FERRETTIGROUP

SUSTAINABILITY REPORT 2020

Pursuing *a sustainable path*

WALLY FERRETTIYACHTS PERSHING itama Riva CRN CUSTOM LINE

Pursuing a sustainable path

FERRETTIGROUP

Welcome message from our CEO

2020 was the year that demonstrated the true strength of our Group. It was a year in which, with great determination and togetherness, we were able to overcome the uncertainty caused by the pandemic, reporting results that were excellent both at human level and in financial terms.

In terms of production, construction of our yachts continued uninterrupted throughout the year, while our processes remained at all times compliant with the limitations established by the Italian government at the height of the pandemic in March and April. The dedication and commitment of everyone in the Group allowed us to continue work on customer orders, swiftly reorganising shifts and redefining working spaces to guarantee delivery times, all while scrupulously adhering to all the applicable health measures.

None of this would have been possible without the dedication, the professionalism and the passion of our staff. This is testament to the uniqueness of the Ferretti Group, which is able to bring industry and craftsmanship together and always places people at the centre of its business. We came through 2020 together, overcoming uncertainty and achieving truly extraordinary results.

Financially, the Group's end-of-year results reflect the solidity and flexibility that define it. The latter part of 2020 saw an increase in new customer orders as measures restricting movement between countries were eased and travel once again became a possibility. This reflects the importance to the sector of truly experiencing a yacht before buying it: seeing it up close, stepping inside it and, finally, testing it in the water. The products that we create are nothing less than a dream come to life. Made with fastidious attention to detail, built with the finest materials chosen by the world's greatest nautical engineers and designers, and equipped with innovative, cutting-edge optional extras. To truly appreciate these features they must be touched, experienced first-hand, as it is only by doing so that the dream is made real.

In order to continue to offer our customers the experience that they have come to expect, during 2020 we organised a series of private showings at our shipyards, conducted with the utmost attention to safety, allowing each and every visitor the chance to choose their perfect yacht.

Against this backdrop, the Report presented here - the Group's second step towards a more strategic vision of issues relating to the environment, to governance and to society - takes on even greater importance. Now more than ever we are aware that our ideas and our actions must correspond to the need to protect the world around us and the Group's heritage for future generations.

As regards social commitment, we believe that our staff are the true engine of the Group, and we are committed to developing and maintaining a solid, stable environment for all those around us. Our world is built around our 1,537 direct employees, who in turn are supported by all the other people who come into our shipyards every day and work alongside us - nearly 4,000 in total, including all those workers involved by our suppliers, over 90% of whom are based in Italy.

On the environmental front, we are continuing to tackle the challenges of using materials that are increasingly durable and sustainable, of lessening the environmental impact of our production and transportation, and of reducing energy consumption and GHG emissions at both product and process levels. In this area, we are researching and proposing 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. This is the motivation for extending ISO 14001 certification to the environmental management systems at every one of the Group's shipyards.

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

The Ferretti Group

and the COVID-19 emergency

Like many others, the Ferretti Group was profoundly marked by the spread of the COVID-19 pandemic in 2020, a year featuring a great deal of uncertainty in terms of both public health and the economy. From the earliest stages of the spread, the Ferretti Group made every effort to guarantee the health and safety of its employees and to provide the best possible working conditions at its sites. To support its workers and their families, the Group provided specific insurance policies for those contracting the virus and implemented a system to constantly monitor the health of its workforce through a campaign of free virus testing for the entire company population. In 2020, the Group created a **company protocol** that defined the main measures to be adopted in working areas to prevent the spread of the virus and made a number of financial investments to allow work to continue as normal.

In mid-April, and along with national and European trade unions and General Workers' Representative Bodies (RSUs) at each of its six shipyards, Ferretti S.p.A. was among the first in the luxury maritime sector to sign a COVID-19 safety protocol. The protocol set out a number of measures, including shift work to reduce employee numbers at worksites, regular sanitisation of working areas, voluntary virus testing, contact tracing for those coming into close contact with workers testing positive, and the use of masks. It also provided for the creation of a working committee comprising members of the company, RSUs and employee health and safety representatives from each shipyard. The committee meets weekly to ensure that the procedures set out in the protocol are respected and to amend said procedures where necessary to guarantee the health and safety of the Group's employees. Committees were also set up at each shipyard to monitor and amend the measures designed to prevent the spread of the virus.

In recognition of the Ferretti Group's commitment to creating and enacting these preventative measures, in June 2020 the Group achieved **RINA Biosafety Trust Certification**, the first certification framework for management systems designed to prevent and mitigate the spread of infections and protect employee health against biological agents. This certification brings together a series of best practices to minimise the risk of epidemics in areas where people congregate, whether public or private. The Ferretti Group was the **first yachting company** to demonstrate its commitment through this certification.

The scheme, which is based on the ISO approach, places particular emphasis on Organisational Behaviour Management (OBM), a science-based discipline that explains human behaviour and allows it to be predicted and controlled.

Participation in ad hoc training courses on full compliance with hygiene norms and the context-specific requirements of the management system are therefore verified in the process as a whole. This certification has enabled the Group to improve its ability to manage risk while continuing to provide a high quality service and reduce indirect costs and possible service interruptions.

*"**Safety is our first priority**, and this important certification rewards the measures we have adopted and the commitment we have all made to **guarantee a safe, relaxed working atmosphere** in this difficult period. Health and sustainability are increasingly important values in any industrial strategy".*

Alberto Galassi
Chief Executive Officer

From a practical and organisational standpoint, the adoption of measures designed to prevent the spread of the virus led to the acquisition of a series of tools, including personal protection equipment for all staff (masks and gloves), oximeters sent by the Group to all staff as gifts at Christmas 2020, thermometers to measure body temperature when entering offices and facilities, and sanitising gel made available to staff at strategic points throughout company buildings to enable constant hand-washing. The Group has also committed to making workspaces such as canteens and changing rooms as safe as possible, installing dividing panels and assigning lockers that are spaced out on the basis of working shifts.

