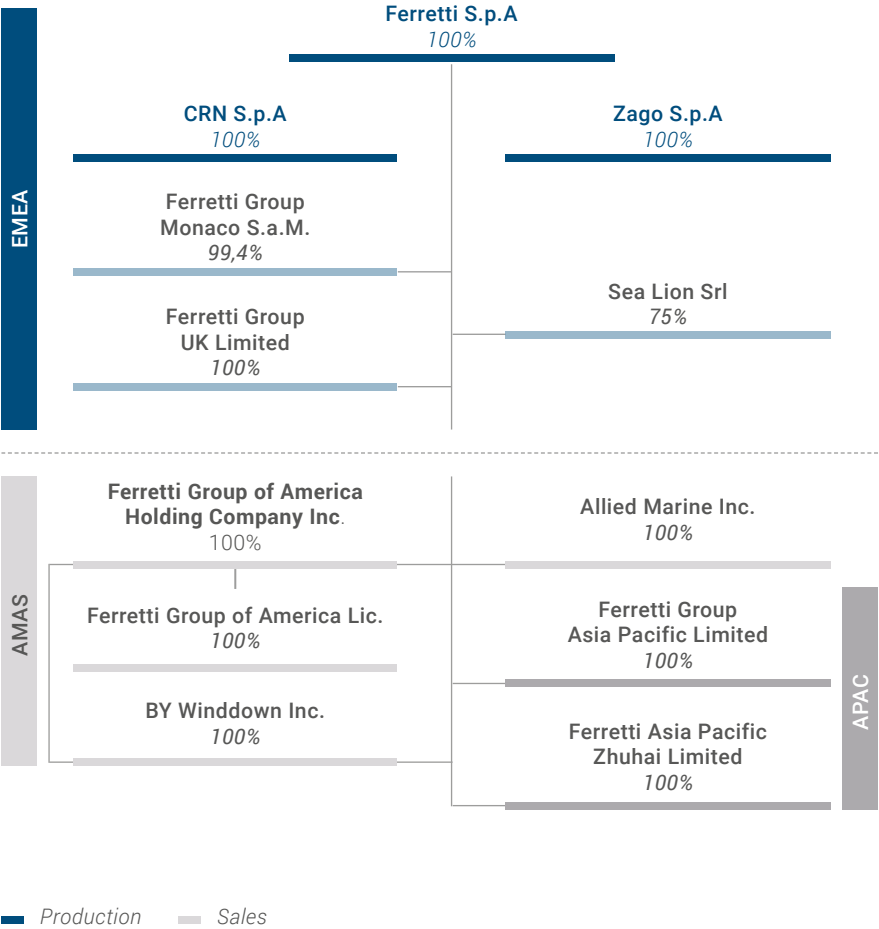
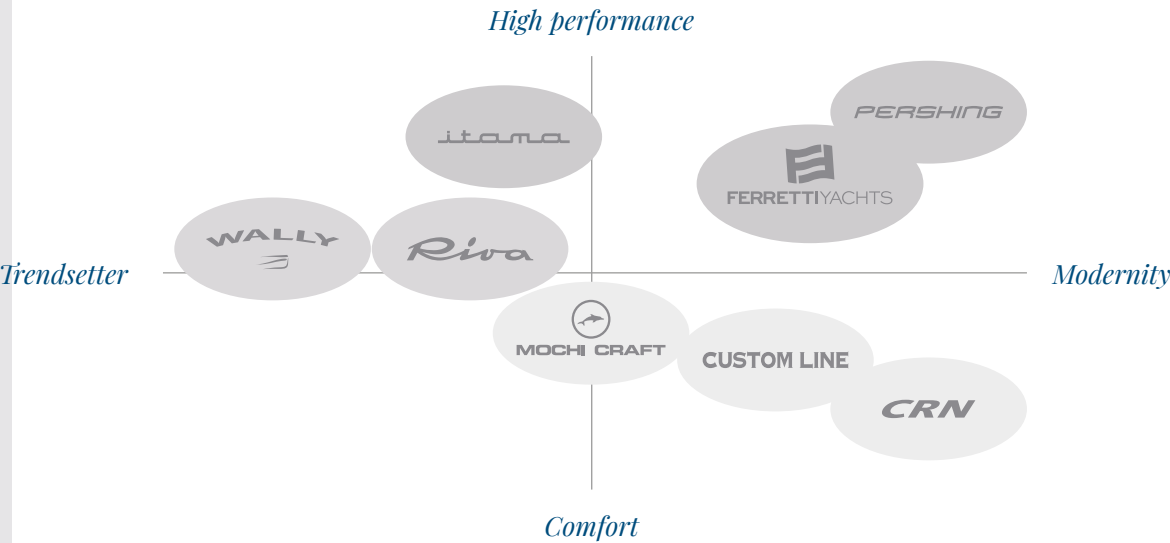
¹ Adjusted EBITDA was calculated using as a reference net profit for the period, i.e. net of tax charges/income, financial charges/income, depreciation, amortisation and impairment of fixed assets and before certain extraordinary transaction costs generated by non-recurring events and largely related to the 2019 IPO process.



.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 Ferretti’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



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 optimises the use of dealers, brokers and direct customer relationships



A solid **innovation investment** plan and a large number of new products launched on the market every year



A close relationship with **Made in Italy excellence**

PRODUCTS AND SERVICES

The Ferretti Group specialises in the design and construction of motor yachts and pleasure boats measuring **from 8 to 95 metres** in length.



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

SERIAL MODELS:
these yachts measure up to 30 metres (100 feet) in length and are made from composite materials. They come with basic features depending on the brand and only some components can be customised by customers (mainly interior furnishings);

SEMI-CUSTOM MODELS:
these yachts measure between 30 and 48 metres (100-160 feet) in length and are made from composite materials. They are designed using a pre-set model and come with specific features depending on the brand, while offering a broad scope for customisation;

The product portfolio satisfies a broad customer base, featuring brands and models that vary in type, length, performance, design, usage and level of sophistication.

FULL-CUSTOM MODELS:
these yachts measure over 42 metres (140 feet) in length and feature metal hulls. They are entirely designed by our customers according to their needs.

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. For further details on the specific differences, please refer to chapter 4.

The Group sells a total of thirty-five serial models, eight semi-custom models, six Custom Line models, one Riva model, one Pershing model, and a series of full-custom boats, which are constructed at the CRN shipyard in Ancona and are highly customisable. The first two Wally brand boats were launched after the company joined the Group in 2019, namely the 48 Wallytender (launched in autumn 2019) and the 48 Wallytender X outboard version (presented at the Miami Yacht Show in February 2020).

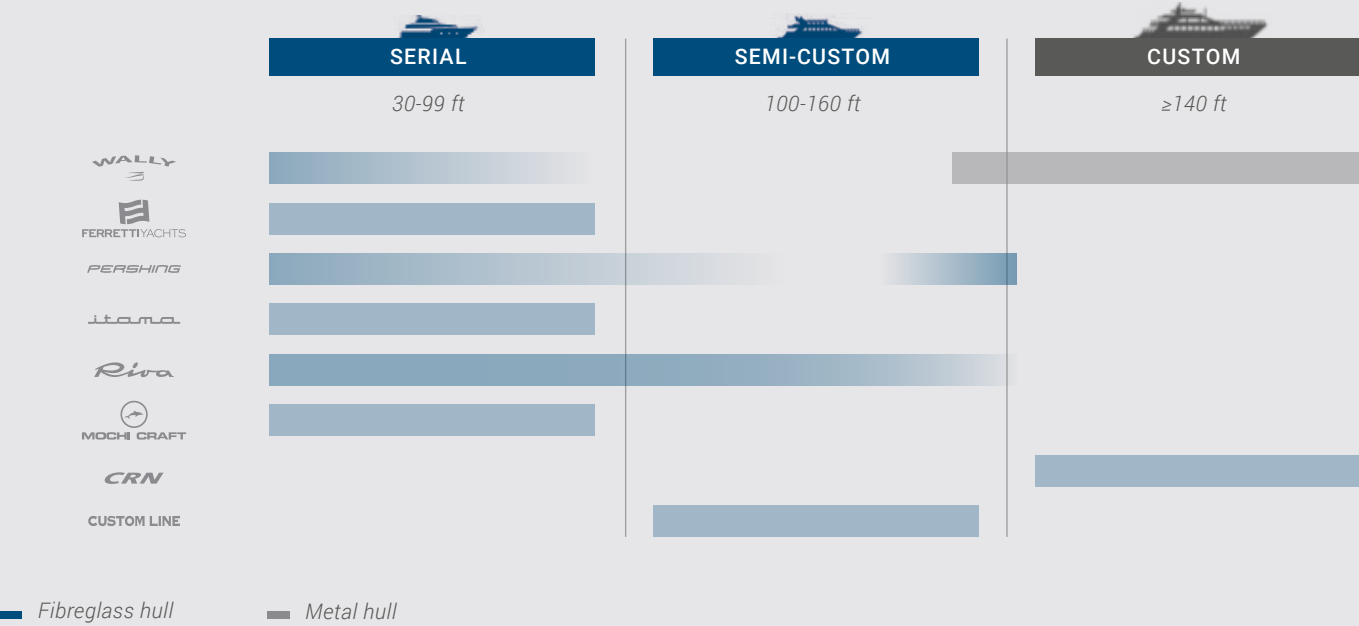
In addition to constructing and selling yachts – the Group's core business accounting for more than 80% of its revenues – Ferretti is also engaged in:

- the sale of **pre-owned yachts**
- the production and assembly of wooden **interiors and furnishings** through Zago S.p.A.

- **brokerage**, yacht **chartering** and yacht management through Allied Marine (USA)
- post-sales **services**
- the design and construction of boats for supervising and patrolling international, regional and coastal waters through the **FSD** Division (Ferretti Security Division)

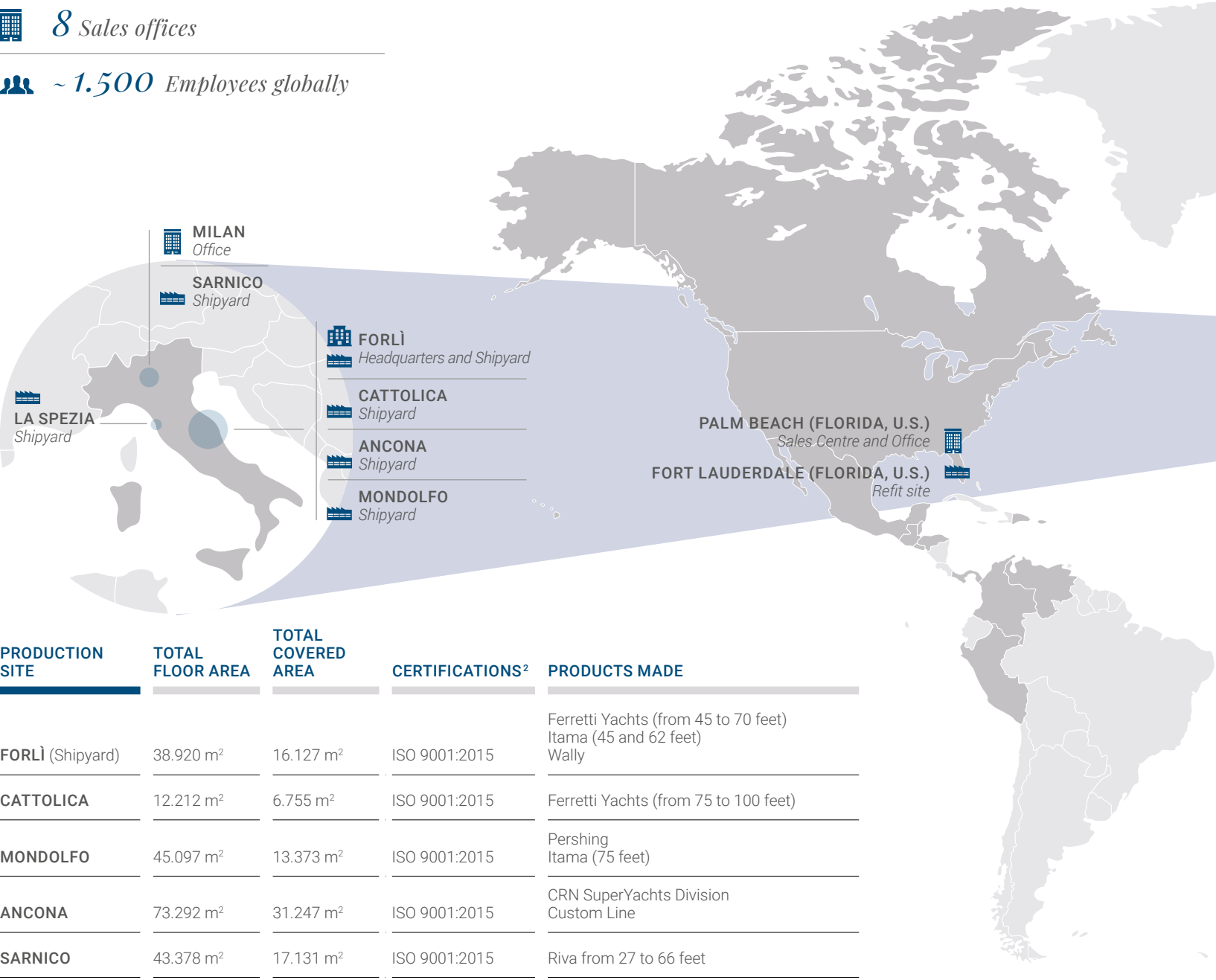
As pointed out, the growth in revenues deriving from these activities – which help support the Group's key business – is an important strategic strength as it mitigates the cyclical and seasonal nature of the Group's core business.

Types of yacht by footage and brand



GOING GLOBAL: FERRETTI TRAVELS THE WORLD

- 70+ Countries
- 6 Production sites
- 8 Sales offices
- ~1.500 Employees globally



PRODUCTION SITE	TOTAL FLOOR AREA	TOTAL COVERED AREA	CERTIFICATIONS ²	PRODUCTS MADE
FORLÌ (Shipyard)	38.920 m²	16.127 m²	ISO 9001:2015	Ferretti Yachts (from 45 to 70 feet) Itama (45 and 62 feet) Wally
CATTOLICA	12.212 m²	6.755 m²	ISO 9001:2015	Ferretti Yachts (from 75 to 100 feet)
MONDOLFO	45.097 m²	13.373 m²	ISO 9001:2015	Pershing Itama (75 feet)
ANCONA	73.292 m²	31.247 m²	ISO 9001:2015	CRN SuperYachts Division Custom Line
SARNICO	43.378 m²	17.131 m²	ISO 9001:2015	Riva from 27 to 66 feet
LA SPEZIA	30.000 m²	13.997 m²	ISO 9001:2015 ISO 14001	Riva from 66 to 110 feet

Breakdown of revenues
by year and geographical area

	2019	2018	2017
EMEA	56%	52%	56%
AMAS	35%	31%	36%
APAC	9%	17%	8%

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 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.

.3 Our journey and our values

Imagine for a moment that Ferretti is a robust, well-built yacht that has been sailing around the world for over fifty years, led by a crew of 1,500 people. Passion and people are our engine, innovation is our fuel, and excellence, authenticity and luxury are all key destinations along our route.

Passion 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 over 50 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 technologies. For Ferretti, 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.

Excellence, authenticity and **luxury** are the core values that guide us on this journey, one that has taken a clear direction, allowing us to stand out from the crowd and forge a unique identity over the years. For us, excellence 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 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. Authenticity is also about permitting our brands to push the boundaries and seek out future development, without ever losing sight of their roots. Ultimately, luxury is so much more than an inclination; it is the fruit of our sector, our country and our industrial culture. To us, embracing luxury is important because it only exists when all other components come together. It represents a point of arrival and the combination of the Group's values, thereby perfectly encapsulating our journey. 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 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 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.

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.

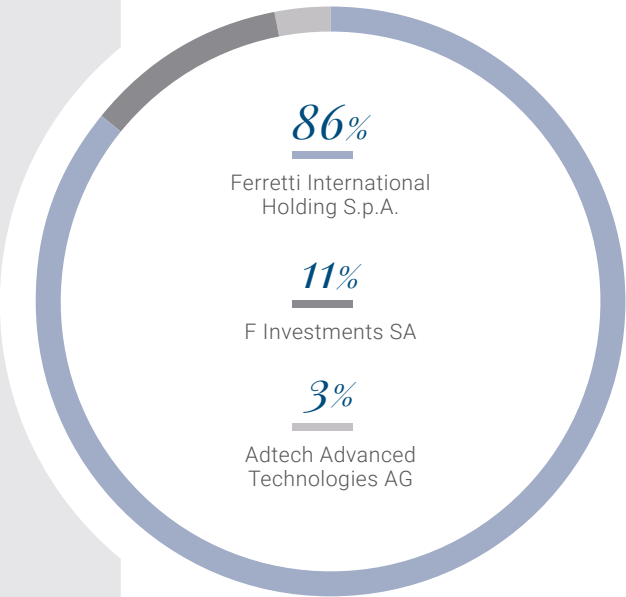


.4 Group governance

CONTROL BODIES

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, 2019, 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 appointed.
- the **Board of Statutory Auditors**

At December 31, 2019, the Board of Directors comprised the following seven members:

ROLE	NAME	DATE OF INITIAL APPOINTMENT
Chairman	Xuguang Tan	May 28, 2014
Chief Executive Officer	Alberto Galassi	May 28, 2014
Executive Director	Xinyu Xu	May 28, 2014
Vice Chairman	Piero Ferrari	June 16, 2016
Non-Executive Director	Kui Jiang	June 16, 2016
Non-Executive Director	Guogang Wu	April 27, 2017
Non-Executive Director	Daniel Lalonde	September 2, 2019

The average age of the Board of Directors is 57, and the breakdown of its members by gender and age is as follows:

GENDER AGE GROUP	40-50	50-60	OVER 60	TOTAL
Male	1	5	1	7
Female	0	0	0	0
Total	1	5	1	7

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

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

The **Supervisory Board**, which has been appointed by the Board of Directors on 31 July 2019 and is effective since 1 September 2019, is composed by:

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

ORGANISATION MODEL AND ETHICS CODE PURSUANT
TO LEGISLATIVE DECREE 231/2001

The **Ethics Code** is a key document that defines the Ferretti Group’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 team, such as honesty, fairness, transparency, equity and reciprocity. The Ethics Code features specific sections on topics that are particularly important to Ferretti, such as workplace safety and customer privacy.

Originally intended as a decision-making tool for the FSD division (Ferretti Security Division), the Ethics Code was subsequently extended to all Group brands and officially approved in July 2019. 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.

When drafting the Ethics Code, we took into consideration activities that help combat the offences all Italian companies are obligated to prevent pursuant to Legislative Decree No. 231 of 8 June 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 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 also established a Supervisory Board, which was assigned certain tasks included in the model.

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’, Ferretti 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 231/2001.

Finally, we can confirm that there were no episodes of bribery or corruption involving the companies of the Group in the three-year period from 2017 to 2019.





.1 *The Ferretti 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 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're 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 Ferretti model helps us guide customers 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.

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 **Ferretti'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.