The extensive commitment that continues to be made at the Group's facilities and offices has guaranteed high levels of safety not just for workers but also for customers, who - also thanks to the certification obtained by the Ferretti Group - know that their yacht has been built in a safe, hygienic environment. This means that every ship launched in the past few months have been subjected to a series of sanitisation procedures to guarantee they can be safely used by customers. Further information on the initiatives employed to tackle the COVID-19 pandemic can be found in the individual chapters of the Report.

CONTENTS

Ferretti Group: a Fifty-Year Journey 8

.1 Our history: from 1968 to today 10

.2 Group profile 16

Products and services 18

Going global: Ferretti Group travels the world 20

.3 Our journey and our values 22

.4 Group governance 24

Governance bodies 24

Organisation Model and Ethics Code pursuant to Legislative Decree 231/2001 26

Our business model: from Made in Italy excellence to evolution in the name of innovation 28

.1 The Ferretti Group model: when industrial innovation meets true craftsmanship 29

.2 Seven souls, one heart: our brands 32

.3 Value creation: figures and achievements 42

The Group's responsibilities: our path towards sustainability 52

.1 Ferretti Group's stakeholders 54

.2 The materiality matrix 56

Sustainable Development Goals - SDGs 60

Luxury and innovation: the quality and exclusivity of our products 62

.1 Quality: world class yachts 63

.2 Research, innovation and sustainability: the new product development process 68

Focus on weight reduction 72

Mechanics in pursuit of efficiency and the hybrid challenge 73

Furnishings and fittings responsible supply 76

.3 Customer relations 78

Customer Care & Satisfaction 80

Communication initiatives 82

Excellence and development: production sites and environmental impact 84
.1 Our shipyards 85
.2 Environmental impacts 98
Energy and climate footprint 99
Polluting atmospheric emissions monitoring and reduction 105
Water: a precious resource 105
Waste 108

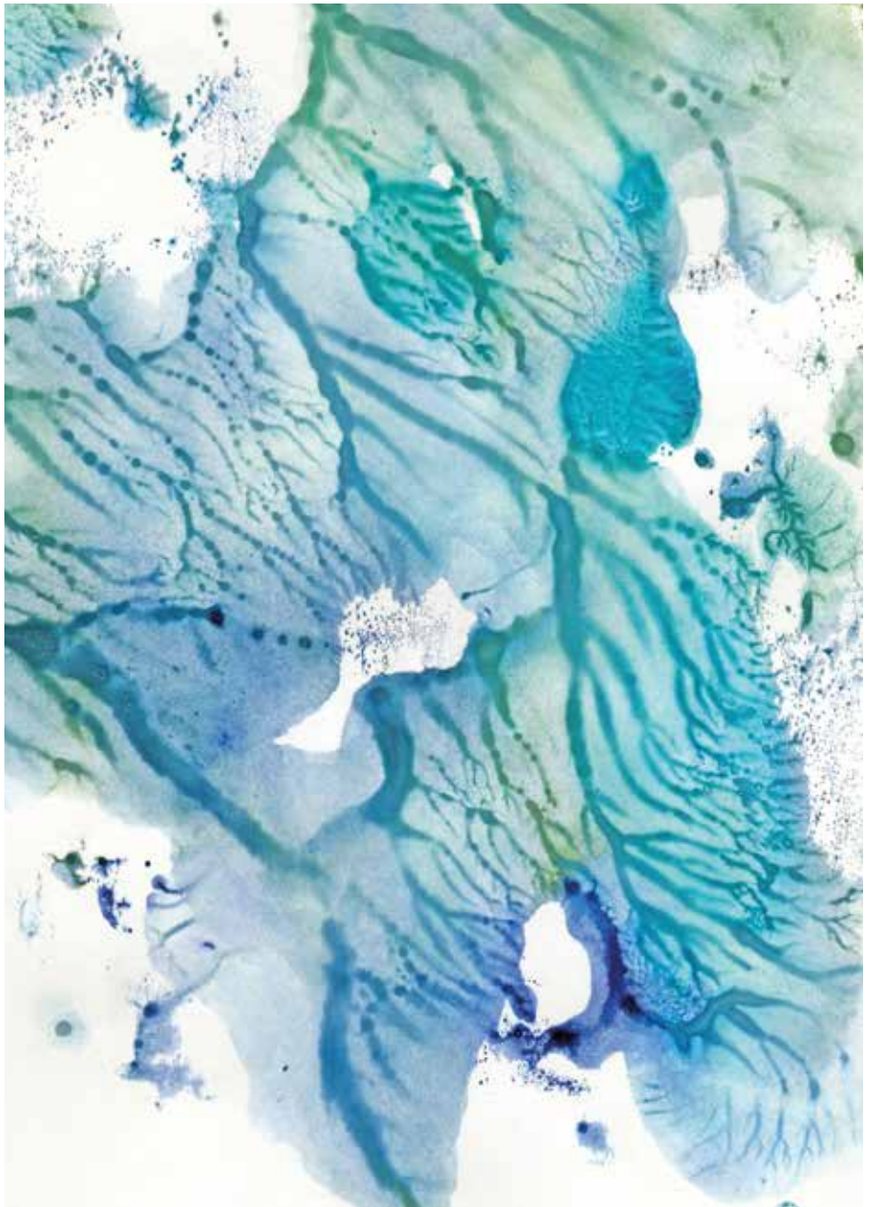
Our people: pride, passion and belonging 110
.1 Key figures 111
.2 Training and development 116
.3 Health and safety 118
.4 Company welfare and industrial relations 122
.5 Local initiatives 124

Methodological Note and GRI Index 126
.1 Reporting criteria 127
.2 GRI Content Index 130

Appendix 137

Ferretti Group

A Fifty-Year Journey



Riva	CRN	FERRETTIYACHTS	itama	PERSHING	WALLY	CUSTOM LINE
1842	**1963**	**1968**	**1969**	**1985**	**1994**	**1996**
The most iconic brand in the history of yachting	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	*+ 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 Group still maintains strong ties to Italy's centuries-old yachting tradition, and is well-known for its distinctive Italian style and design, along with production centres that are on the industrial cutting edge.

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

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

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

.1 *Our history:*
FROM 1968 TO TODAY

1968
Founding of Ferretti

FERRETTIYACHTS

1993
Creation of Ferretti America Inc.

1994
Creation of a strategic network of dealers outside Europe

1996
Creation of Custom Line

CUSTOM LINE

1998
Acquisition of Pershing

PERSHING

1999
Acquisition of CRN

CRN

2000
Acquisition of Riva

Riva

2001
Acquisition of Mochi Craft

MOCHI CRAFT

Significant event *Acquisition | New brand*

2002

Acquisition of Zago

2004

Acquisition of Itama Cantieri Navali

2008

Acquisition of Allied Marine

2012

Weichai Group acquires a majority stake in Ferretti Group

2014

Alberto Galassi is appointed CEO

2016

F Investimenti acquires 13% of the Ferretti Group

2016

Creation of Ferretti Security Division

2019

Acquisition of Wally

2019

Adtech Advanced Tech. acquires 3% of the Ferretti Group

BEGINNINGS
1968-1980

Ferretti 1970

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

FERRETTI GOES GLOBAL
1990-1999

Ferretti Group'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 Group's entry into the offshore racing sector, a discipline of powerboating. It was during these years that Ferretti Group began to **expand globally** by establishing a network of dealers outside Italy.

In 1996, Ferretti Group 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 Group 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 Group absorbed the assets, brands and activities of **Allied Marine**, an American company specialising in after-sales assistance, the marketing of new and pre-owned motor yachts, and brokerage services.

GROWTH AND SUCCESS *2012-present*

The 2008-2010 recession affected both Ferretti Group 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 Group 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.

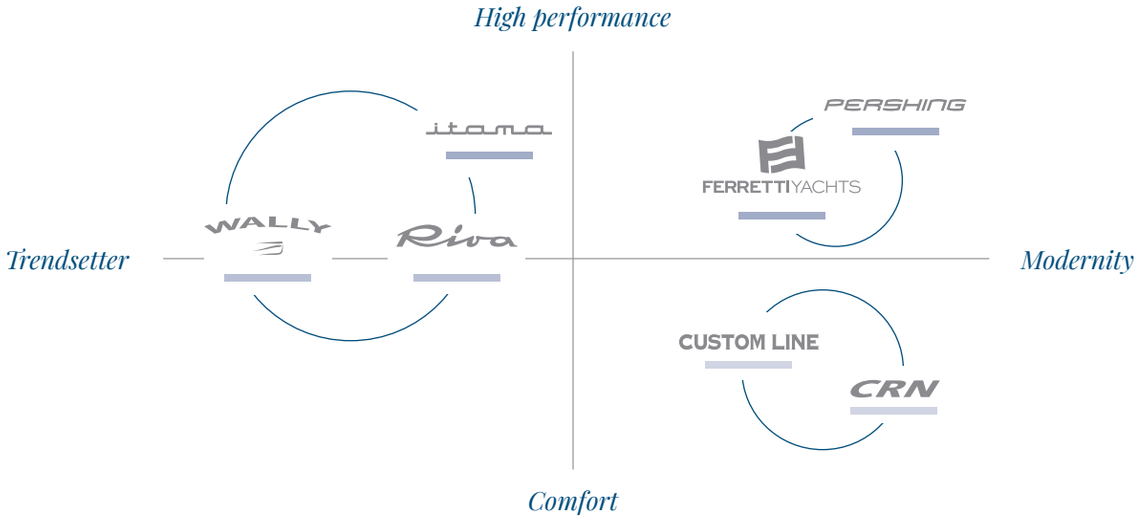
Ferretti Group's excellent performance over recent years allowed it to make one final acquisition, which was concluded after several months of negotiations. In 2019, the **Wally** brand – brought to the fore by Luca Bassani and his innovative, ultra-technological yachts – joined the Ferretti Group family.