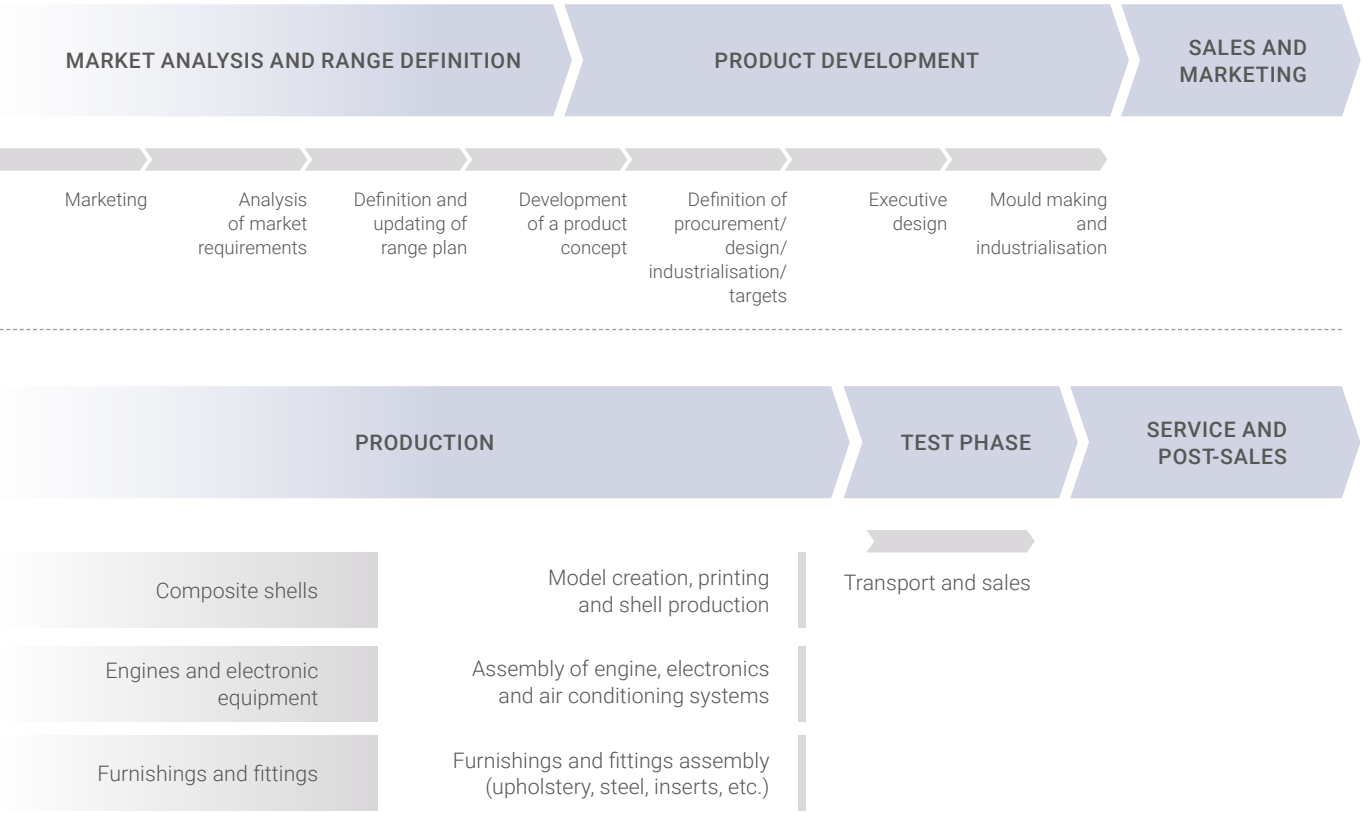
During this process, two committees take on important roles: the Strategic Product Committee and the Operational Product Committee.

The **Strategic Product Committee** supervises meetings to define product ranges, overseeing requirements and the time-to-market, and thus analysing each product before it is formally approved. The **Operational Product Committee**, on the other hand, reviews projects from a more technical and architectural perspective, in order to guarantee

their optimisation in terms of human resources and implementation times.

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, we were able to present and launch 30 new models on the market between 2016 and 2019. This is the result of work begun by the company's management team back in 2014, and it led to 90% of Ferretti's turnover in 2019 comprising models launched from 2014 onwards.

The table below shows a breakdown of new models launched on the market by footage segment and by brand between 2016 and 2019:

		30 - 59 ft	SERIAL 60 - 79 ft	80 - 99 ft	SEMI-CUSTOM 100+ ft
	1	1	-	-	-
	7	2	3	2	-
<i>Pershing</i>	7	2	1	3	1
<i>Itama</i>	1	1	-	-	-
<i>Riva</i>	9	3	2	2	2
	-	-	-	-	-
<i>CRN</i>	-	-	-	-	-
CUSTOM LINE	5	-	-	-	5
	TOTAL 30	9	6	7	8

.2 *Eight souls, one heart:*
our brands

With our Product Development Process, Ferretti seeks to make the most of potential brand partnerships, while strengthening individual independence in order to preserve identity.

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 eight different stories with one shared dream: to package together the best yachts in the world:



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

14 to 30 metres in length (45 - 99 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 currently manufactures eight 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.



1968



Forlì and Cattolica



8 Serial models (2019)
Including the Ferretti Yacht 500 "Project"



14 - 30 m (45' - 99')

RIVA
Timeless charm

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 yachting 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 mega-yacht sector with a Riva Superyachts Division located in Ancona. The division designs a fully customisable fleet of mega yachts, 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).



1848



Sanrico, La Spezia and Ancona



13 Serial models
1 Semi-custom model
+ Full-custom (2019)
Including the Riva Folgore 88' "Project"



8 - 34 m (30' - 110')

PERSHING
The dominant species

“Every brand that forms part of our fantastic Group has its own illustrious history that sets it apart and draws admiration from around the world. When I think of Pershing, I think of that song by Queen: “Don’t Stop Me Now”.

It’s a song about having fun, about never wanting to slow down, about always feeling alive, sensations that anyone who has experienced the famous “Pershing thrill” will know well. Because you don’t simply sail a Pershing; you pilot it, just as you would a fighter jet or a racing car.”

Alberto Galassi
Ferretti Group CEO

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.

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.



1985



Mondolfo and Ancona



7 Serial models
1 Semi-custom model
+ Full-custom (2019)



15 - 33 m (50’ - 108’)

ITAMA
Power is open

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

Itama means more than simply building yachts: it means skilfully and creatively giving form to the idea of elegance and power, an idea that has always set our “designed for the sea” open yachts apart.

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 35 and 43 knots, providing a unique experience for every owner.

Itama has been part of the Group since 2004. Becoming part of the Ferretti 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.



1969



Forlì and Mondolfo



3 Serial models (2019)



14 - 24 m (45’ - 75’)

MOCHI CRAFT

The sea demands passion

Mochi Craft looked to the past to inspire a new type of vessel: a modern, revolutionary lobster boat that has become an undisputed trend setter in high-technology contemporary design thanks to the Ferretti Group's investments in research and innovation.

This philosophy was born from a moment of outside-the-box intuition, and has created a new balance of performance, technology and design research. It has also produced yachts with inimitable personalities: a range of "Italian Style Lobster Boats" which stand out for their elegance, versatility, colour range and their leading performance in the category.

The success of Mochi Craft, one of the most iconic brands in the Italian nautical sector, has come from the desire to rediscover that special relationship with the sea, and combines retro elegance with modern technology.

Founded in the 1960's and initially active at the port of Pesaro, it has been part of the Ferretti Group since 2001, and since 2003 has worked in the design and construction of luxury yachts made with composite materials. The Dolphin planing hull range includes four models of lobster boat - a traditional New England vessel originally designed for lobster fishing - reimagined in a modern style. 2003 saw the introduction of the Dolphin 51', the first model in Mochi Craft's lobster boat planing hull range. The new product line takes its inspiration from the desire to rediscover the past and reinterpret it using passion for design and for the sea, combining the allure of historical boats with the Italian nautical Group's technological research. In a few short years, Mochi Craft has created a fleet of planing hull motor yachts ranging from 14 to 23 metres, produced exclusively in the shipyards at Forlì.

CUSTOM LINE

Beyond the line. The art of cruising

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 planing hull and displacement yachts.

Custom Line's design and aesthetic are 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. Beyond the purity of the range is the originality of a character, the crucial traces of a personality. 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 20 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.



1960



Forlì



4 Serial models (2019)



14 - 23 m (45' - 74')



1996



Ancona



6 Semi-custom models (2019)
Includes the Navetta 30 "Project"



30 - 42 m (99' - 139')

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: drawing on all our passion and experience to realise not just an idea, but YOUR idea, and to create a unique work of art.

CRN is a shipyard which specialises in the design and construction of full-custom yachts 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 manufacturing.

The concept of completely custom-made megayachts 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. The focus is on beauty from start to finish, and even the smallest detail is carefully considered.

The entire CRN team works in close collaboration with a select group of world-class architects 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. Expertise, professionalism and the passion to excel build on extensive design experience, advanced shipbuilding techniques and a constant search for the most revolutionary materials to create yachts of the very highest quality.

The CRN fleet currently boasts over 200 ships. An international beacon of excellence in Italian shipbuilding, CRN has always been proud to create yachts inspired by the owner's vision using its "hands-on" expertise.



1963



Ancona



Full-custom



≥ 42 m (≥ 140')

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 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 nautical 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.



1994



Forlì



1 Serial model (2019)

Does not include the 48 Wallytender X, presented in February 2020



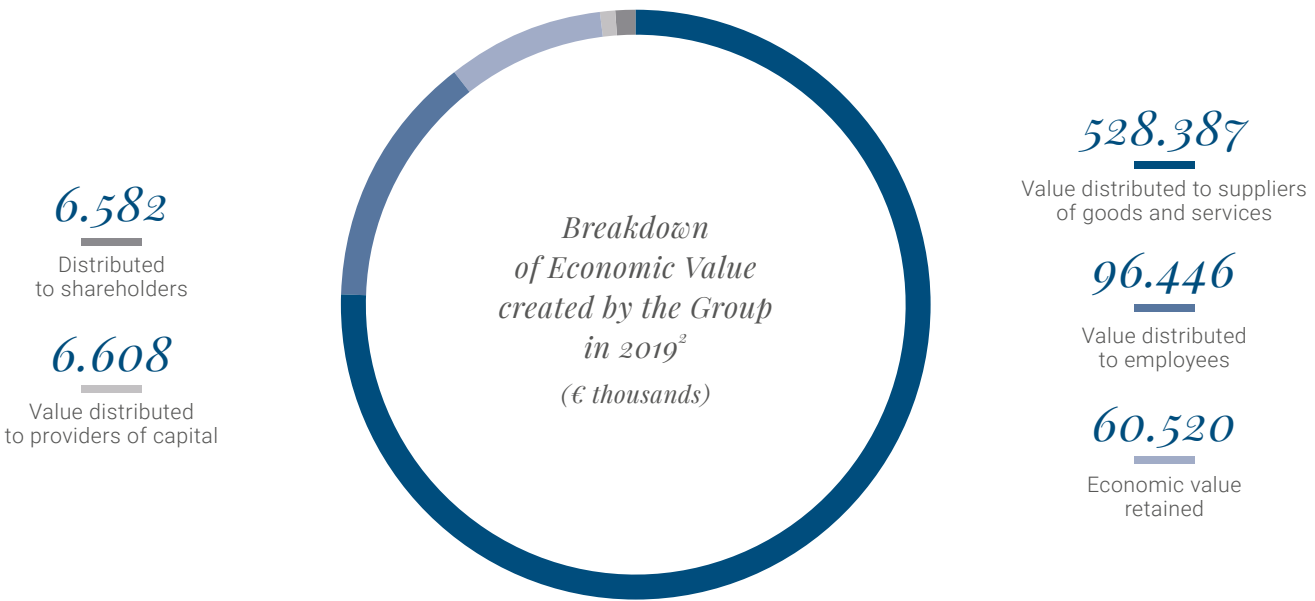
15 m (48')

.3 Value creation:
figures and achievements

In 2019, the Ferretti Group generated around Euro 700 million in total economic value, up 4% on 2018 and 12% on 2017. Of the economic value generated, the economic value distributed to the various stakeholders, including suppliers (operating costs), employees, capital providers, the Public Administration, shareholders and the local community, represents more than 90% of the total, as shown below:

(€ THOUSANDS)	2019		2018		2017	
Economic value generated	100,0%	698.643	100,0%	669.534	100,0%	623.834
Economic value distributed	91,3%	638.123	90,4%	605.228	90,3%	563.498
Value distributed to suppliers of goods and services	75,6%	528.387	76,1%	509.183	75,0%	468.185
Value distributed to employees	13,8%	96.446	13,5%	90.516	14,4%	89.255
Value distributed to providers of capital	1,0%	6.609	0,8%	5.403	0,9%	5.782
Value distributed to shareholders	0,9%	6.582	0,0%	-	0,0%	-
Other ¹	0,0%	99	0,0%	126	0,0%	276
Economic value retained	8,7%	60.520	9,6%	64.306	9,7%	60.336

¹ The account "Other" includes the value distributed to the Public Administration and membership fees; in 2019 the latter totalled Euro 469 thousand, while value distributed to the Public Administration was negative (Euro -370 thousand). This followed recognition of deferred tax assets regarding previous tax losses in light of the taxable profit the Group expects to make in the coming years. This is based partly on the forecast results contained in the Business Plan 2019-2023.



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 Ferretti 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 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 Ferretti to lead the world by exporting its yachts to every corner of the planet, it is also thanks to Ferretti 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, Ferretti 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.

² The breakdown in the graphic does not include value distributed to the Public Administration or membership fees (see the account "Other" in the table to the left).

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. The Group does not currently adopt specific sustainability criteria

as part of the supplier selection process, but is aware of the growing importance that these aspects will need to take on in the near future.

It should also be noted that the vast majority of suppliers (85%) 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.	MOVING PARTS AND DECK EQUIPMENT	Hold doors, walkways, pulpit handrails, ladders, anchors and all components that allow movement around the boat.
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.	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.
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.		General, administrative and sales expenses, investments and purchases, maintenance services, waste disposal, exceptional transport, consultancy, communication, trade fairs and events.



Highlights

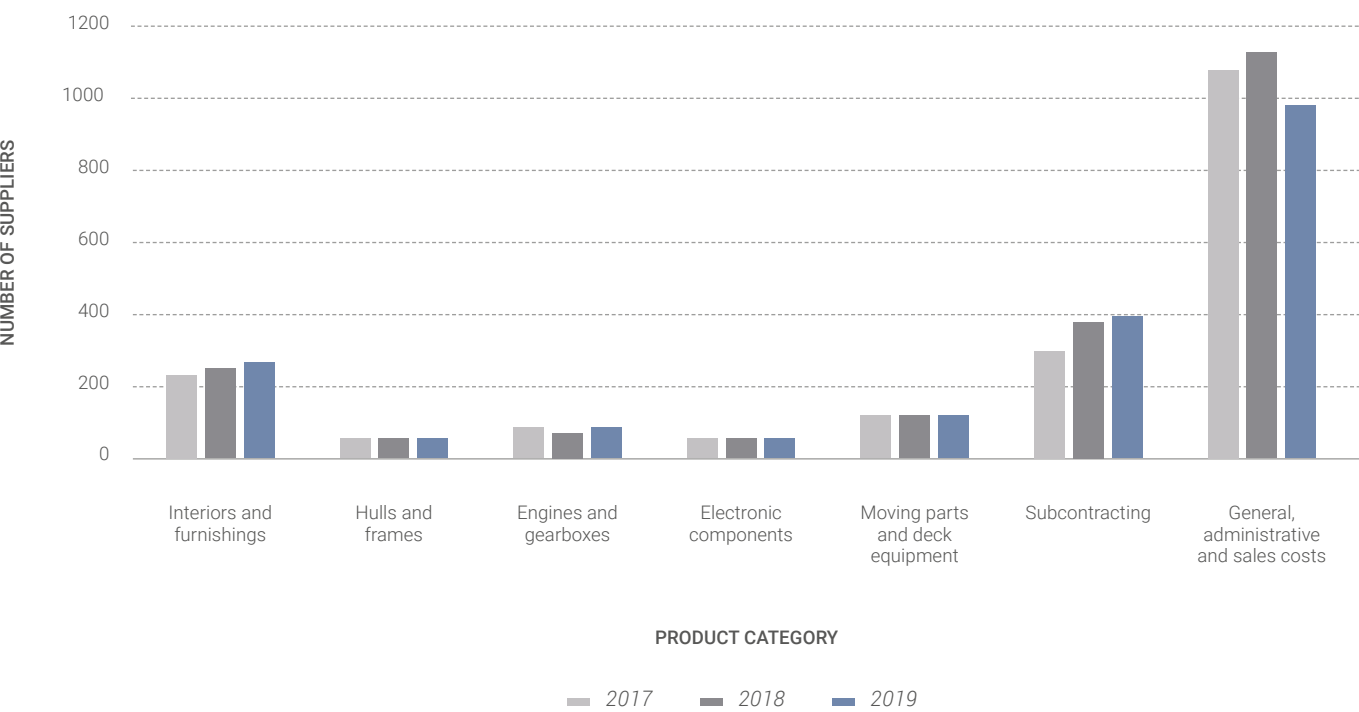
TOTAL VALUE OF ORDERS (2019)	PERCENTAGE OF ORDERS TO ITALIAN COMPANIES	TOTAL NUMBER OF FERRETTI S.P.A. SUPPLIERS	TOTAL NUMBER OF ZAGO S.P.A. SUPPLIERS	INCREASE IN PURCHASE ORDERS
458 M€	77% (352 M€)	1.931	279	+18% on total order value compared to 2017

YEAR	2019	
	NUMBER OF SUPPLIERS	PURCHASE VOLUME
INTERIORS AND FURNISHINGS	267	€ 79.444.890
HULLS AND FRAMES	45	€ 51.247.807
ENGINES AND GEARBOXES	84	€ 83.850.770
ELECTRONIC COMPONENTS	54	€ 16.710.924
MOVING PARTS AND DECK EQUIPMENT	117	€ 57.370.901
SUBCONTRACTING	385	€ 88.088.098
GENERAL, ADMINISTRATIVE AND SALES COSTS	979	€ 80.976.244
TOTAL	1.931	€ 457.689.634

YEAR	NUMBER OF SUPPLIERS			PURCHASE VOLUME ³		
	2017	2018	2019	2017	2018	2019
TOTAL	1909	2035	1931	€ 386.753.368	€ 450.310.054	€ 457.689.634

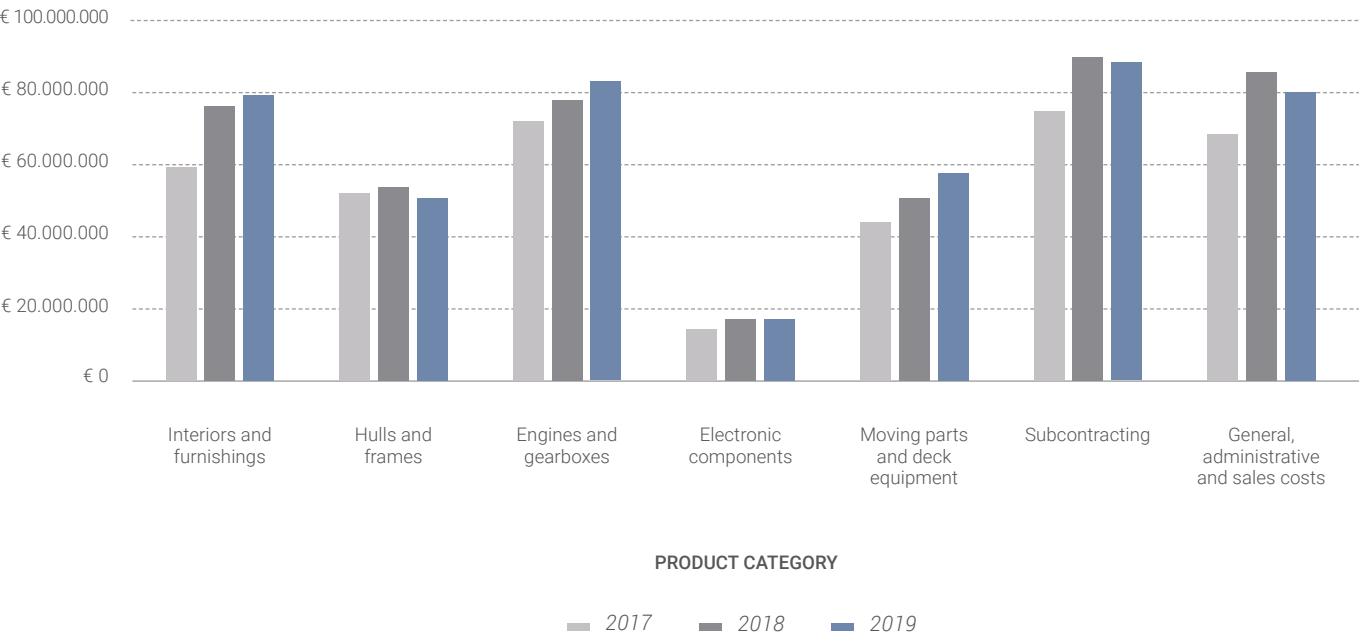
In line with this breakdown, the number of suppliers and total purchase volume by product category is as follows:

Number of suppliers by product category (2017-2019)



³ The number of suppliers and the total value of orders issued by the Group includes Ferretti S.p.A. and CRN S.p.A., but does not include Zago S.p.A., for which reference should be made to the specific paragraph covering that company. Purchases made between Group companies (inter-company purchases) are also 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 boats 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.