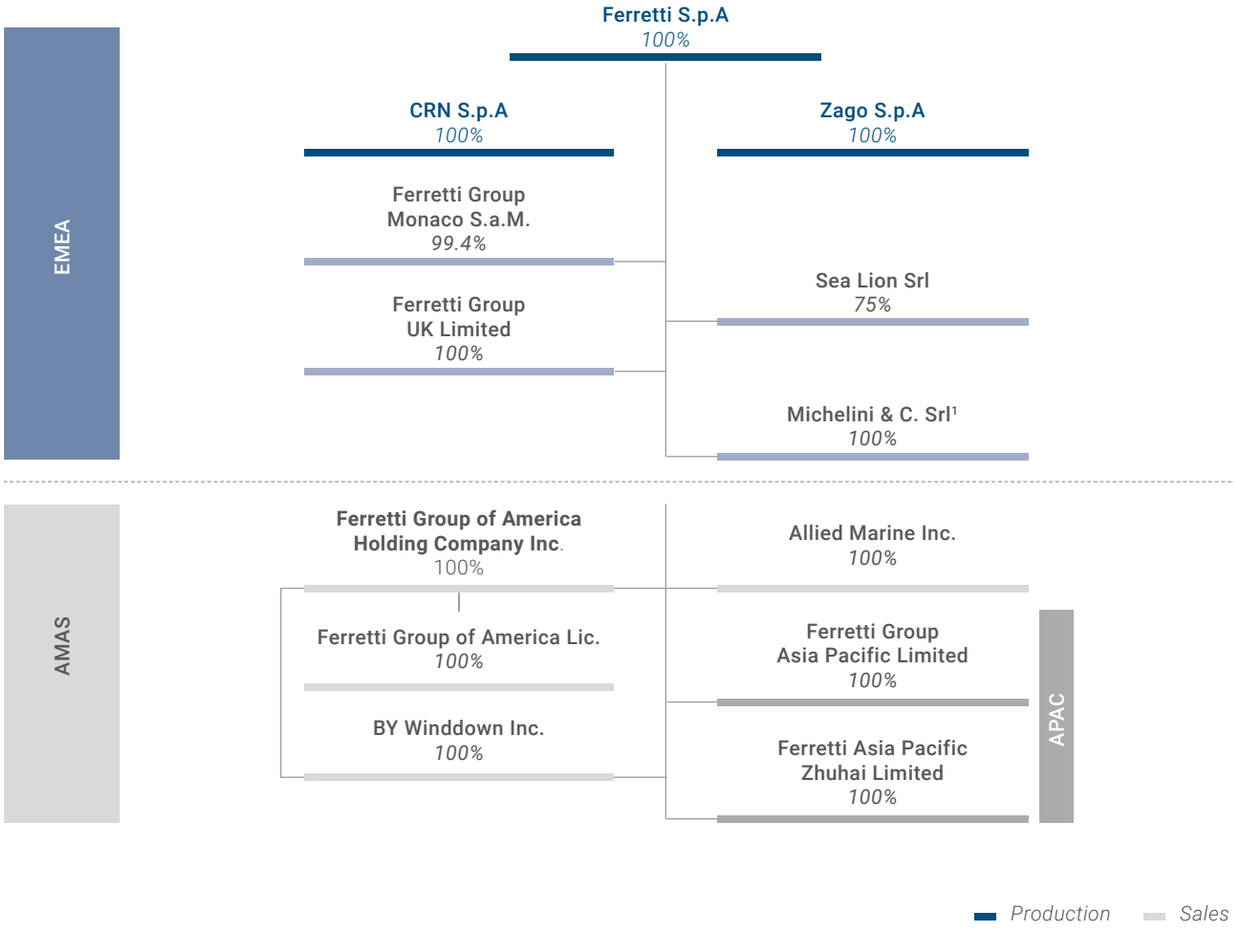
.2 *Group profile*

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 Group's success lies in its concrete foundations, in addition to a few key characteristics that have contributed to its identity over the decades.

The Group boasts a large portfolio of iconic brands

that manufacture a wide range of models sold in various market segments





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**

[1] *Acquired in 2020.*

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

The Group's seven 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;

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 boat-selling methods also vary according to size. For further details on the specific differences, please refer to chapter 4.

	SERIAL *30-99 ft*	**SEMI-CUSTOM** *100-160 ft*	**CUSTOM** *≥140 ft*
Level of personalisation	List of predefined options to choose from (colours, fabrics, etc.)	Layout and interior details	Hull and exterior and interior design
Build time	2-7 months	6-13 months	+ 24 months
Sales Channel	Dealer	Dealer	Broker

Fibreglass hull *Metal hull*

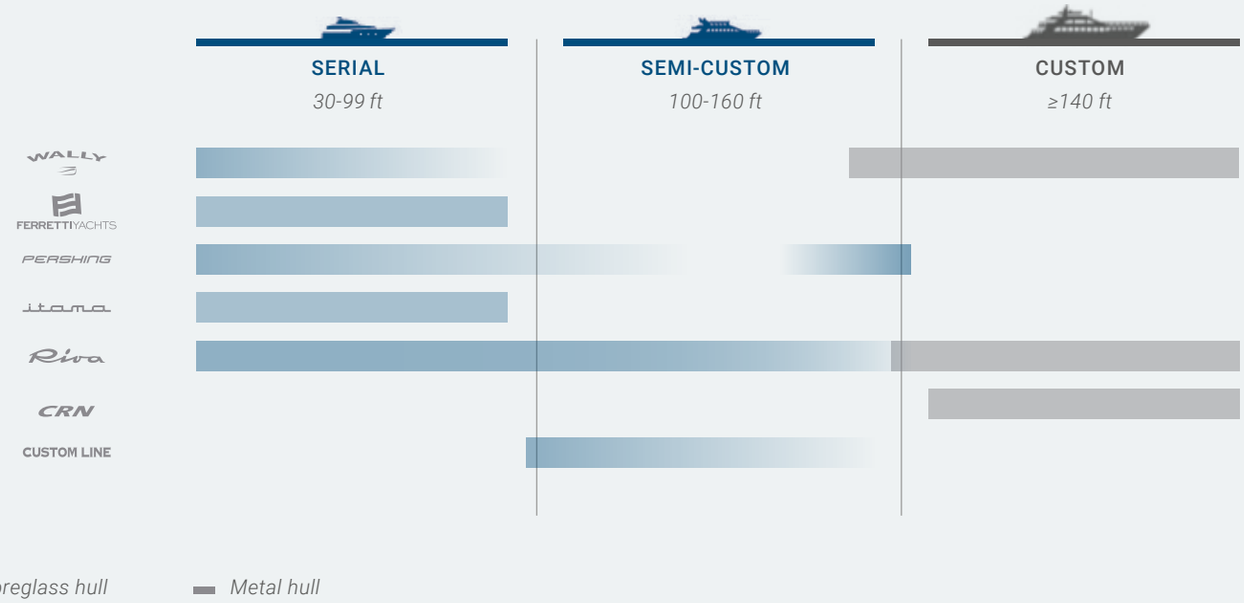
The Group sells a total of forty-two serial and Custom Line models, including one Riva model, one steel Pershing model, and a series of full-custom boats, which are constructed at the CRN shipyard in Ancona and are highly customisable. The Wally brand has seen the Wallytender range expand with the addition of the new 43wallytender, which joins the existing 48wallytender and the 48wallytender X.