Economic volume spent by the Group by product category (2017-2019)



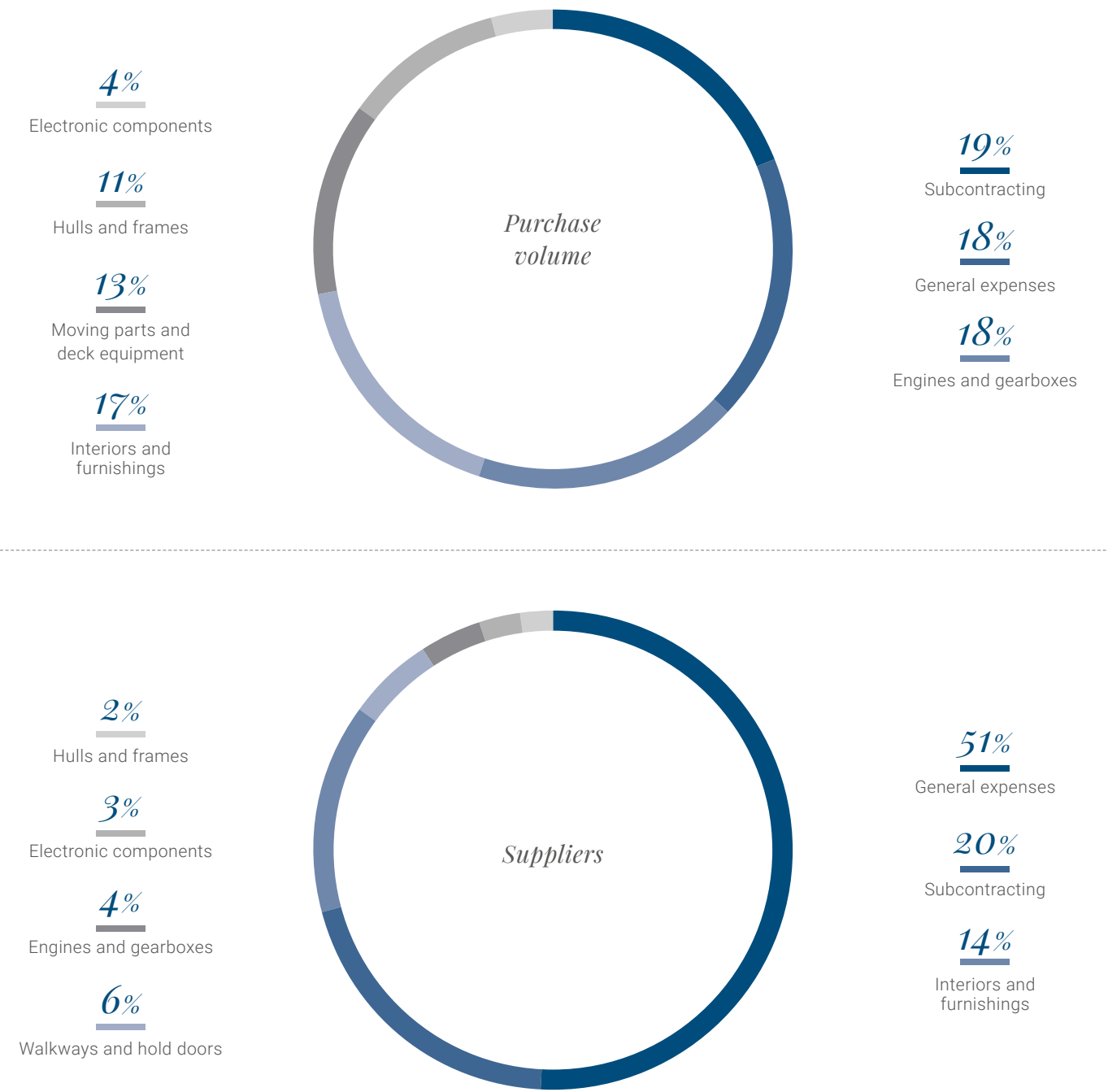
The Group’s purchase volumes, after increasing by 18% between 2017 and 2018, remained steady at approx. Euro 450 million in 2019. The distribution between the product categories does not show significant changes in the three-year period 2017-2019, except for the following observations; there is an increase in the number of suppliers of contracts and furnishings, mainly due to the need for a richer and more varied supply network in the field of artisan work. Another figure worth noting is the increase in the volume of purchases for furnishings and engines, in the face of unchanged expenditure for hulls; this asymmetry is chiefly due to an increase in in the size of yachts, which therefore requires a greater number of furnishings and mechanical elements.

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 14% of the total, these four product categories constitute 44% of the total economic volume 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.

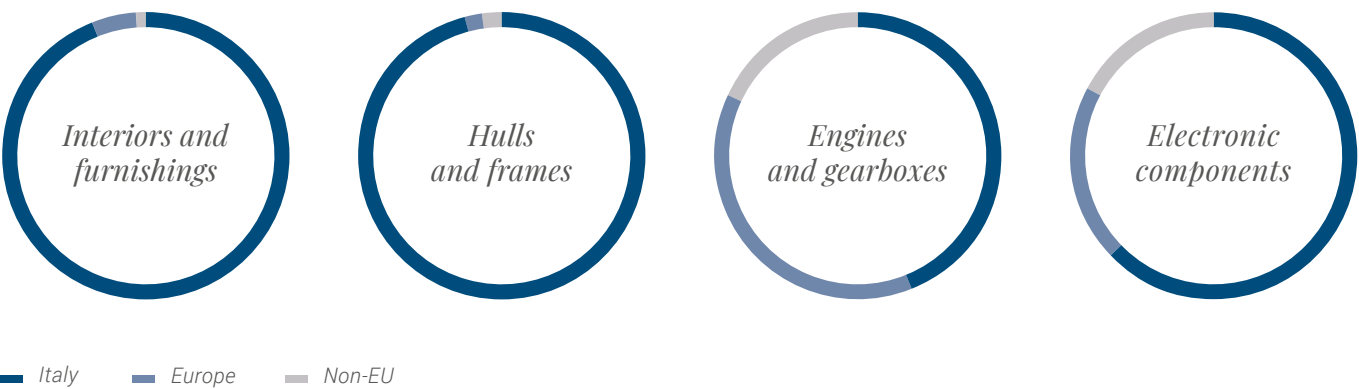
Breakdown into product categories of the total purchase volume and number of suppliers used (2019)



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 (2019)



REGION	NUMBER OF SUPPLIERS			PURCHASE VOLUME ⁴		
	2017	2018	2019	2017	2018	2019
ITALY	1.613	1.720	1.633	€ 301.117.045	€ 356.370.648	€ 352.185.316
EUROPE	220	250	230	€ 64.914.969	€ 73.027.537	€ 81.102.982
NON-EU	76	65	68	€ 20.721.354	€ 20.911.869	€ 24.401.336
TOTAL	1.909	2.035	1.931	€ 386.753.368	€ 450.310.054	€ 457.689.634

⁴ Purchases made within Italy through retailers whose production companies are located abroad have been counted entirely as foreign (Europe or Non-EU).

Confirming the Group's strong local presence, there is a concentration of turnover in the regions where its shipyards are located. In 2019, 22% of Italian purchases were made in the Marche region (home of the Ancona

and Mondolfo shipyards), 18% in Emilia-Romagna (where Ferretti is present at the Forlì and Cattolica facilities), and another 34% equally divided between Lombardy (Sarnico shipyard) and Liguria (La Spezia shipyard).



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.

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.

The product categories described above are also included, as well as "General, administrative and sales costs". Considering that the percentage of the economic volume spent on personnel costs in our sector for each product

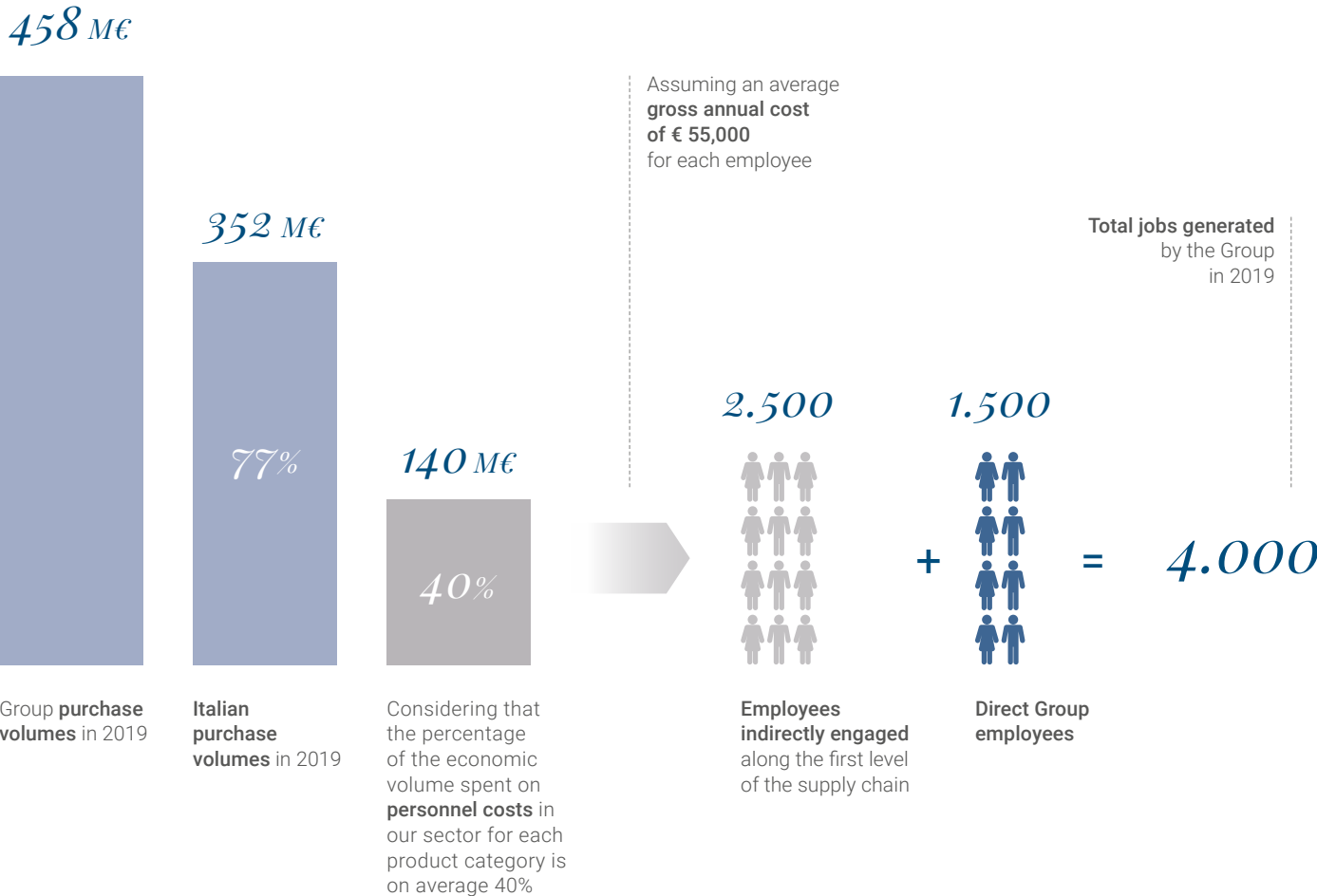
category is on average 40% of the total value spent, and assuming an average annual gross cost of €55,000 for each employee, this therefore gives a figure of approximately 2,500 people employed along the Group's supply chain.

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 (approximately 1,500 in 2019); an estimate of the total number of jobs created by the Group's business in 2019, therefore, gives a figure of around 4,000 people. It should be specified that this analysis does not, in relation to the product classes described above, include the subsidiary

Zago S.p.A., whose economic and employment impact on the Group will be described in the following section. To highlight the importance of Group value creation within Italy, it should be noted that this figure has increased on 2017, when the total value of jobs generated was

3,600 (2,200 generated along the supply chain and 1,400 direct employees of the Group). The Group's growth has therefore led to the creation of a further 400 jobs over the last two years.

Jobs generated along the value chain by the Ferretti Group in 2019



.4 Zago SpA: one hundred years of service to the maritime industry

Among the thousands of small and medium enterprises involved along the Ferretti 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.



Four generations across two centuries: the Zago family

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 years that followed, Zago began to specialise in maritime furnishings, injecting innovation into the sector and establishing itself as a national leader. In 1987 it established the first Italian patent for the construction of prefabricated cabins, and in 1989 the company participated in the construction of the passenger ship Crown Princess, commissioned by the historic shipping company P&O Princess Cruise Line. 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 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 entrusted Zago with the interior design of the CRN Clarena, one of the most symbolic full-custom 46 metre yachts of the time. In the space of ten years the company had begun to collaborate with the sector's leading shipyards and in 2004, to further support this growth, Zago joined the Ferretti Group. This allowed it to contribute even more fundamentally to the growth of the yachting sector.

Today the company employs 80 people in a production facility covering 12,500 square meters. The semi-industrial approach it has adapted allows it to deal flexibly with technically complex projects of any size.

The Zago S.p.A. supply chain

SUPPLIERS BY ECONOMIC VOLUME	NUMBER OF SUPPLIERS			PURCHASE VOLUME		
	2017	2018	2019	2017	2018	2019
Suppliers for 80% of economic volume	33	36	38	€ 15.033.494	€ 18.112.233	€ 16.524.311
Suppliers for the remaining 20% of economic volume	241	231	241	€ 3.743.491	€ 4.388.119	€ 4.061.995
TOTAL	274	267	279	€ 18.776.985	€ 22.500.352	€ 20.586.306

As the figures show, the Scorzè joinery's supply chain has not changed significantly over the past three years, except for a slight variation in the volume of purchases in line with variations in the number and size of orders managed.

One aspect of particular note is the fact that a small number of suppliers (38 in 2019) make up the overwhelming majority of the company's total purchasing turnover (80% of purchases). This close dependence on the company's key suppliers guarantees very high-quality levels, as demonstrated by many years of collaboration. It could also, however, pose risks to the structural resilience of the supply chain.

As regards the supply chain, it is also evident that the vast majority of Zago's economic volume is distributed to suppliers within a 160km radius of the company's registered office; this exemplifies the company's ability to generate local wealth and jobs in the area in which it operates.

Distribution of suppliers that make up 80% of the economic volume of the Zago S.p.A. supply chain – more than 70% of suppliers are located less than 160km from Scorzè, home of the Zago joinery.





In recent years, issues related to sustainability and the reduction of environmental and social impacts 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 Ferretti operates, are just beginning 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.

While this drive towards sustainability is dictated on the one hand by choices made by the future owners of our products, it is also propelled 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.

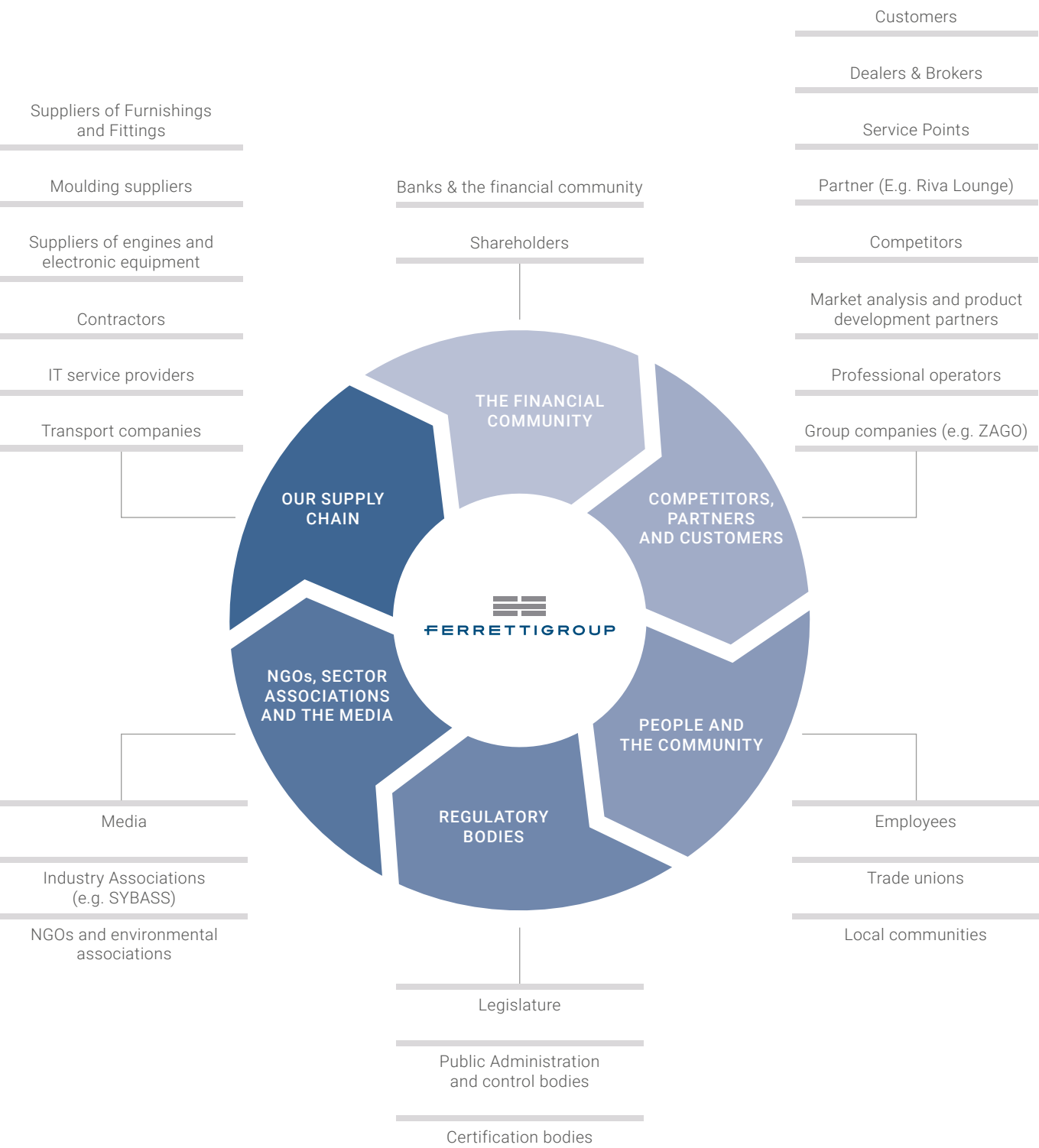
Ferretti begins its journey towards sustainability with the preparation of this first report, which starts by mapping the main impacts deriving directly or indirectly from its activities and whose objective is to increase internal sustainability awareness. This will lead, in the coming years, to the adoption of a more strategic vision on these issues to enable the Group's pioneering ideas to safeguard its rich heritage for future generations. The Group's first Sustainability Report was prepared following identification of the stakeholders involved throughout the supply 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 attention and future efforts, with a view to reducing its environmental impact and creating value for the community and the local area.

¹ Source: *The True Luxury Global Consumer Insight 2019*

.1 *Ferretti's*
stakeholders

For Ferretti, 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 Ferretti 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 Ferretti's activities along the entire value chain.



.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 activities (x-axis).

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 in the sector and a media analysis. The topics identified in this way constitute the issues that were submitted for management assessment.

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").

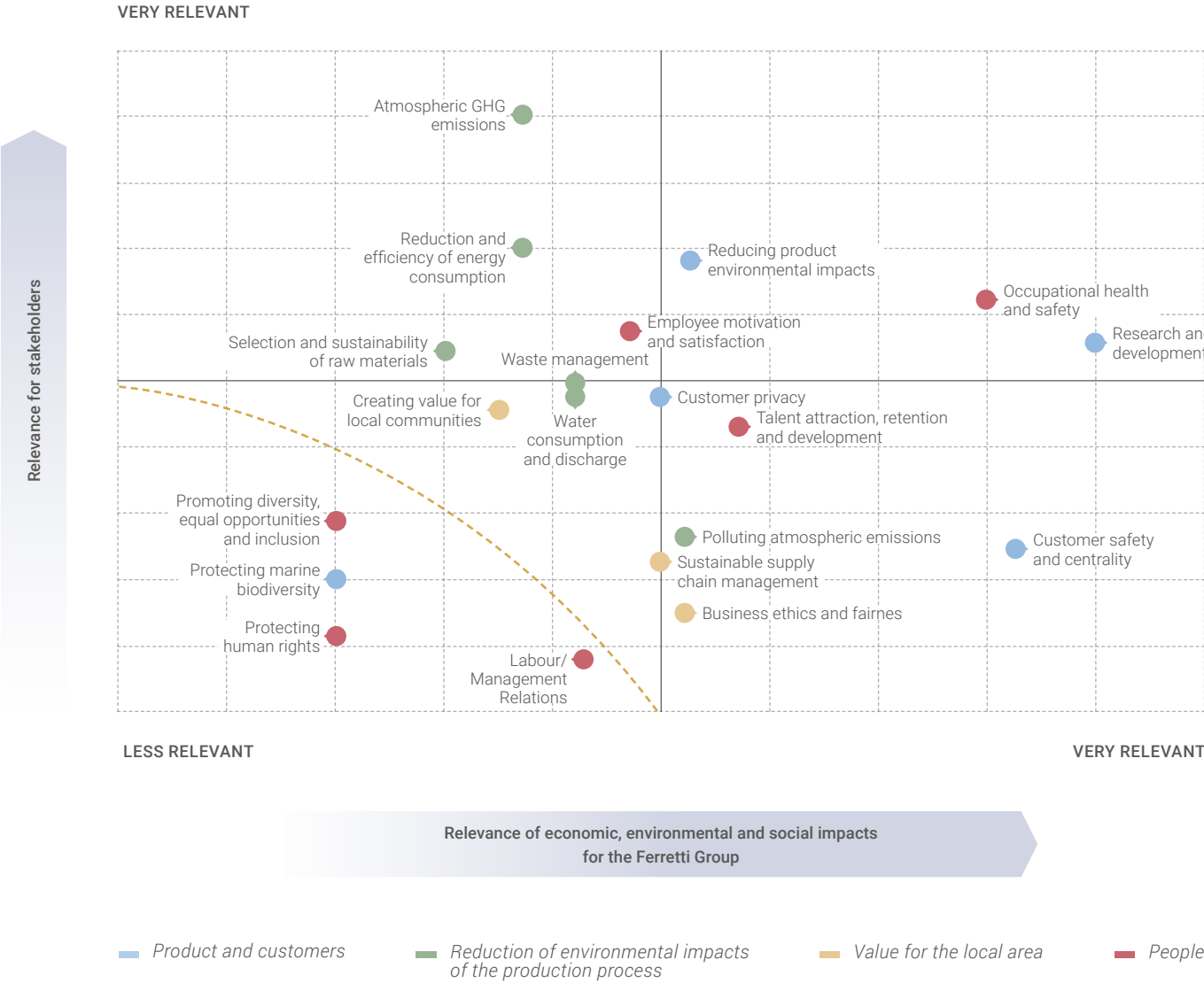
In this first Report the account regarding external stakeholders were enhanced by an analysis of the reference market accompanied by an analysis of the

media, the Group's main competitors and the socio-economic scenarios, as described above. These analyses, in addition to identifying the range of potential sustainability issues, have enabled the Group to highlight the sensitivity of each stakeholder category to each topic, thus defining the matrix's y-axis values. The Group intends in future to assess direct stakeholder involvement in order to improve the external perspective on the materiality analysis.

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

The materiality matrix reports a linear correlation between the topics that are relevant to Ferretti 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 assessing 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.

The topics above the yellow line are material for the Group and its stakeholders, and are therefore included within this report. Among the topics excluded from reporting, "Labour/management relations" and "Protecting human rights" were considered less relevant due to the excellent relationship between the 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.



Promoting diversity and protecting marine biodiversity, on the other hand, are topics of extreme importance to the Group, and are therefore the subject of targeted action and policies. The materiality matrix, however, expressly requires that these topics are considered in relation to the environmental, social and financial impacts they have for the Group. The relevance of these issues with respect to such impacts was therefore considered to be less significant than the other issues highlighted.

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.

To ensure maximum effectiveness of the analysis, each year the Group will 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.

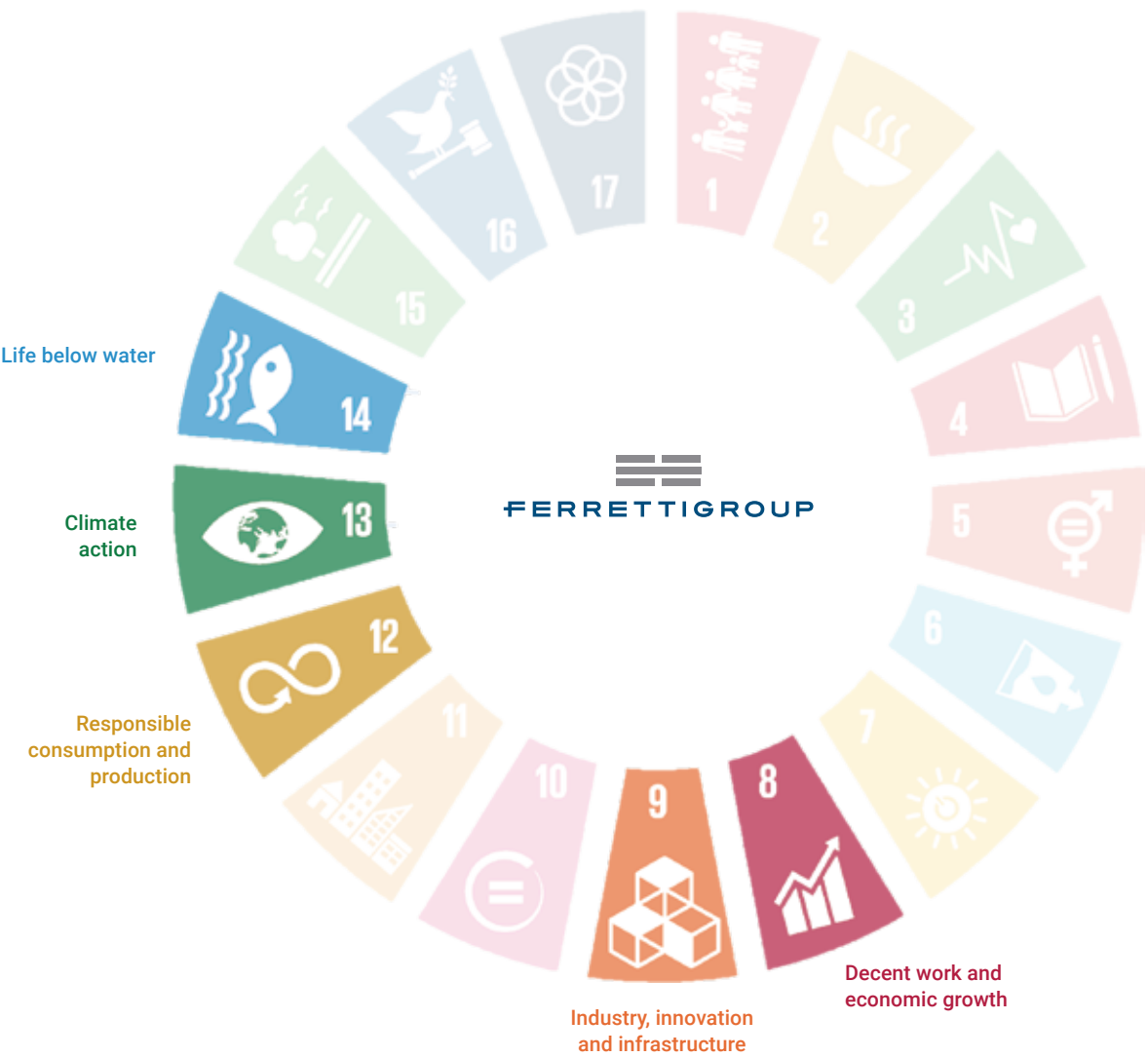
SUSTAINABLE DEVELOPMENT GOALS - SDGs

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.



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.



.1 *Quality:* world class yachts

Product quality and technical performance are the stand-out features that have enabled the Ferretti Group to establish itself within its market and earn the trust of its customers.

Every one of the Group's yachts features a high degree of complexity, a range of technical components, close attention to customisation and relatively limited production volumes.

In the interests of customer-led products, Ferretti offers customers a choice between three categories of models: serial, semi-custom and full-custom. The main differences between these models relate to construction methods, materials used, degree of customisation and product completion times.

- **Serial:** This category offers vessels of varying sizes, up to a maximum of 30 metres (100 feet), built using composite materials with specific characteristics that vary depending on the model. Starting from a pre-configured base product, the owner can choose to customise the boat

according to his or her own preferences, choosing between different options, especially as regards furnishings, and particularly in terms of the materials used for interiors and accessories.

- **Semi-custom:** products built using composite materials and between 30 and 48 metres (100-160 feet) in length. Constructed mainly in the shipyards of La Spezia for Riva, Ancona for Custom Line and Mondolfo for Pershing, the semi-custom models feature high levels of customisation.

- **Full-custom:** produced by the Superyachts Division at Ancona¹, this category includes yachts over 42 metres (140 feet), designed and built totally on demand to meet the specific request of the customer, who plays an active role in the development of the product, contributing at every stage of the value chain to create his or her own experience.

¹ Thanks to the flexibility of the brands in its portfolio allied with its highly skilled workforce, the Group is also able to offer full-custom models with metal hulls under the Riva and Pershing names. These include the Riva 50 and the Pershing 140, which are produced at the CRN shipyard in Ancona.

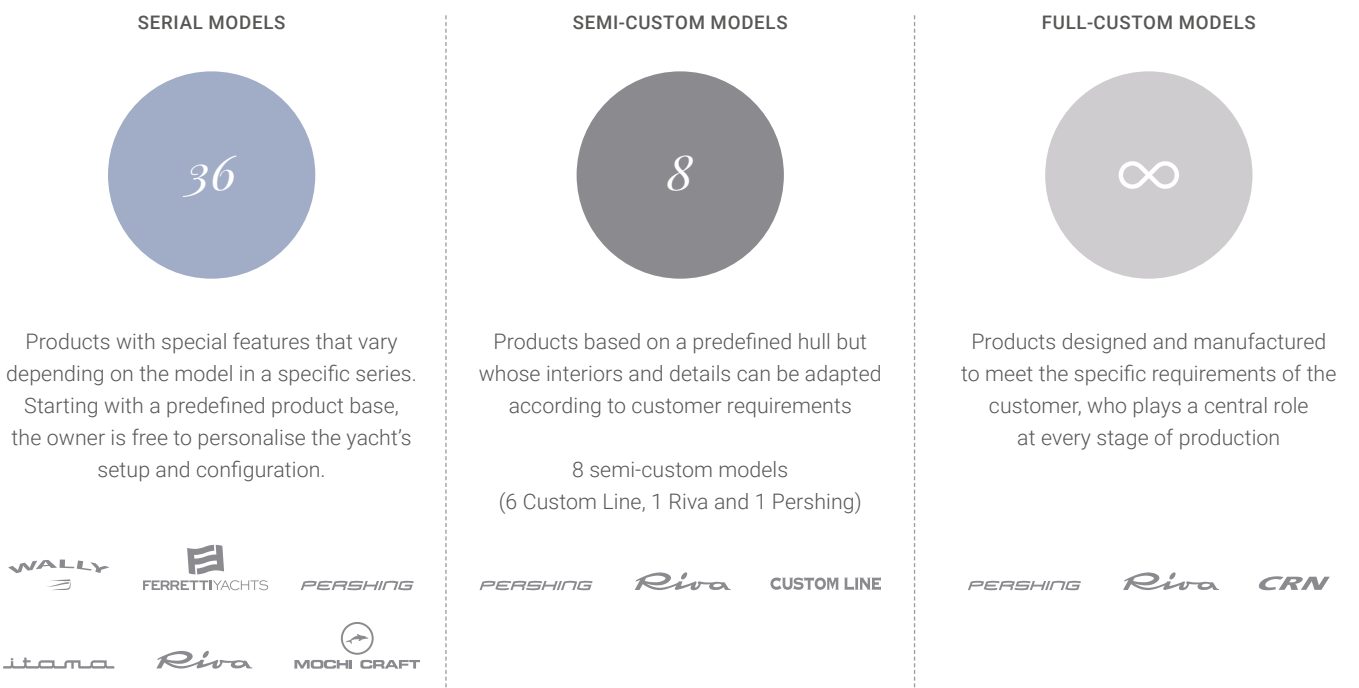


Figure 1: The 48 Wallytender, presented at the Cannes Yachting Festival 2019: an example of an “Open” serial model

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 yacht built to enjoy open-air activities.	Open-air activities, day trips, short cruises								
Coupè	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 coupè with an additional deck and greater focus on performance.	Medium-length and long trips and cruises								
Displacement	Spacious, comfortable yacht designed for long trips. Extremely safe and usable in all sea conditions. Limited cruising speed.	Long cruises								
Lobster	Inboard yacht with a design inspired by the boats traditionally used for lobster fishing off the coast of Maine	Day trips and short cruises								
SIZE			40' - 99' (12 - 30 m)	30' - 119' (9 - 36 m)	50' - 119' (15 - 36 m)	40' - 79' (12 - 24 m)	40' - 79' (12 - 24 m)	100' - 139' (30 - 42 m)	≥ 140' (≥ 42 m)	48' (15 m)

One of the fundamental stages in the path towards excellence comes with **ISO 9001:2015 Certification**², which guarantees that the highest quality standards are maintained, both in terms of corporate processes and customer satisfaction. Setting itself apart in the world of yachtbuilders, the Group 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. The process also sought to consolidate best practices and corporate expertise.

² The Group's quality certification does not yet encompass Zago and CRN, the latter having its own system.

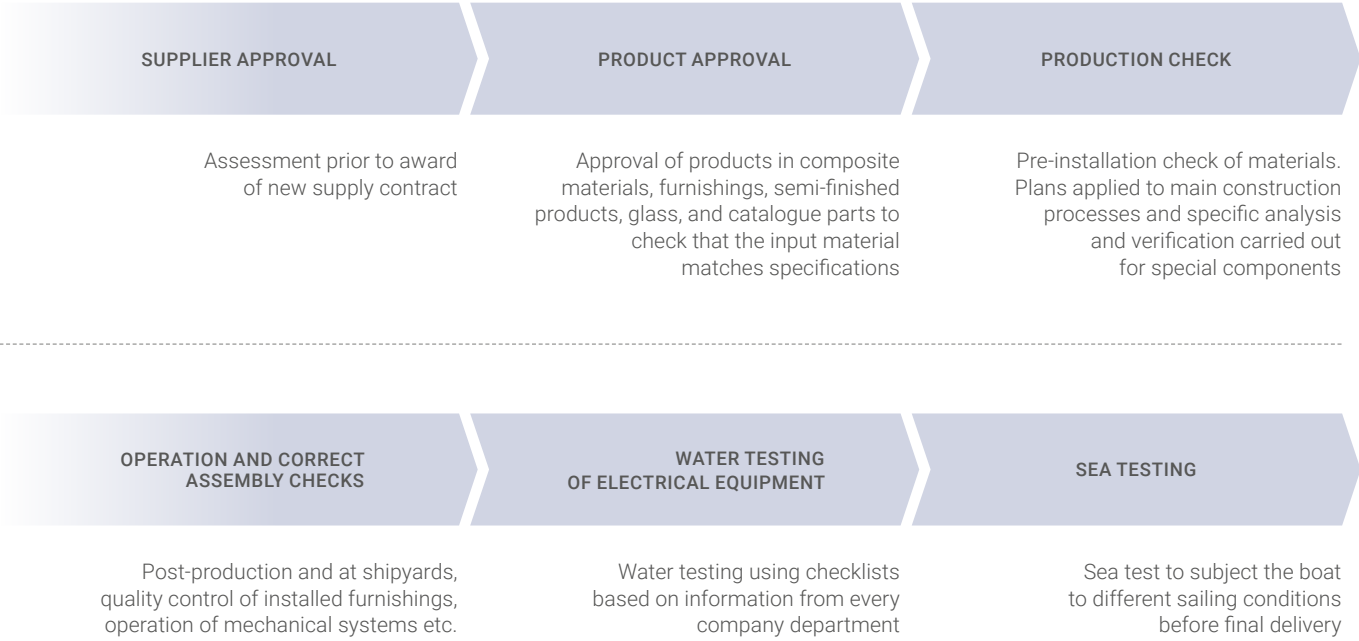
In addition to ISO 9001:2015, the Group has recently obtained the following additional certifications:

- **ISO 14001:2015** on environmental management systems, currently active only at the La Spezia site;
- **Biosafety Trust certification RINA:** active at all Group sites (except Zago), this is the first voluntary certification for infection prevention and control. 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 in 2020 and, more generally, to infections linked to the spread of viruses that are harmful to humans. This certification, which is still being accredited by Accredia, will be further described in the next Sustainability Report, as will the impacts related to the COVID-19 health emergency.