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

- the sale of **pre-owned boats**;
- the production and assembly of wooden **interiors and furnishings** through Zago S.p.A.;
- **brokerage**, yacht **chartering** and yacht management through Allied Marine (USA);
- after-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 boat by footage and brand



GOING GLOBAL: FERRETTI GROUP TRAVELS THE WORLD

70+ Countries

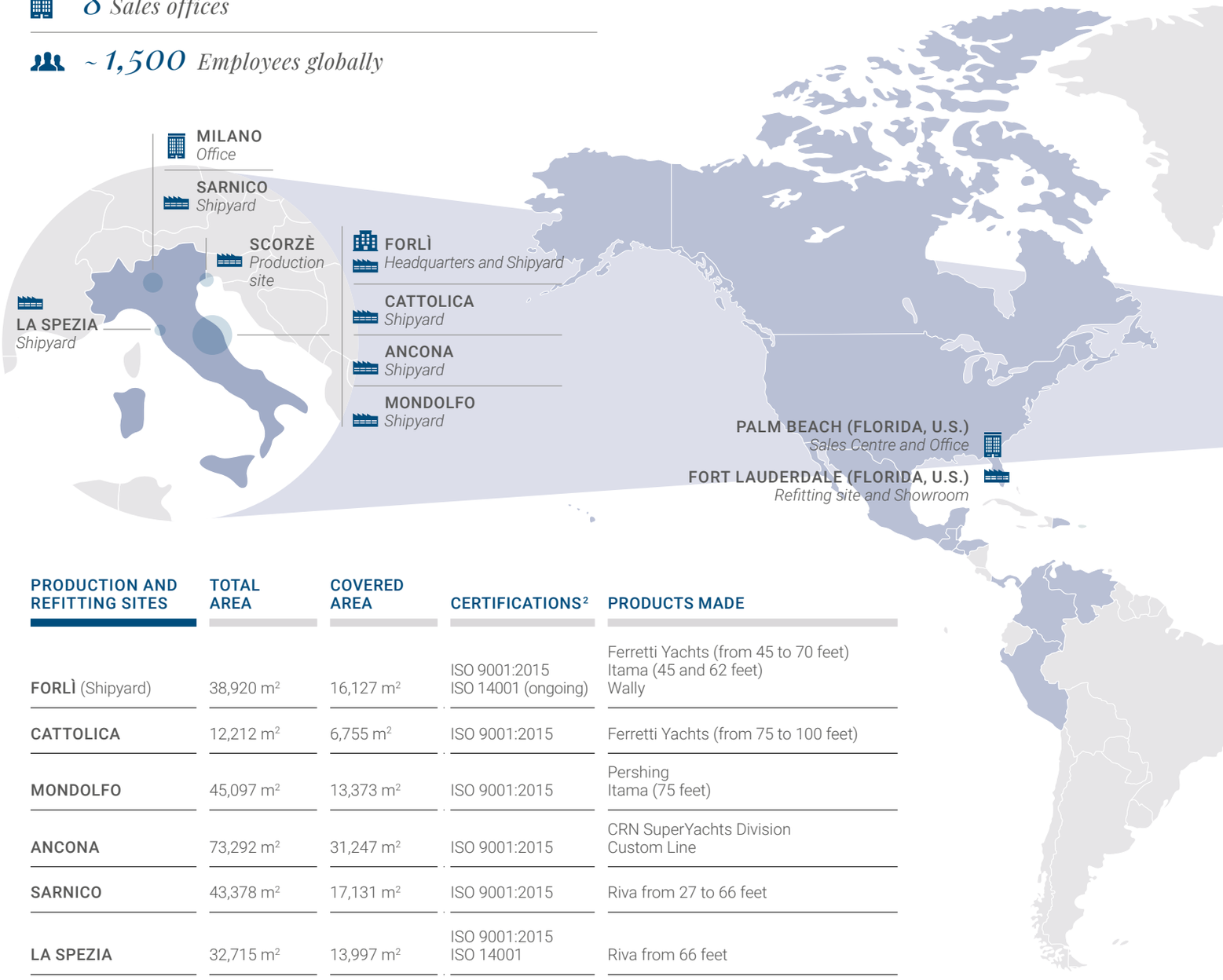
6 Production sites (shipyards)

1 Production site (Zago S.p.A.)

1 Naval refitting site (Fort Lauderdale)

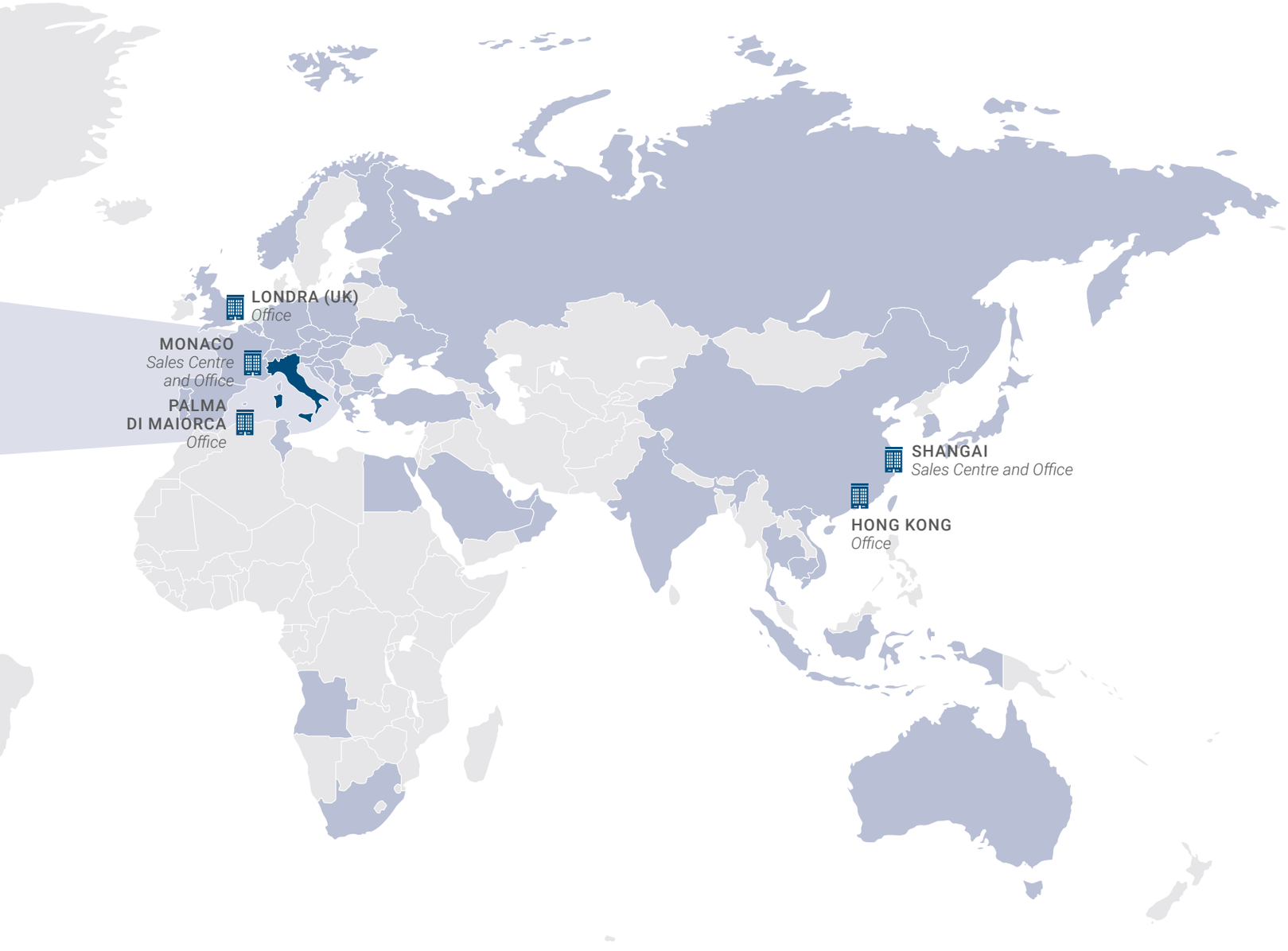
8 Sales offices

~ 1,500 Employees globally



PRODUCTION AND REFITTING SITES	TOTAL AREA	COVERED AREA	CERTIFICATIONS[2]	PRODUCTS MADE
FORLÌ (Shipyard)	38,920 m²	16,127 m²	ISO 9001:2015 ISO 14001 (ongoing)	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	32,715 m²	13,997 m²	ISO 9001:2015 ISO 14001	Riva from 66 feet
FORT LAUDERDALE	2,844 m²	2,844 m²	-	Naval Refitting

	2020	2019	2018
EMEA	57%	56%	52%
AMAS	32%	35%	31%
APAC	11%	9%	17%



[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 the Ferretti Group is a robust, well-built yacht that has been sailing around the world for nearly 180 years, led by a crew of 1,500 people. Passion and people are our engine, innovation is our fuel, and excellence, authenticity and luxury are all key destinations along our route.

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

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

Quality, distinctiveness and **innovation** 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, quality rhymes with responsibility. Managing and growing some of the sailing world's most exclusive and prestigious brands fills us with pride every day, as well as a sense of responsibility that ensures we never fall prey to compromise. Ferretti Group is a real leader in its field. The Group is well known for combining craftsmanship with expertise and nautical innovation, and we owe it all to our culture of excellence. Distinctiveness is also about permitting our brands to push the boundaries and seek out future development, without ever losing sight of their roots. Innovation in luxury is the ability to constantly develop what we might call the heritage of our sector, our country and our industrial culture.
By bringing all of these elements together, the Group is able to pursue continuous **growth** through an integrated business model and strong central coordination, without forgetting that **sustainability** is key to that growth.

Vision

To embrace innovation as belonging to a bold and modern vision for the luxury yacht sector. With a vision that focuses on **quality** and **authenticity,** Ferretti 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

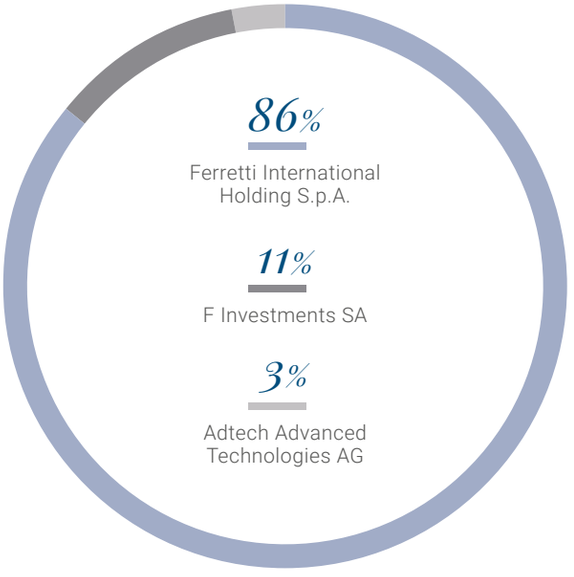
A Group mission, a daily commitment. Our mission is to become the world's most influential luxury yacht group in terms of **innovation, sustainability** and **performance,** creating yachting experiences that set the industry benchmark for quality, elegance and customer relationships.

.4 Group governance

GOVERNANCE 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, 2020, the share capital of Ferretti S.p.A. was composed as follows:



The Group's governance is structured according to the traditional administration and control model and consists of the following bodies:
- the **Shareholders' Meeting**
- the **Board of Directors**, within which a Chairperson, Chief Executive Officer and Vice-Chairperson are nominated
- the **Board of Statutory Auditors**

At December 31, 2020, the Board of Directors comprised the following seven members:

ROLE	NAME	DATE OF FIRST APPOINTMENT
Chairperson	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	Xinghao Li	March 16, 2020
Non-Executive Director	Guogang Wu	April 27, 2017
Non-Executive Director	Daniel Lalonde	September 2, 2019

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

GENDER AGE GROUP	40-50	50-60	OVER 60	TOTAL
Male	2	4	1	7
Female	0	0	0	0
Total	2	4	1	7

To support the Board of Directors, two **Committees** have been set up:
- the Strategic Product Committee (SPC)
- the Operative Product Committee (OPC)

The following legally required boards have also been established:
- the Board of Statutory Auditors
- the Supervisory Board

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

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

The **Supervisory Board** appointed by the Board of Directors on July 31, 2019, and in office from September 1, 2019, was composed as follows at the reporting date:
- Chairman: Paolo Beatrizzotti
- Member: Monica Alberti
- Member: Luigi Bergamini

The Independent Audit Firm is EY S.p.A.