The quality system sets out specific responsibilities at two different levels. On the one hand, the central quality department **ensures the management and direct control of certain key aspects of the value chain** to ensure compliance with customer specifications and expectations: supplier development management, product improvement, problem-solving, testing and approval.

On the other hand, plant managers are entrusted with **product quality control**, with local supervision of production processes and assembled product quality control.

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 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, Ferretti 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**³ 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, Ferretti 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 boats". Certificates are issued which certify that the product meets the requirements of the relevant approval standards, including tests for the various components.

In 2019 there were no non-conformities related to consumer health and safety aspects of the vessels produced and sold.

³ Directive 2013/53/UE.



.2 *Research, innovation and sustainability:*
the new product development process

As mentioned above, 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.

It was for this reason that when new management took over in 2014 the Ferretti Group began a new phase of investment, spending over Euro 100 million between

2015 and 2019 on modernising the product range of all its brands.

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 most significant example is the work done to comply with the Tier 3 Programme of the USA's Environmental Protection Agency, which sets out a comprehensive approach to reducing the impacts of motor vehicles on air quality and therefore on public health.

STRATEGIC PRODUCT COMMITTEE



The **Strategic Product Committee** supervises meetings to define product ranges, overseeing requirements and time-to-market, and reviews each product before it is formally approved

OPERATIONAL PRODUCT COMMITTEE

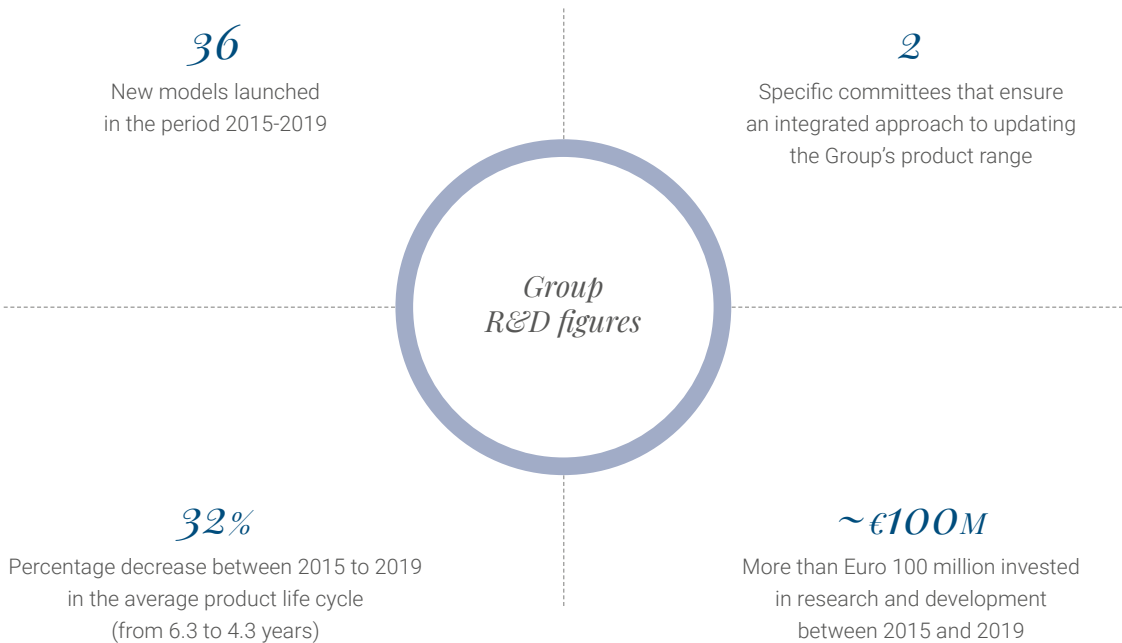


The **Operational Product Committee**, on the other hand, reviews projects from a technical and architectural perspective, in order to guarantee their optimisation in terms of human resources and implementation times.

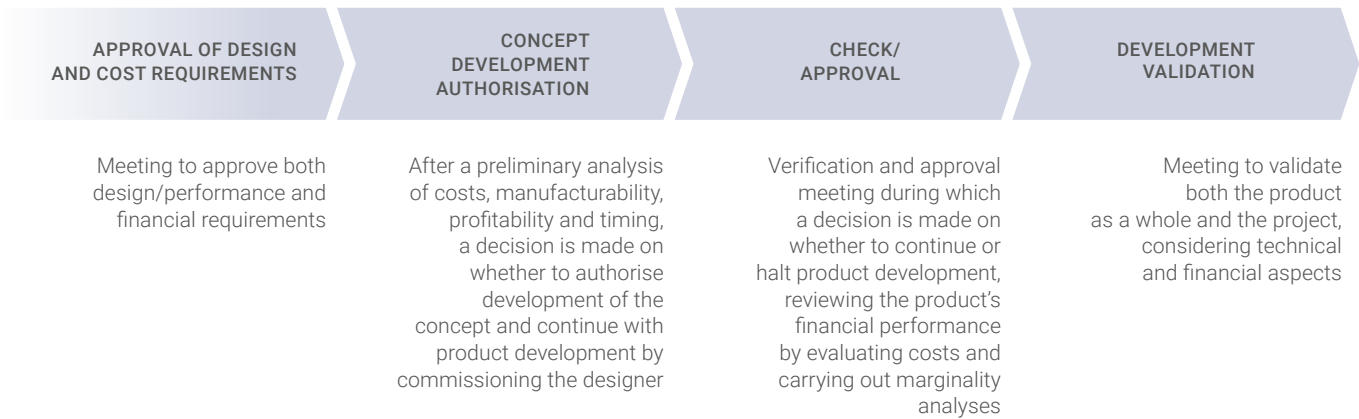
Both **Committees** work according to a process with several phases; the decision-making process is only undertaken when work at every stage of the project has been addressed and implemented correctly. This ensures that every new model is in line with the Group's strategy and targets.

Thanks to work carried out by the Strategic and Operational Committees, the Group was able to present and launch 36 new models on the market between 2015 and 2019.

This allowed the range to be substantially modernised and means that the product catalogue is constantly updated.



The development of a new product or the restyling of an existing one follows a structured process, as shown below:



In the interest 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.

As such, Ferretti constantly considers the market's best solutions and monitors changes in applicable regulation so as to adapt to such changes. It also evaluates proposals, suggestions and pressure from clients and from the market itself. Research and the guaranteed durability of products, materials, components and systems are designed to extend their useful lives and thus delay decommissioning and the significant environmental repercussions associated with that process.

As part of a yacht's life cycle the following three components must be considered specifically, since they can affect the sustainability performance of the product.

- The efficiency of **fuel consumption during use** is a key factor, in particular for greenhouse gas emissions. This consumption is a function of the efficiency of the engine and the overall weight of the boat, but also of the way it is piloted. Weight reduction, especially of the hull, is an area of particular interest.

- **Materials** and **component** types, including the consumption of resources associated with them, their production and their decommissioning are the second most important factor. Extending the life cycle of its yachts through high levels of quality and maintenance helps Ferretti reduce the impact of components and materials. It is in this area that the Group brings all its skills to bear. The technical functionalities of a yacht are varied and involve multiple categories of components and materials, each one featuring different levels of development, and varying in their capacity to benefit from technological innovations that reduce the product's environmental impact. The steps identified are therefore specific for each of the large families of components and materials (hulls and shells, mechanics, furnishings and fittings).

- As regards **end of life**, the yacht and its component parts can be entirely dismantled; interiors, engines, equipment and systems can all be recycled, though the hull presents a greater challenge. 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.

Materials for a yacht made from composite materials

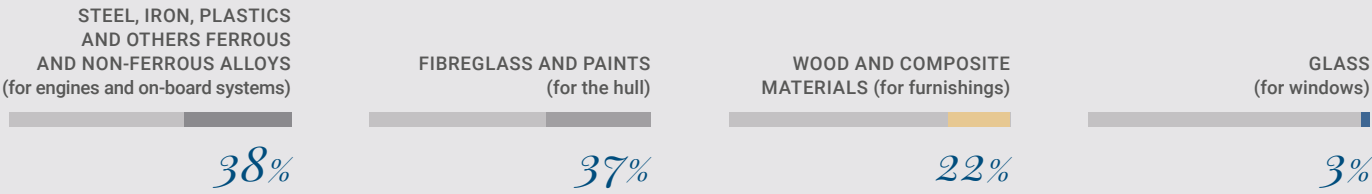
The main raw materials used in a production cycle are:

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

The following image provides an example model in composite materials to illustrate how materials are used in its construction.



Custom Line Navetta 37



Yachts made of metallic materials

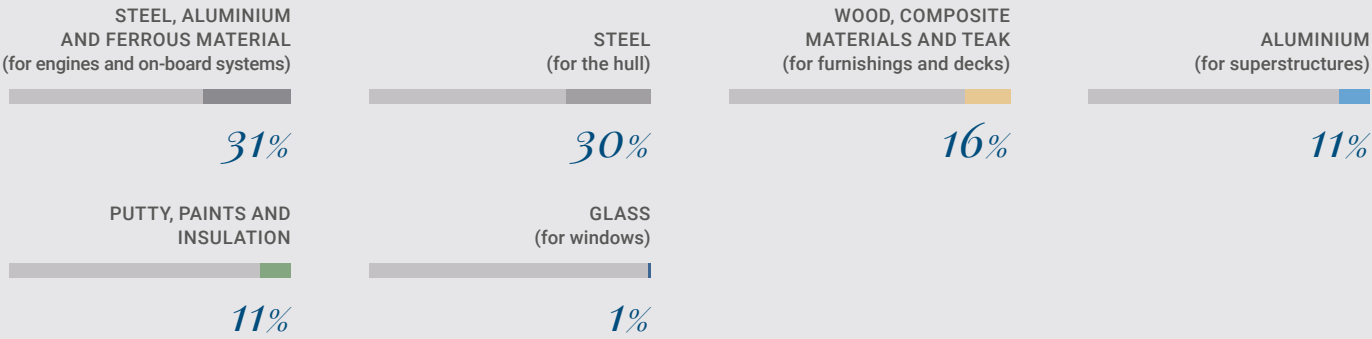
The main raw materials used in the production cycle are:

- **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%**.

The following image provides an example model with a steel hull to illustrate how materials are used in its construction.



Riva 50METRI



FOCUS ON 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 Ferretti 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.

In the latest Pershing 8X (2018) the hull is built with epoxy resin infusion and the deck is made of carbon.

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 (seen below).



MECHANICS: IN PURSUIT OF EFFICIENCY AND THE HYBRID CHALLENGE

In addition to the weight of the yacht, 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), and electrical systems and components. 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.

Adapting to applicable norms and research into alternative propulsion methods, including hybrid and electric engines, are taking on increasing importance in the development of new models.

The most pressing objective is to increase the efficiency of diesel engines, reducing consumption and emissions of polluting and greenhouse gases. On average these engines consume 800-1000 litres of fuel per hour at cruising conditions. While the total hourly use of Ferretti yachts is limited (vessels such as those produced by the Group are used for an average of 120 hours each year), the number and size of these yachts mean that their consumption must be scrutinised until new alternative propulsion systems offering equivalent performance become commercially available. 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 evolution towards alternative, hybrid and electric engines presents a complex challenge for the sector and requires solutions to problems related to the weight of batteries. These increase overall weight, present a greater fire risk, and must be correctly disposed of. Hybrid engines may already be installed at the request of the customer.

Nevertheless, the Group's drive for innovation has meant we were the first company in the leisure sector to introduce the cutting-edge solution **Hybrid Propulsion**, an innovative propulsion system that allows yachts under 24 metres in length to operate in Zero Emission mode. The system is particularly innovative because it reduces emissions and, above all, noise during sea stops. 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 costs⁴.

In 2019, the Ferretti Group, through its FSD division, won a tender for the design and construction of 16 patrol boats for the Carabinieri. The new FSD N800 are equipped with a fibreglass-carbon hull and can be propelled by a newly developed hybrid Transfluid diesel/electric engine 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 subject to the most stringent environmental protection regulations.

⁴ For further information on the Fer.Wey hull and the Hybrid Propulsion system please visit our website: <https://bit.ly/2P0qgu0>

CRN and IMO TIER III Certification

In early 2019 CRN became the first shipyard in Italy to receive IMO Tier III certification for the CRN M/Y 137, a 62-metre megayacht built in steel and aluminium. IMO Tier III is the International Maritime Organisation's standard that sets out the shipbuilding industry's commitment to reducing environmental impacts; CRN has been certified since its first pleasure boat was delivered in early 2020.

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

This reduction is compulsory for all pleasure boats with a gross tonnage of more than 500 GT that are authorised to sail in all geographical areas and whose keel was laid after January 1, 2016.

Compliance was 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.

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, and is also required for access to any European port.

FURNISHINGS AND FITTINGS: RESPONSIBLE SUPPLY

Another key area in which Ferretti 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.

Furnishings, fittings and materials are developed and applied according to a co-design approach: the concept and layout is achieved with Ferretti's 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.

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

Zago has always placed great emphasis on the supply of its raw materials; all the wood it purchases comes from responsibly managed forests and the suppliers it chooses are particularly sensitive to the issue of deforestation and the environmental impact of wood production.

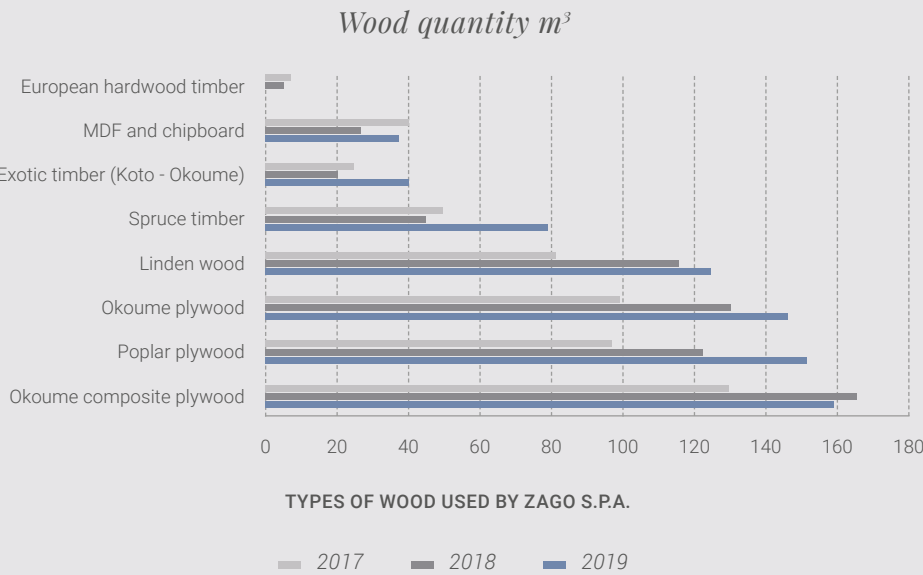
The materials it uses boast numerous certifications guaranteeing that they were sourced from controlled forests. These certifications also play close attention to the impact of this wood over its entire life cycle. One example is the FSC certificate, awarded by the Forest Stewardship Council.

Okoume plywood, which is purchased from an FSC certified supplier, is considered the most water-repellent wood available. It belongs to the mahogany family and is pinkish in colour, and because of its characteristics may be used for the construction of doors, windows and the most delicate parts of yacht furnishings.

In addition to the finest woods, the product portfolio also includes poplar or lime plywood structures, composite, excellent mechanical performance,

guaranteeing maximum durability, strength and smoothness. These are always provided by suppliers who are particularly attentive to the sustainability of the production cycle of their materials, such as Alpi S.p.A. When supplying linden wood, for example, Alpi S.p.A. 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; all operational and documentary processes are overseen by the relevant authorities.

In addition, to ensuring that its wood is responsibly sourced, Zago creates healthy and eco-friendly decorative surfaces by conducting indoor formaldehyde aerodispersing tests and gradually introducing ZeroF products, i.e. those with no added formaldehyde. Also in order to guarantee health and safety both in the areas where the furnishings are worked and where they are used, the company uses cycles of water-based paint rather than solvent-based lacquering.



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. This over the years has grown the customer base, while the global base

has been expanded and the niche aspect of the market has been maintained. It is a segment of the high-end luxury goods sector and therefore focuses on an extremely select clientele for whom confidentiality and privacy are key factors in their relationship with suppliers.

Ferretti traditionally operates in a market featuring an extremely select customer base of high net worth individuals who are particularly sensitive to issues surrounding confidentiality. Recognising its social responsibilities, and in order to comply fully with the principles of personal data protection as set out in the GDPR⁵, Ferretti has appointed an external Data Protection Officer (DPO). In 2019, there were no reports of customer privacy violations.

⁵ 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

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.



The Ferretti Yachts 670 (2019) Joystick offers an intuitive and customisable interface, as well as surprisingly easy sailing and manoeuvring.



The Integrated Helm Station of the Custom Line models Navetta 42' (left) and Riva 90' Argo (right): the integrated dashboard makes sailing easier by offering a simple and intuitive interface.

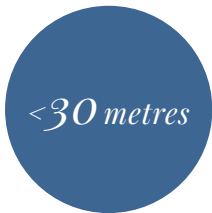
CUSTOMER CARE & SATISFACTION

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), in 2019 the Group expanded its global broker network to ensure a stronger

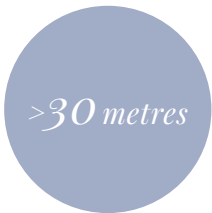
foothold in particularly key markets. Ferretti also improved the internal sales structure by supporting the network with direct sales outlets (Milan, London, Monaco, Mallorca, Fort Lauderdale, Palm Beach, Shanghai and Hong Kong).

Commercial strategies according to yacht size



Sales through dealers

(present in 74 countries around the world)



Sales through brokers (over 300 worldwide)

and other Group direct sellers.

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 the 24-hour 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.



Customers and the Service University

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. The 2018 edition also saw overseas captains making up 70%. 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.

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. In 2019, sales of pre-owned boats generated 6.4% of total revenues from contracts with Group customers, exceeding Euro 40 million in total revenues.

COMMUNICATION INITIATIVES

The Ferretti Group has a portfolio of internationally recognised brands, which is a winning factor and of strategic importance. The Group therefore continually invests in initiatives to communicate values, strengthen brand image and build customer loyalty. In this regard, customers are involved in brand awareness, marketing and communication activities, such as attending trade fairs, product launches and other events, in addition to digital interaction through the corporate website, the individual brand sites and the social media channels.

The identity and image of the Group brands are bolstered by numerous projects and initiatives, including boat shows and events, and in particular attendance at the main global

trade fairs, the organisation of specific events for the launch of new products, customer engagement and the celebration of Group and brand anniversaries.

In particular, the Group organises a number of exclusive events reserved for a limited number of guests, such as new product launches, exclusive Premières and major celebrations. The 2019 programme includes eight such events in Venice, Monaco, Miami, Abu Dhabi, Ibiza and Las Vegas.

On the other hand, as far as involvement at sector events is concerned, the Group takes part in the main trade fairs every year and the programme for 2019 includes 10 boat shows in Europe (Düsseldorf, Palma de Mallorca, Venice,

Cannes, Monaco), North America (Miami, Palm Beach, Fort Lauderdale), Asia Pacific (Singapore) and the Middle East (Dubai).