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 Group, such as honesty, fairness, transparency, equity and reciprocity. The Ethics Code features specific sections on topics that are particularly important to the Ferretti Group, 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, the Ferretti Group took into consideration activities that help combat the offences that all Italian companies are obligated to prevent pursuant to Legislative Decree No. 231 of June 8,2001. As such, the Ethics Code constitutes a fundamental tool for the Organisation, Management and Control Model adopted by the Ferretti Group in order to prevent the offences listed in Legislative Decree 231/2001.

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

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

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

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

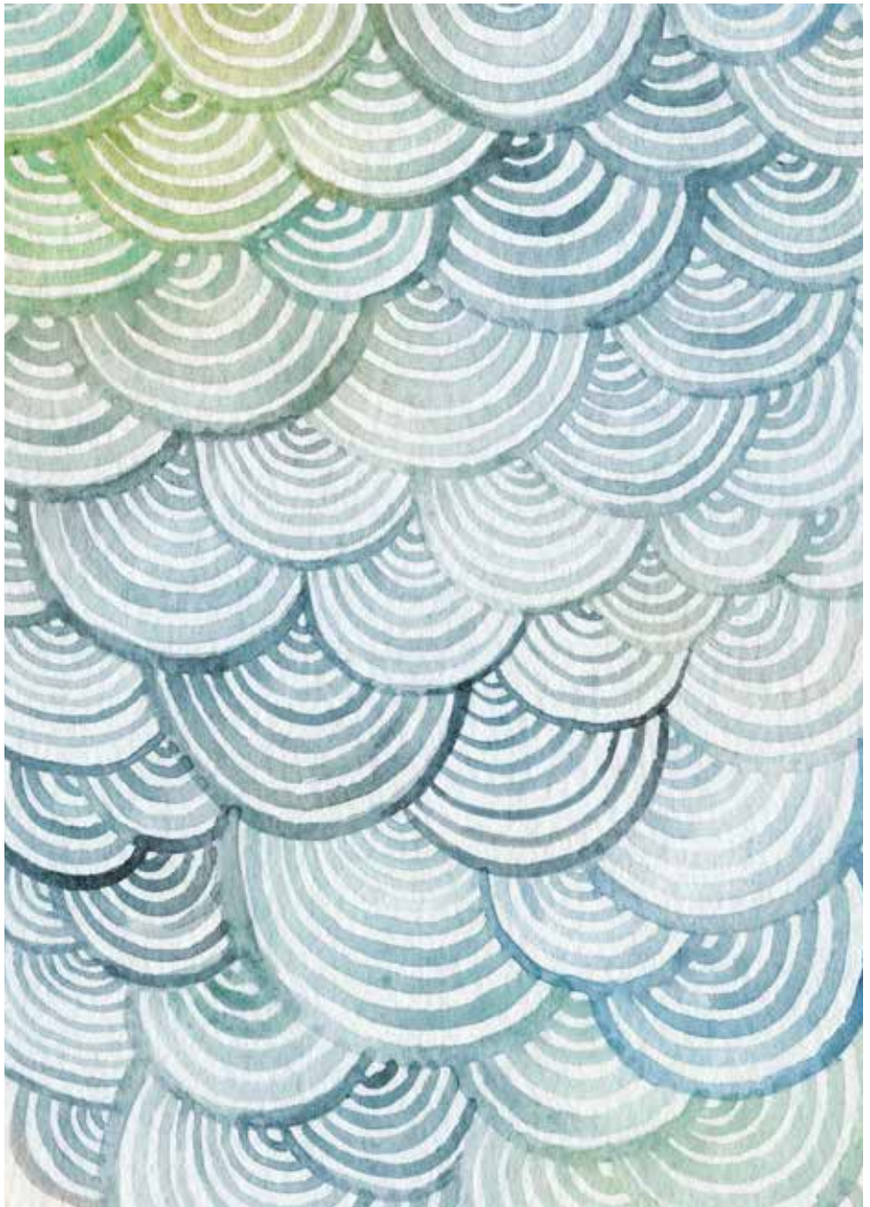
In addition to affecting trust and respectful competition between market operators, behaviour that goes against the principles of fairness and integrity risks undermining the very foundations of the Ferretti Group, which has championed morality and excellence for more than fifty years. Given the Group's presence in a number of countries, including so-called 'tax havens', Ferretti Group is exposed to the risk of violating anti-corruption and anti-money laundering legislation in all nations in which it operates, as well as incurring financial penalties imposed by the European Union and the United States of America, which would have a very detrimental impact on the Group's reputation. This risk is also present with regard to the Ferretti Security Division, as it often fulfils requests financed by governments and international institutions.

The circumstances described above and the related risks are addressed by means of two key tools, namely the Group's Ethics Code and the Organisational and Management Model for the prevention of crimes pursuant to Legislative Decree 231/2001.

Finally, we can confirm that there were no episodes of bribery or corruption involving the companies of the Group in the period from 2017 to 2020.

Our business model

From Made in Italy excellence to evolution
in the name of innovation



.1 *The Ferretti Group model*

WHEN INDUSTRIAL INNOVATION MEETS TRUE CRAFTSMANSHIP

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

In keeping with our dual spirit, the Ferretti Group model sees our yachts pass through a production line in which all components are assembled, starting from the hull, through to the engines and electrical systems, and finally, the furnishings and fittings, depending on the type of yacht we'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 Group 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.