Trade fairs are a crucial opportunity to acquire new customers and consolidate existing ones. There are two European fairs on which we particularly focus, one in Dusseldorf in January and the “Cannes Yachting Festival” in September. This latter event, not to be missed by yachting professionals and enthusiasts, takes place every year in the Vieux Port in Cannes and Port Pierre Canto.

The “kermesse” is one of the highlights on the calendar, with shipyards and designers from all over the world

meeting to present their new products for the very first time. It is the main exhibition fair and the largest on the water in Europe.

Also overseas, Ferretti takes part in the two renowned fairs to present the latest models to the American market. The Miami Yacht Show is held in February and the Fort Lauderdale International Boat Show (FLIBS) takes place in Florida between October and November. In 2019, Ferretti participated at the latter show with two new models presented the month before in Cannes for the European market - the Ferretti Yachts 720 and the 48 Wallytender - alongside an array of other great classics.



With more than 500 yachts on display, the Cannes Yachting Festival, which takes place every year in September, is the world's leading luxury yachts event



View of the Monaco Yacht Club during the Première, an exclusive event for the Group's customers held every year in September



.1 Our shipyards

The quality, innovation and reliability of our yachts are 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 shipyards are located in Forlì, Cattolica, Ancona, Mondolfo, Sarnico and La Spezia. These are mainly assembly sites, where the finishing, testing and delivery processes take place, but also house a significant part of the tooling process, i.e. the production of moulds for the shells.

The production of fibreglass shells

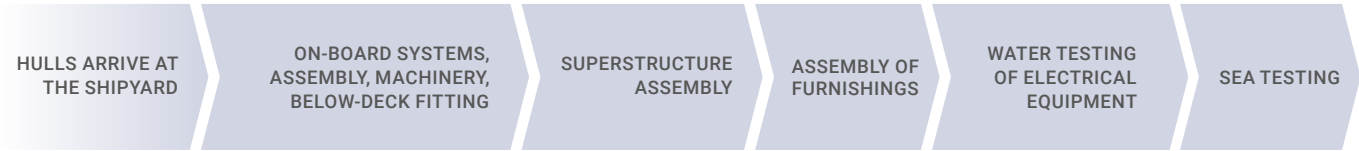
Fibreglass is a composite material, i.e. a system consisting of two or more phases, whose properties and performance are designed to be superior to the constituent materials acting independently. In this specific case, i.e. the yachting world generally, fibreglass is a system consisting of fibre fabrics (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 spaces. This second working methodology allows a greater control of materials, layers and better standardisation of the production process.

The 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.

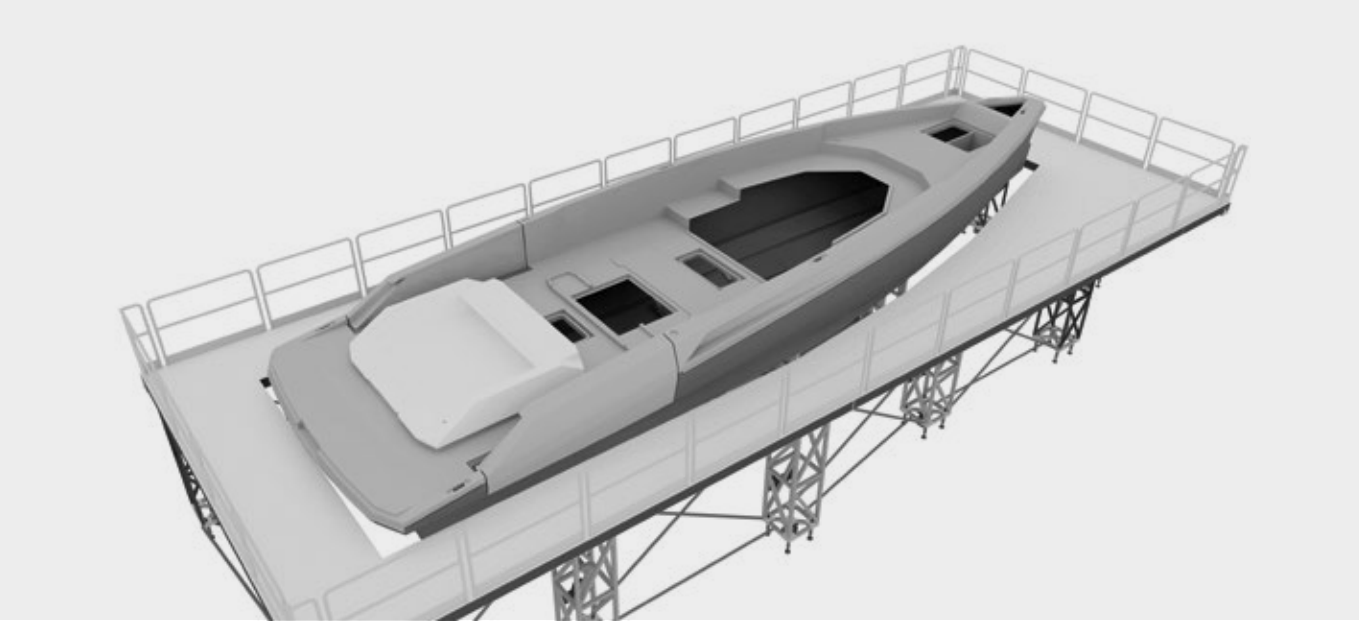
Activities carried out at a typical shipyard



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



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 La Spezia and Ancona, the launch is carried out by the shipyard at sea, in Sarnico on Lake Iseo. For the other yards, land transfer to the nearest ports by special transport is undertaken.

Most yachts that are ready to sail are delivered by sea as water-to-water cargo, eliminating 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.



FORLÌ
The site and the shipyard

The Forlì shipyard is the site of production facilities for Ferretti, Itama and Wally yachts and also houses the Group's head offices. The current site occupies a total surface area of 38,920m² (of which 16,127 m² is covered). This includes the extension carried out following the 2019 acquisition of an adjacent facility in order to provide adequate space for modernisation works.

This modernisation was designed to create new production areas for the Wally range. These spaces will be equipped with mobile scaffolds for in-line production. Work will be completed in two phases, first in 2020 and then in mid-2021.



The Forlì shipyard

CATTOLICA
The Ferretti Tradition

The Cattolica production centre opened its doors in 2001, and is the production site for Ferretti Yachts, motor yachts between 22 and 30 metres in length. The shipyard stretches over a total surface area of 12,200m², of which around 6,750m² is covered, and is equipped with 16 assembly stations. The facility meets the most modern efficiency requirements, affording space for the

simultaneous construction of up to 16 motor yachts between 20 and 30 metres in length. 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.



The Cattolica shipyard

THE SHIPYARD OF THE FUTURE

The Mondolfo shipyard

The Mondolfo plant, a futuristic space covering around 45,100m², of which over 13,000m² 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. In recent years, the Mondolfo shipyard has been the centre of an incredible design evolution that has led to the development of the Pershing Generation X.

The production site boasts a large, innovative painting booth measuring around 430m² where yachts are dry painted.

The test tank is used for all hydraulic checks (engines, exhausts, bilges and generators) and for yacht waterproofing tests. The travel lift allows hauling and launches to be carried out in the test tank.



The Mondolfo shipyard offices

MULTI-BRAND HUB AND CENTRE OF EXCELLENCE

Ancona Superyacht Yard

The Ancona maritime hub 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 pleasure boats in addition to the entire Custom Line fleet in composite materials.

The Superyacht Yard covers an area of 73,300m², of which around 31,250m² 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 metres up 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. 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 25 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.



The Ancona shipyard

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 meters. 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 site covers a total area of 43,400m², 17,100m² of which is covered.



Riva shipyard at Sarnico, Lake Iseo

THE RIVA SHIPYARD AT LA SPEZIA

A leap into the future

The production hub at La Spezia, the only Group hub to have obtained ISO 14001:2015 certification in addition to 9001:2015 certification¹, 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 30,000 m², of which almost 14,000m² 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. In 2018, the authorisation process for an expansion and restructuring project, dictated by increased production capacity requirements, was launched and will be completed by mid-2021.

Ferretti has obtained approval for the new project, a subsequent variant on the seafront and will present a further variant on the roadside in 2020.

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.



The La Spezia shipyard

¹ ISO 14001 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.

The Fort Lauderdale shipyard and refitting site

Over the years the Ferretti Group has assumed a global dimension and currently operates through a network of offices, dealers and brokers located across Europe, Asia and America. This guarantees a presence in the key nautical 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 in Fort

Lauderdale and offices in Fort Lauderdale and Palm Beach, through a network of stores and dealers specialising in the distribution and marketing of brands across the North American market. Since late 2019 the Fort Lauderdale site has carried out ordinary and extraordinary maintenance work, upgrades and dedicated work - functions of particular importance in a market where sailing hours are high all year round.



.2 Environmental impacts

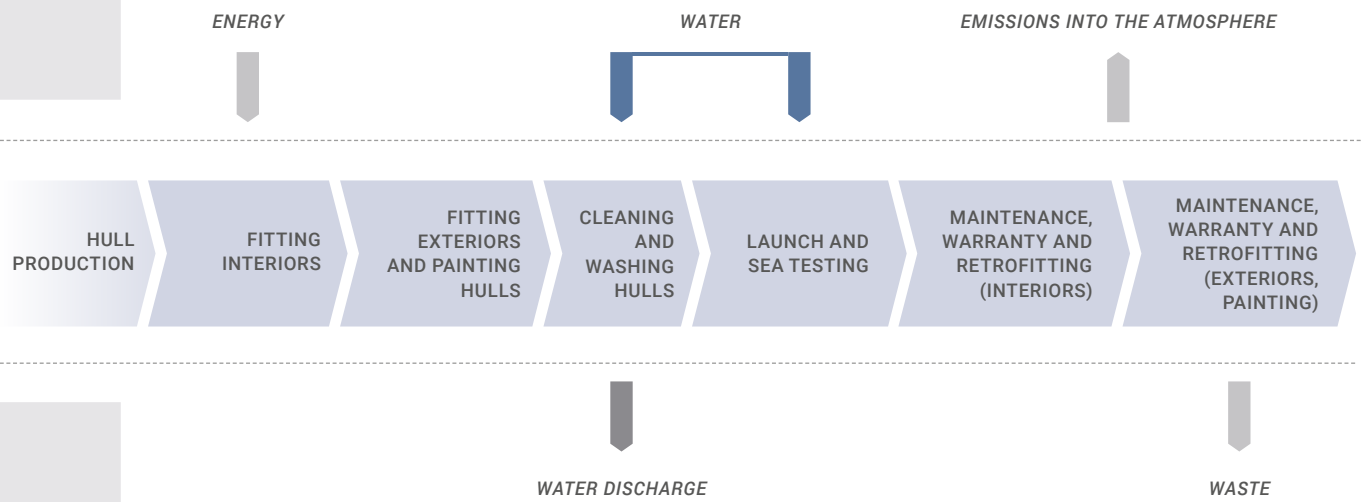
The protection of the environment, together with the health and safety of workers and the technological and production development, are fundamental and enabling elements of the Group’s growth process. Improving environmental performance is therefore an integral part of the shipbuilding development policies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

Responsibilities for the management of environmental impacts are assigned to reference figures at site 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



ENERGY AND CLIMATE FOOTPRINT

The Group’s top source of fossil fuel energy consumption is natural gas, which is primarily used to heat indoor premises, to produce domestic hot water and to heat painting booths, where present. The Group’s consumption of natural gas decreased in 2019 due to more efficient plant use, in addition to renovation works carried out at the Ancona site (where a warehouse was demolished to make room for a new structure that does not rely on gas for heating purposes). 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 fleet² and, to a lesser extent, to heat the Zago site. Consumption rose in 2019 due to the increased number of yachts built and launched by the Group. In addition, diesel consumption grew at the Ancona site in 2019 due to the increased use of forklifts for boat hauling³ and apron handling activities.

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

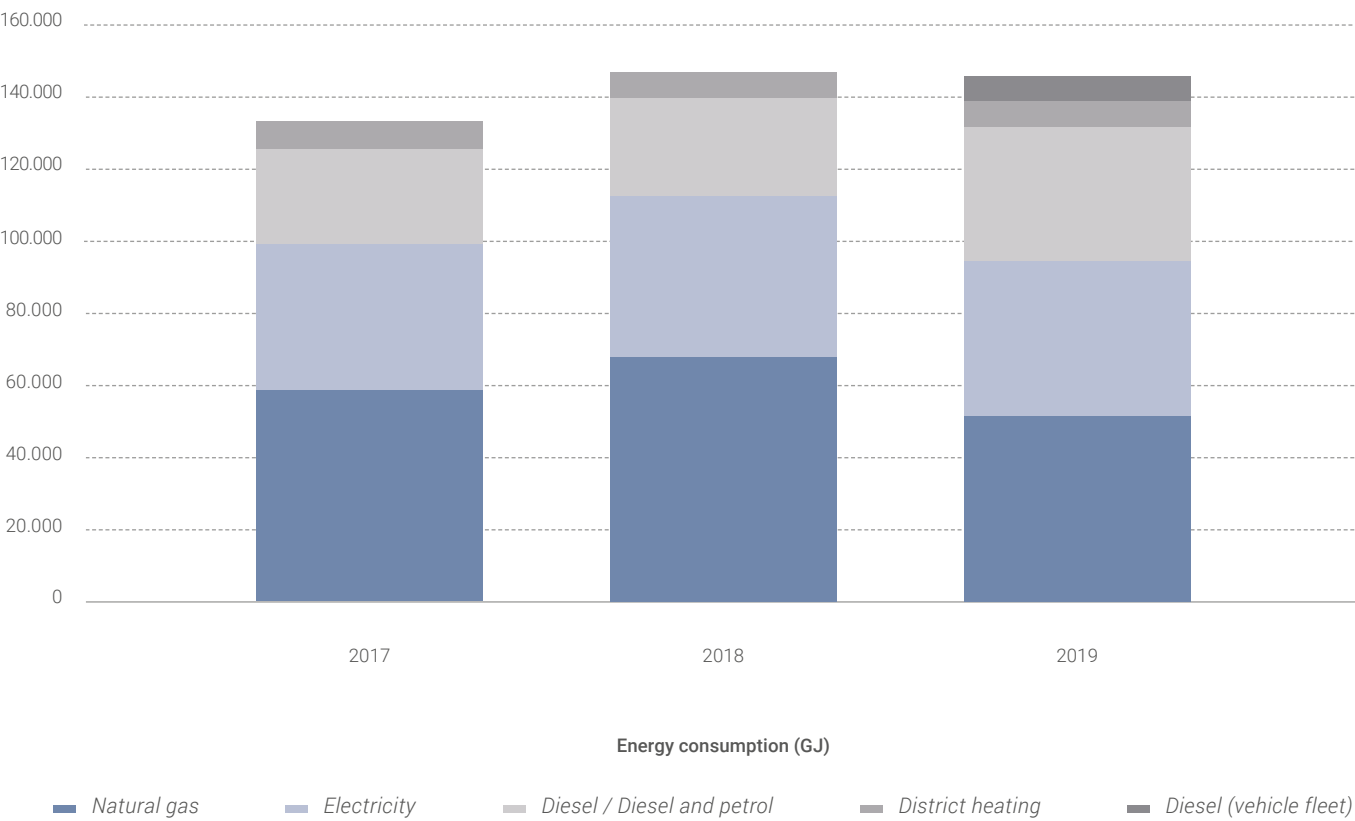
The Group’s second-largest source of energy consumption is electricity, which is primarily used to power production departments (such as compressed air systems, dust extraction systems, air inlet and extraction systems in painting booths, refrigeration units and woodworking machines).

The remaining part of electricity consumption is related to lighting, particularly in sheds, which accounts for about 20% of total electricity consumption. Aware of the impact technology has on consumption, in 2015 Ferretti upgraded the lighting systems in its production warehouses 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.



² Data on the company vehicle fleet is only available for 2019.
³ Towing is the towing of a boat from a position on land; it may be used, for example, to bring the boat to dry land in order to make maintenance work possible.

Total annual energy consumption (GJ) by energy source



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. (Ancona for CRN S.p.A.) for the mandatory diagnoses carried out in 2015 and 2019. While they are not mandatory, energy audits were carried out on all sites in 2016, and in 2020 a new campaign is planned for all Group sites, 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). The most significant among such initiatives in 2019 was the installation of the **trigeneration** plant at 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. The first photovoltaic systems are already working on the roofs of the new warehouses in Ancona. A further extension of photovoltaic production is planned in the La Spezia renovation project between 2020 and 2021 and in the 2021 budget for the other facilities.

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

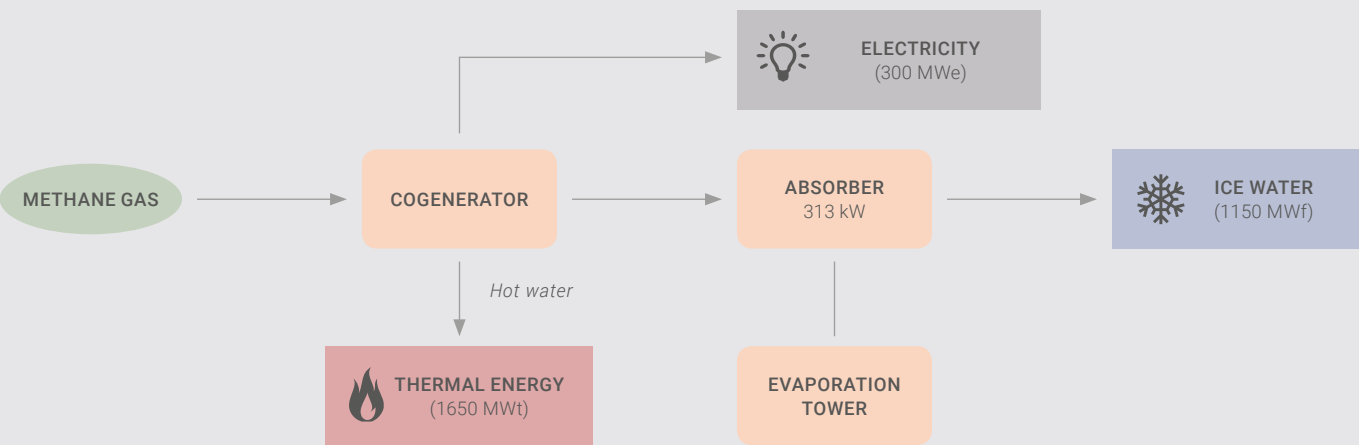
At the end of 2019, we began construction on a trigeneration plant to produce electrical, thermal and cooling energy at our Ancona site. The plant will reduce the amount of electricity and heat needed to air-condition production environments, while meeting the needs of the Super Yacht Yard in Ancona,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

Samso S.p.A. – an Energy Service Company (ESCO) – is behind the project's conception and roll out. The company designs, constructs and funds energy efficiency initiatives in Italy, and this particular scheme

entails the installation of a high-efficiency gas-fired cogenerator with an electrical power of 500 kW_e, a thermal power of 600 kW_h, 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 has been fully up and running since January 2020.

Trigeneration plant



At the end of 2019, the Group also 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 power installed is 189kW, of

which 70kW already in operation in 2019. In order to ensure maximum efficiency of the lighting systems, the existing lamps have been replaced with modern LED lamps.

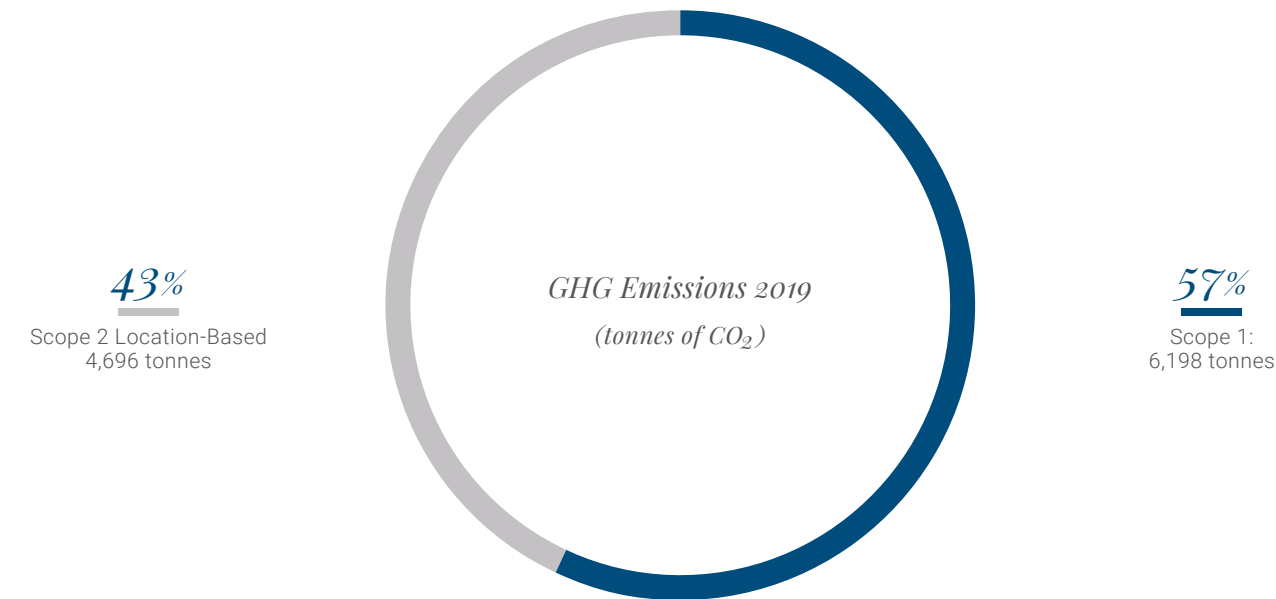
The commitment to increasing its awareness of the climate impacts of its activity and production processes and a commitment to reducing these impacts are part of the Ferretti Group's responsibility and demonstrate its focus on future generations.

Greenhouse Gas (GHG) emissions are calculated using a standardised methodology⁴ 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 those related to business travels, raw material production, inbound and outbound logistics.

These categories are not currently reported by Ferretti 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.



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

⁴ "GHG Protocol Corporate Accounting and Reporting Standard (2004)" (available at <https://ghgprotocol.org/corporate-standard>)

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 and Mondolfo, modern suction systems and systems

designed to reduce emissions of volatile organic compounds are installed in accordance with the specific authorisations.

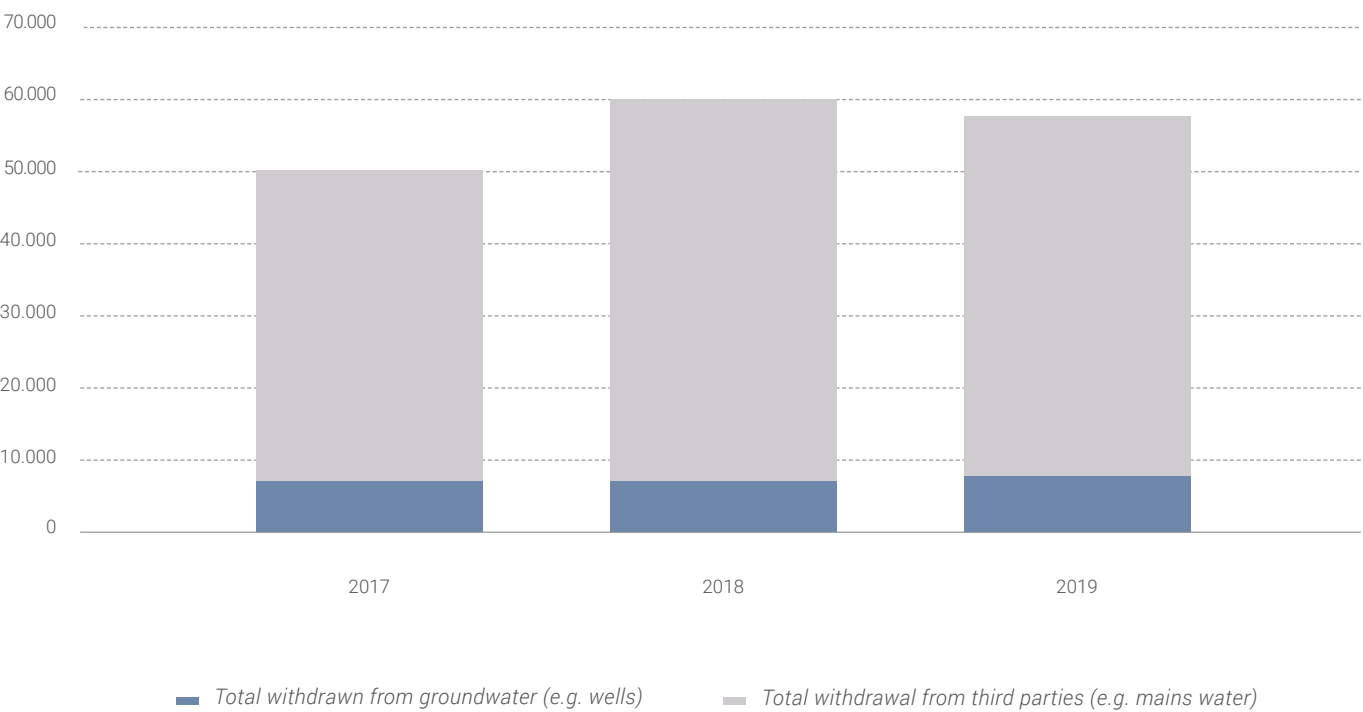
An advanced **fibreglass infusion printing** system is used at Forlì. The infusion of composite materials is a production process which is increasingly used to improve the aesthetic quality of the final product and to reduce total labour costs. The general principle of infusion is to "absorb" resin into 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.

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 the Group carries out, Ferretti's shipyards do not require significant water consumption, and water is sourced chiefly from mains water, with a minimal percentage coming from well water, depending on the site. None of the sites are located in water-stressed or particularly sensitive areas.

Drinking water is used for hygienic and sanitation purposes. Water for industrial use, on the other hand, is used to fill tanks in which buoyancy tests for finished yachts are carried out (e.g. Mondolfo) 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.

Water withdrawal by source (m³)



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.

Where no discharge authorisation is available, as in 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.

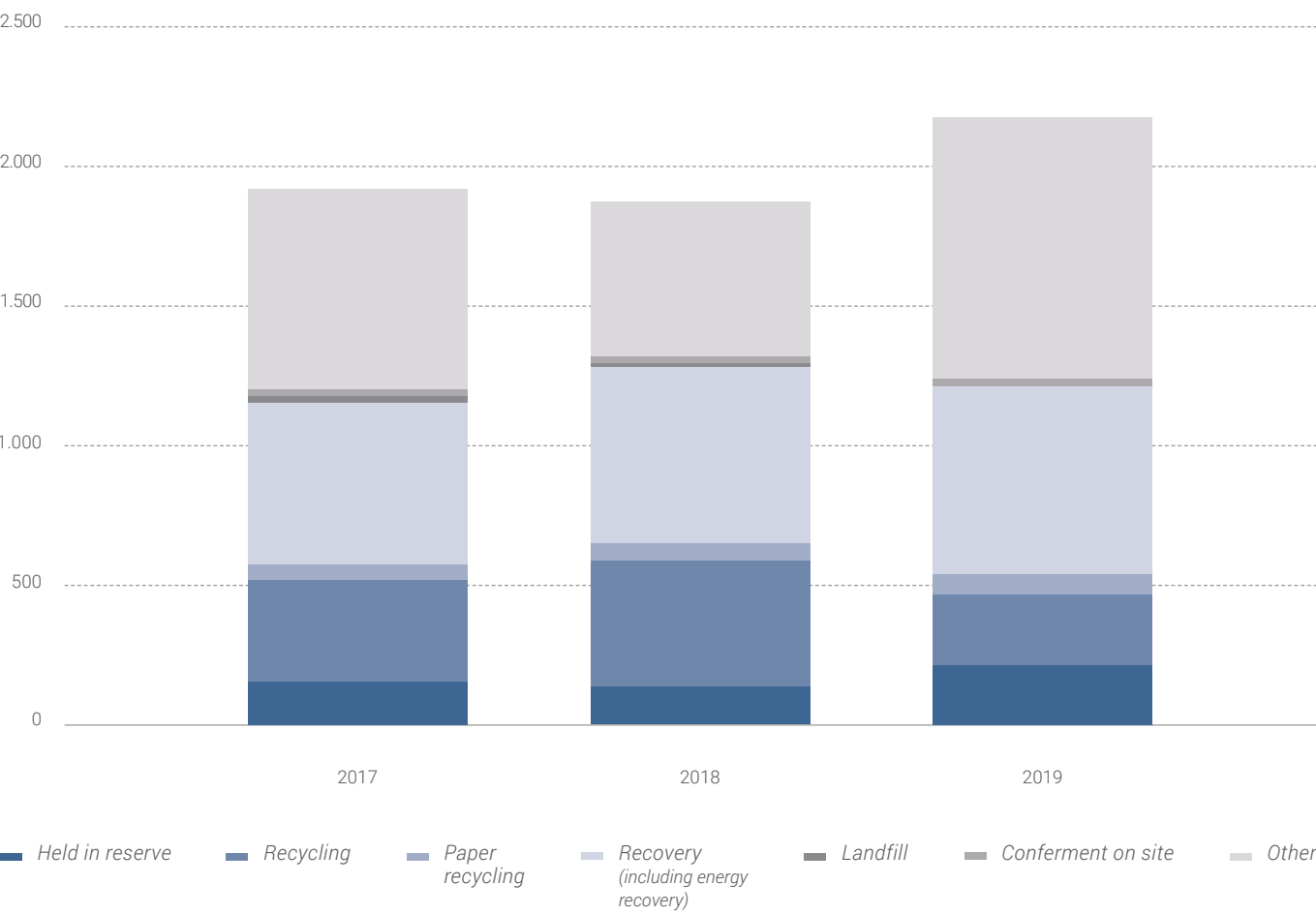
WASTE

Ferretti 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 6% of the total) comprises solvent mixtures, products used in painting booths, fibreglass scraps, or oils, waste emulsions and dirty packaging in general. Of this type of waste, 37% is sent for regeneration which, for waste oils, consists of recycling or recovery through the relevant groups.

Non-hazardous waste: quantity and processing method (tonne)

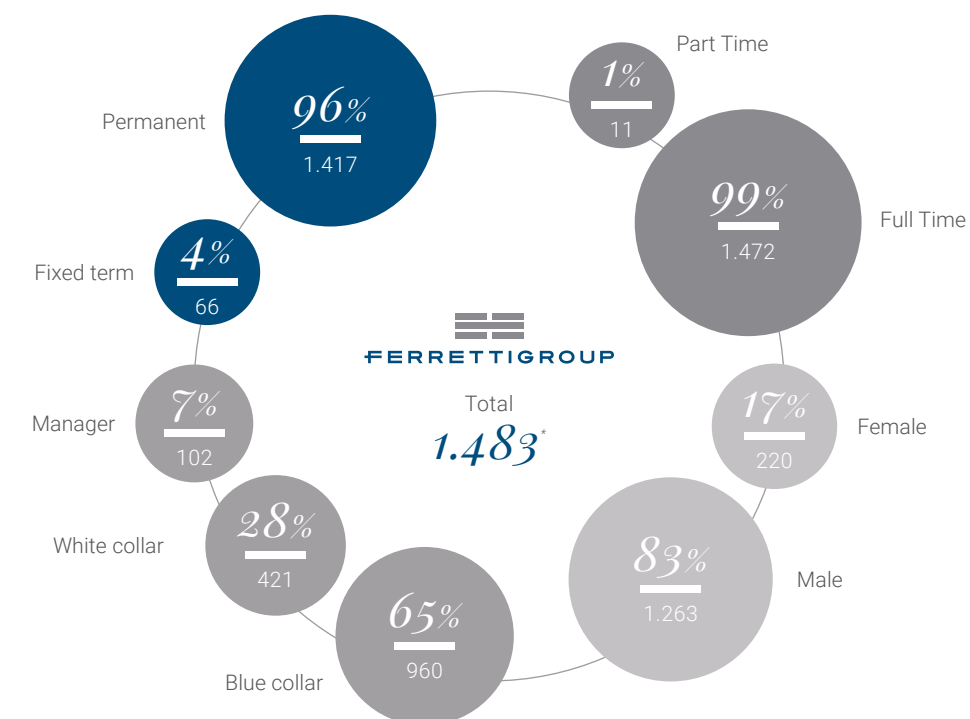




.1 Key figures

Building some of the world's most beautiful yachts requires a special crew, one that is able to bestow on our products the excellence, passion and quality that set Ferretti 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 love and passion for excellence and the pride of building unique masterpieces.

At Ferretti, 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 himself or 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.



* The employees of the AMAS region are excluded, corresponding to 40 white collars and 11 blue collars.

At the end of 2019, the Group¹ employed a total of 1,483 staff, a slight increase on previous years (+2% compared to 2018 and +6% compared to 2017); of these, the vast majority were hired on a full-time permanent contract.

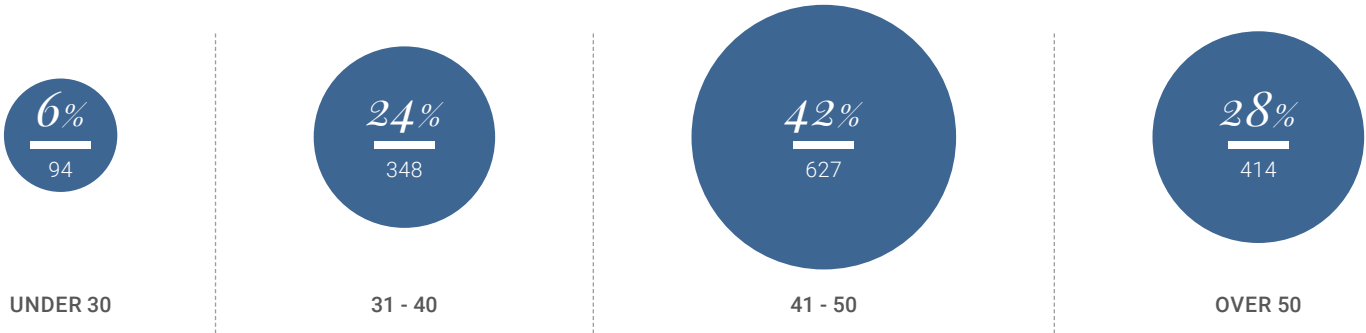
The gender breakdown shows a preponderance of male workers, though there is a clear correlation between contract type and gender: women make up 39% of office

workers, compared to a lower percentage of managers (25%) 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 198 women were employed by the Group in 2017, this number now stands at 220, an increase of 11%.

TYPE OF EMPLOYMENT CONTRACT	GENDER	2017	2018	2019
MANAGERS	Female	21	21	20
	Male	73	76	82
	Total	94	97	102
WHITE-COLLAR	Female	144	155	164
	Male	221	241	257
	Total	365	396	421
BLUE-COLLAR	Female	33	34	36
	Male	910	928	924
	Total	943	962	960
TOTAL	Female	198	210	220
	Male	1,204	1,245	1,263
	Total	1,402	1,455	1,483

Company personnel is also distributed evenly between age groups, with around 40% of employees between 41 and 50 years of age.

¹ The scope of reporting of all personnel data in this section includes Ferretti S.p.A, Ferretti APAC, Zago S.p.A. and C.R.N S.p.A.



The Group also features particularly high levels of seniority; 34% 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.

	AGE	2017	2018	2019
NEW HIRES DURING THE REPORTING PERIOD	Under 30	30	39	54
	between 31 and 40	24	41	42
	between 41 and 50	24	27	24
	Over 50	3	6	1
	Total	81	113	121

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	2017	2018	2019
TOTAL NUMBER OF INTERNS (curricular and extra-curricular)	32	31	62

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. Among the shipyards most supported by the external contractor workforce are La Spezia and Ancona, where the work done by subcontractors constitutes around 80% of the total hours worked.

.2 Training and development

Training and development play a key role in enhancing the Group’s human capital. At Ferretti, employees are guided and involved at every stage of their development, using specific tools in line with their experience and role within the company.

The last two years, for example, have seen an in-depth examination of Lean Management topics, whose approach envisages the application of Lean Thinking principles. This approach guarantees continuous improvement in the company’s performance, creating value for customers by increasing competitiveness, facilitating the management of business processes and thus helping to reduce waste. Lean Management has been pursued through training courses across the company such as 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.

Another example of a training course designed to promote the Lean approach is the 5S Methodology, implemented at the Group’s facilities. This is a simple procedure to manage 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). Other specific courses related to “Business Performance Improving and Lean Accounting” and, finally, particular attention was paid to the development of Engineering skills; six chosen staff took part in the Master Impact Innovation, a training course specifically designed to increase the company’s ability to generate innovation.

Thanks to the courses on offer, in 2019 more than 15,000 hours of training were provided to our 1,483 employees. This was a significant increase on previous years, up 60% compared to 2017.



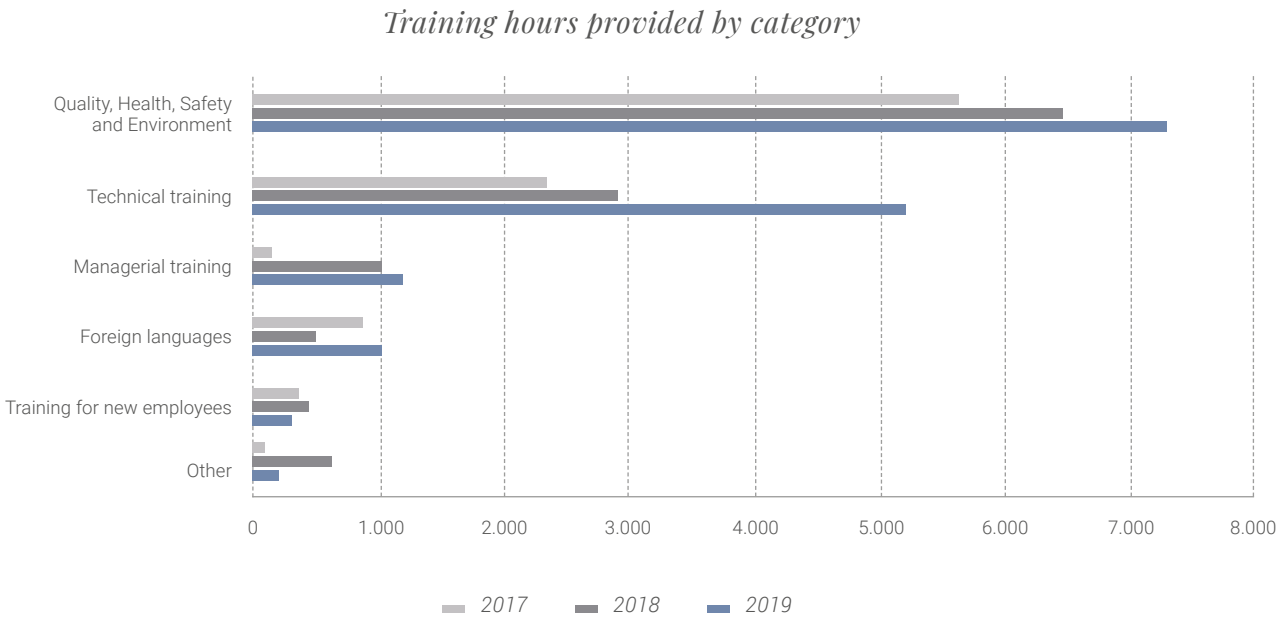
Analysis of the number of total hours of training for each employee and by each professional category

reveals a growth in the number of hours in line with the type of worker.

AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY	UNIT	2017			2018			2019		
		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
MANAGERS	H	9.2	8.8	9.1	20.7	25.5	21.7	22.6	17.3	21.5
WHITE COLLARS	H	9.3	7.6	8.6	17.0	10.2	14.3	18.7	10.6	15.5
BLUE COLLARS	H	5.8	4.9	5.8	4.3	5.2	4.4	6.8	5.4	6.7
TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES	H	6.6	7.2	6.7	7.8	10.9	8.2	10.2	10.4	10.3

The most significant training categories are those related to employee health, safety at work sites and the development of technical and functional skills, ranging from role-specific training (which includes courses on specific machinery,

quayside work, the 5S methodology, quality processes, etc.) to more general skills and which involve the vast majority of the company’s personnel.

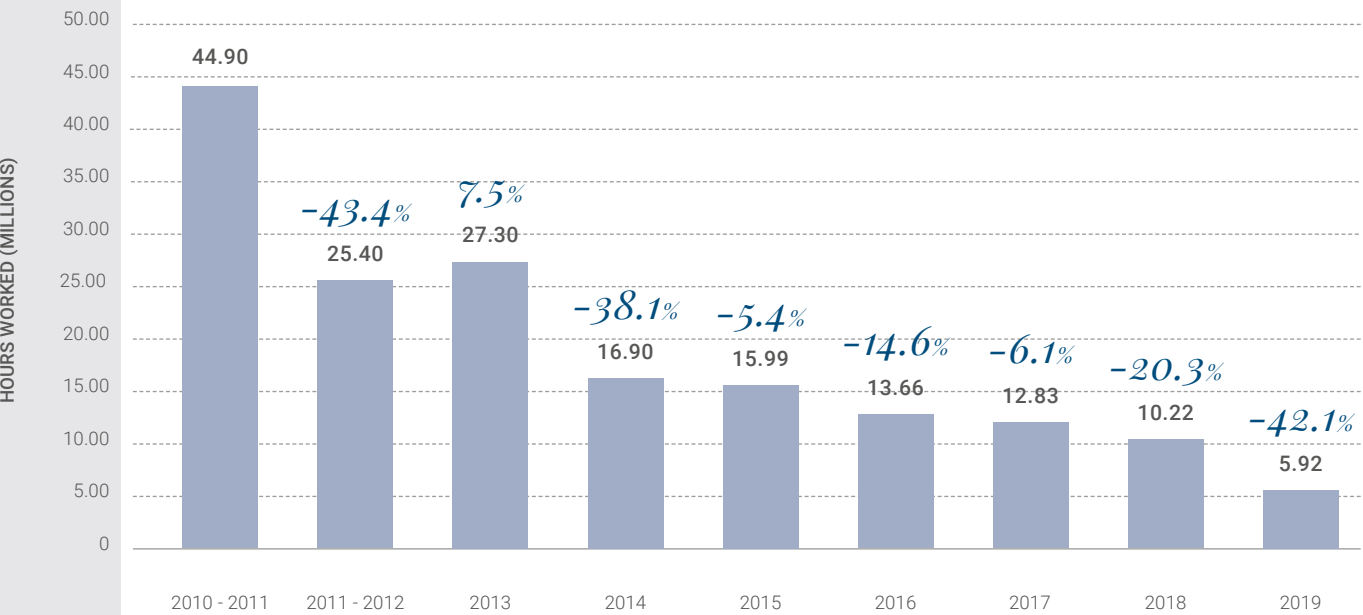


² For 2017 and 2018 the reporting scope covers Ferretti S.p.A. and CRN S.p.A., while for 2019 the figure for Zago S.p.A. is also included. The latter provided a total of 186.5 training hours in 2019.

.3 Health and safety

Health and safety of our workers have always been fundamental themes for Ferretti; ensure a safe and comfortable work environment is not just a priority aspect for the Group, but represents a strategic and development factor for the whole company.

Accident frequency index trend (no. of injuries / million hours worked) in the last 9 years – Ferretti S.p.A.



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. The existence of a sizeable external workforce constitutes one

Over the past 10 years, thanks to a series of measures and policies aimed at reducing the accident rate of its workers, Ferretti reduced the index of frequency of injuries (i.e. the number of injuries each million hours worked) by 87%.

of the most significant aspects for occupational health and safety. 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 and a very slight vibration risk.

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 that have emerged in previous weeks are discussed. Any accidents or near-misses occurring in this time period are also analysed, along with related corrective measures, 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.

Main investments for safety at shipyards 2019-2020

- Lifelines on all overhead cranes
- Badge activation of woodworking machinery
- Badge activation of overhead cranes
- Regularisation of scaffolding at Cattolica

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.

SAFETY MEETING



Monthly meeting at every shipyard to discuss accidents and corrective measures.

OMT MEETING



Monthly meeting between the employer and facility managers to discuss the measures adopted, practices to be followed and any critical issues.

These measures for the prevention and management of injuries have led to positive results in recent years, including the achievement, in 2019, of the most important milestone: zero serious injuries, i.e. those entailing an

absence of over six months (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	UNIT	2017	2018	2019
Employee work hours	No.	2,241,965	2,303,468	2,370,243
Total number of recordable workplace injuries, including deaths	No.	45	34	30
of which injuries during commute (only if transport was arranged by the organisation)	No.	0	0	0
of which workplace injuries with serious consequences (> 6 months absence), excluding deaths	No.	2	3	0
of which deaths	No.	0	0	0
Recordable work-related injury rate (calculated per 1,000,000 hours worked)	-	20.1	14.8	12.7 ³
Serious work-related injury rate (calculated per 1,000,000 hours worked)	-	0.9	1.3	0.0
Death rate (calculated per 1,000,000 hours worked)	-	0	0	0

³ The work-related injury rate figure given here 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 CRN S.p.A. and Zago S.p.A., while the earlier table reporting data to 2010 relates to Ferretti S.p.A.



Health coverage – COVID-19

During the health emergency caused by the COVID-19 (the impacts of which will be discussed in detail in the next Sustainability Report), the Group supported its workers with specific health coverage that included various services. The coverage includes transport and transfer between

treatment centres, general medical expenses, a medical and domestic support worker, childcare and post-treatment assistance (for treatment exceeding seven days).

.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 2019, however, only 7% of company personnel joined the scheme; the programme is currently being redefined to include initiatives that focus on well-being.

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.



.5 Local initiatives

Family Open Days

Every year, in early spring, our shipyards open their doors to the families of the Group's workers, allowing young and old alike to discover not only their relatives' workplaces but also the workshop where some of the most beautiful yachts in the world are built. The Family Open Day is a great collective moment for the Group's staff, as they

gather with their loved ones in an area that is usually restricted. There is a party atmosphere - in compliance with the shipyard's safety regulations - as the Group's many families experience first-hand the work that their nearest and dearest carry out every day.

Il Miglio Blu (The Blue Mile)

La Spezia has always been one of the most important maritime production districts in the world. It is home, among others, to the Ferretti, Sanlorenzo, Baglietto and Fincantieri shipyards. 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; Ferretti 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.



.1 *Reporting* criteria

This Sustainability Report represents the Group's first step on its path towards sustainability; in creating this document the company has chosen to report on its main environmental and social initiatives, activities and performance.

In order to accurately and clearly define the topics covered in this report, the Group organised an internal workshop designed to select the most relevant issues considering both its impacts generated and its main stakeholders. This process led to the creation of the materiality matrix, which was defined according to the chosen reporting framework: the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

The Group undertakes to publish its Sustainability Report on an annual basis; this report, for the year 2019, has been prepared using the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") reporting framework published in 2016 by the Global Sustainability Standards Board, in accordance with the GRI-referenced approach, as required by Standard 101: Foundation, paragraph 3. This Sustainability Report refers to specific standards of the framework that have been chosen for reporting. They are summarised in the table below:

REFERENCE	MATERIAL TOPIC	GRI ASPECT
PRODUCT AND CUSTOMERS	Customer privacy	GRI 418: 2016 Customer privacy
	Reducing product environmental impacts	-
	Customer safety and centrality	GRI 416: 2016 - Customer health and safety
	Research and development	-
	Selection and sustainability of raw materials	GRI 301: 2016 - Materials
PEOPLE	Employee motivation and satisfaction	GRI 401: 2016 - Employment
	Talent attraction, retention and development	GRI 404: 2016 - Training and education
	Health and safety	GRI 403: 2018 - Occupational health and safety
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
	Sustainable supply chain management	GRI 414: 2016 - Supplier social assessment GRI 308: 2016 - Supplier environmental assessment
REDUCTION OF ENVIRONMENTAL IMPACTS OF THE PRODUCTION PROCESS	Waste management	GRI 306: 2016 - Effluents and waste
	Polluting atmospheric emissions	-
	Water consumption and discharge	GRI 303: 2018 - Water and effluents
	Reduction and efficiency of energy consumption	GRI 302: 2016 - Energy
	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 will be published annually and will be distributed to stakeholders through the Company’s usual communication channels.

All figures reported refer to the reporting year between January 1, 2019 and December 31, 2019, 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 2018 and 2017, 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 2019.

- **direct GHG emissions (Scope 1)** produced by the Group 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 2019. As regards District Heating and Diesel used for the company vehicle fleet, 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 2019”. Specifically, in calculating CO₂ emissions associated with the vehicle fleet, the reference factor for “Upper medium” vehicles was used.

- When calculating **Scope 2 Location-Based**¹ indirect greenhouse gas emissions, the factors used were those published by Terna in the document “International Comparisons 2018 - 2017 data”. For **Scope 2 Market-Based** emissions the emission factor used was the one published in 2019 by the Association of Issuing Bodies in the document “European Residual Mixes – Results of the calculation of Residual Mixes for the calendar year 2019”.

For any information regarding this document please contact margherita.sacerdoti@ferrettigroup.com

¹ 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 based on the national “residual mix” was used.

.2GRI
Content Index

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH
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	6.1
	102-12	External initiatives	3.2
	102-13	Membership of associations	3.1
STRATEGY 2016	102-14	Statement from the senior decision-maker	Welcome from our CEO
GOVERNANCE 2016	102-18	Governance structure	1.4
	102-24	Nominating and selecting the highest governance body	1.4
	102-32	Highest governance body's role in sustainability reporting	1.4, 3.2
STAKEHOLDER ENGAGEMENT 2016	102-40	List of stakeholder groups	3.1
	102-42	Identifying and selecting stakeholders	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
	102-50	Reporting period	7.1
	102-51	Date of most recent report	The Group's first Report
	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

GRI 200: Economic Standards series

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSIONS
ECONOMIC PERFORMANCE 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	201-1	Direct economic value generated and distributed	2.3	-
PROCUREMENT PRACTICES 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	204-1	Proportion of spending on local suppliers	2.3	-
ANTI-CORRUPTION 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	205-3	Confirmed incidents of corruption and actions taken	1.4	-

GRI 300: Environmental Standard Series

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSIONS
MATERIALS 2016	103-1,	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	301-1	Materials used by weight or volume	4.2	Ferretti does not currently have all the data necessary to fully cover the indicator; The Group undertakes to improve its data gathering processes in coming years.
ENERGY 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	302-1	Energy consumption within the organization	5.2	-
	302-4	Reduction of energy consumption	5.2	-
WATER AND EFFLUENTS 2018	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	303-1	Interactions with water as a shared resource	5.2	-
	303-2	Management of water discharge-related impacts	5.2	-
	303-3	Water withdrawal	5.2	-
	303-4	Water discharge	5.2	-

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSIONS
EMISSIONS 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	305-1	Direct (Scope 1) GHG emissions	5.2	-
	305-2	Energy indirect (Scope 2) GHG emissions	5.2	-
EFFLUENTS AND WASTE 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	306-2	Waste by type and disposal method	5.2	-
ENVIRONMENTAL COMPLIANCE 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	307-1	Non-compliance with environmental laws and regulations	5.2	-
SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	308-1	New suppliers that were screened using environmental criteria	2.3	-

GRI 400: Social Standard Series

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSIONS
EMPLOYMENT 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	401-1	New employee hires and employee turnover	6.1	-
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4	-
OCCUPATIONAL HEALTH AND SAFETY	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	403-1	Occupational health and safety management system	6.3	-
	403-2	Hazard identification, risk assessment, and incident investigation	6.3	-
	403-3	Occupational health services	6.3	-
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.3	-
	403-5	Worker training on occupational health and safety	6.3	-
	403-6	Promotion of worker health	6.3	-
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.1	-
	403-8	Workers covered by an occupational health and safety management system	6.3	-
	403-9	Work-related injuries	6.3	Injury data for contractors are not included

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSIONS
TRAINING AND EDUCATION 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	404-1	Average hours of training per year per employee	6.2	-
SUPPLIER SOCIAL ASSESSMENT 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	414-1	New suppliers that were screened using social criteria	2.3	-
CUSTOMER HEALTH AND SAFETY 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.1	-

GRI 400: Social Standard Series

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSIONS
CUSTOMER PRIVACY 2016	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3	-
-	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	-	Research and development	4.2	-
-	103-1,	Management approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	103-2,			
	103-3			
	-	Reducing product environmental impacts	4.2	-

Appendix

Primary Environmental Data

SOURCE	UNIT	2017	2018	2019
NATURAL GAS	m³	1,692,770	1,924,811	1,466,248
DIESEL	Liters	758,559	754,660	1,038,027
DIESEL (vehicle fleet)	Liters	-	-	187,083
PETROL	Liters	180	20	240
ELECTRICITY CONSUMPTION	kWh	11,151,618	12,624,322	12,002,680
DISTRICT HEATING	kWh	1,944,000	2,095,000	2,216,000

Environmental data - GHG emissions

CATEGORY	UNIT	2017	2018	2019
SCOPE 1	tonne CO ₂	5,331	5,792	6,198
From gas	tonne CO ₂	3,325	3,796	2,896
From diesel	tonne CO ₂	2,006	1,996	2,745
From diesel (vehicle fleet)	tonne CO ₂	-	-	557
From petrol	tonne CO ₂	0.41	0.05	0.55
SCOPE 2 LOCATION BASED	tonne CO ₂	4,387	4,922	4,696
From electricity	tonne CO ₂	4,003	4,532	4,309
From district heating	tonne CO ₂	384	390	387
SCOPE 2 MARKET BASED	tonne CO ₂	5,698	6,491	5,979
From electricity	tonne CO ₂	5,314	6,101	5,592
From district heating	tonne CO ₂	384	390	387

WATER WITHDRAWAL BY SOURCE	UNIT	2017	2018	2019
Total withdrawn from groundwater (e.g. wells)	m³	7,518	7,328	8,036
Total withdrawn from third parties (e.g. mains water)	m³	42,344	52,586	49,247
Total water withdrawal	m³	48,862	59,914	57,283

WATER WITHDRAWAL BY DESTINATION	UNIT	2017	2018	2019
TOTAL WATER WITHDRAWAL, BY DESTINATION¹	m³	18,409	29,352	31,900
Water discharge to third parties (e.g. to public sewers)	m³	18,409	29,352	31,900

WASTE	UNIT	2017	2018	2019
TOTAL HAZARDOUS WASTE	kg	130,692	133,208	141,906
Held in reserve	kg	6,933	6,730	3,120
Recycling	kg	17,380	12,406	11,275
Recovery (including energy recovery)	kg	5,225	8,002	7,059
Incinerator	kg	2,473	3,443	4,355
Landfill	kg	61,236	70,695	104,834
Other	kg	37,445	31,931	11,263

TOTAL NON-HAZARDOUS WASTE	kg	1,927,789	1,892,848	2,182,262
Held in reserve	kg	151,870	135,220	205,900
Recycling	kg	366,050	451,880	264,250
Paper recycling	kg	55,113	66,061	74,748
Recovery (including energy recovery)	kg	585,588	637,024	672,825
Landfill	kg	18,559	14,078	15
Conferment on site	kg	19,960	25,397	21,525
Other	kg	730,648	563,188	942,999

¹ Only measured industrial discharge

Staff breakdown

CONTRACT TYPE	UNIT	2017	2018	2019
PERMANENT	Female	194	203	202
	Male	1,197	1,209	1,215
	Total	1,391	1,412	1,417
FIXED-TERM	Female	4	7	18
	Male	7	36	48
	Total	11	43	66
TOTAL		1,402	1,455	1,483

CONTRACT TYPE	UNIT	2017	2018	2019
FULL-TIME	Female	189	204	214
	Male	1,199	1,240	1,258
	Total	1,388	1,444	1,472
PART-TIME	Female	9	6	6
	Male	5	5	5
	Total	14	11	11
TOTAL		1,402	1,455	1,483

Employees by age group and gender

GENDER	AGE GROUP	2017	2018	2019
Female	Under 30	11	16	24
	between 31 and 40	65	66	59
	between 41 and 50	101	102	107
	over 50	21	26	30
Total female		198	210	220
Male	Under 30	51	59	70
	between 31 and 40	293	290	289
	between 41 and 50	492	501	520
	over 50	368	395	384
Total male		1,204	1,245	1,263
TOTAL		1,402	1,455	1,483

Employees covered by collective bargaining agreements

EMPLOYEES	UNIT	2017	2018	2019
Total number of employees at December 31	No.	1,402	1,455	1,483
Number of employees covered by collective bargaining agreements	No.	1,402	1,455	1,483
Percentage of employees covered by collective bargaining agreements	%	100%	100%	100%

New hires during the reporting period

GENDER	AGE GROUP	2017	2018	2019
NEW HIRES				
Female	Under 30	8	9	16
	between 31 and 40	5	10	7
	between 41 and 50	5	2	2
	over 50	0	0	0
Total female		18	21	25
Male	Under 30	22	30	38
	between 31 and 40	19	31	35
	between 41 and 50	19	25	22
	over 50	3	6	1
Total male		63	92	96
TOTAL		81	113	121

Employee terminations during the reporting period

GENDER	AGE GROUP	2017	2018	2019
		NUMBER OF TERMINATIONS		
Female	Under 30	2	1	3
	between 31 and 40	3	3	7
	between 41 and 50	5	5	4
	over 50	1	0	1
Total female		11	9	15
Male	Under 30	4	4	6
	between 31 and 40	6	12	10
	between 41 and 50	14	13	15
	over 50	28	22	47
Total male		52	51	78
TOTAL		63	60	93

AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY	UNIT	2017			2018			2019		
		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
MANAGERS	H	669	184	853	1,572	537	2,108	1,852	346	2,198
WHITE COLLARS	H	2,066	1,089	3,155	4,086	1,576	5,661	4,799	1,745	6,544
BLUE COLLARS	H	5,262	161	5,423	4,015	177	4,192	6,273	194	6,466
TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES	H	7,997	1,434	9,431	9,672	2,289	11,961	12,923	2,284	15,208



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