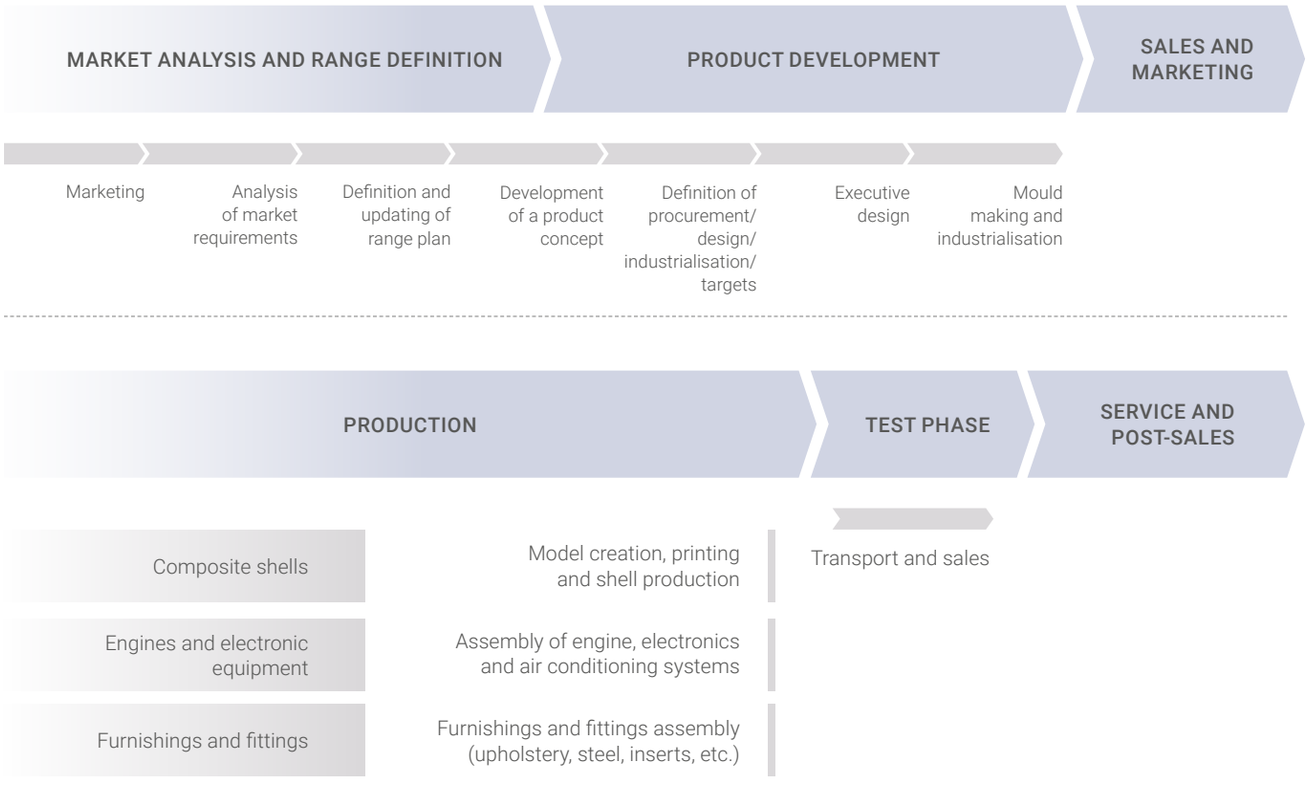
By defining and applying this process, we are able to guarantee **consistency** with **Ferretti Group's strategy and values** when developing new products. The process also allows us to pursue specific objectives with regard to time-to-market, quality, costs, profitability and the **maximum exploitation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

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

During this process, two committees take on important roles: the Strategic Product Committee and the Operative 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 **Operative 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, the Group was able to present and launch 30 new models on the market between 2016 and 2020.

This is the result of work begun by the company's management team back in 2014, and means that the majority of Ferretti Group's turnover is now generated from models launched in recent years.

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

BRAND	MODEL	YEAR		SERIAL 30 - 59 ft	SERIAL 60 - 79 ft	SERIAL 80 - 99 ft	SEMI-CUSTOM >100 ft
WALLY	43 WALLYTENDER (Inboard)	2020	3	✓			
	48 WALLYTENDER (Inboard)	2019		✓			
	48 WALLYTENDER (Outboard)	2020		✓			
FERRETTIYACHTS	500	2020	8	✓			
	550	2017			✓		
	670	2018			✓		
	720	2019		✓			
	780	2017				✓	
	850	2016			✓		
	920	2017				✓	
	960	2013				✓	
PERSHING	5X	2016	7	✓			
	7X	2020			✓		
	8X	2019				✓	
	9X	2017				✓	
	62	2013			✓		
	74	2016			✓		
	108	2011					✓
itama	45S	2017	3	✓			
	62S	2020			✓		
	75	2008			✓		
Riva	27' Iseo	2011	13	✓			
	33' Aquariva	2001		✓			
	38' Rivamare	2016		✓			
	48' Dolceriva	2019		✓			
	56' Rivale	2017		✓			
	66' Ribelle	2018			✓		
	76' Bahamas	2016			✓		
	76' Perseo	2015			✓		
	88' Florida	2015				✓	
	88' Folgore	2020				✓	
	90' Argo	2018				✓	
	100' Corsaro	2017					✓
	110' Dolcevita	2018					✓
CUSTOM LINE	N30	2010	6			✓	
	N33	2017					✓
	N37	2016					✓
	N42	2018					✓
	106	2019					✓
	120	2018					✓
				12	**11**	**9**	**8**

.2 *Seven souls, one heart:*
OUR BRANDS

With our Product Development Process, the Ferretti Group 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 seven different stories with one shared dream: to package together the best yachts in the world.

FERRETTIGROUP

WALLY FERRETTIYACHTS PERSHING itama Riva CRN CUSTOM LINE

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

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

Year founded:
1994

Shipyard site:
Forlì

3 serial models (2020)
full-custom, semi-custom
sailing yachts

13 - 14 m (43' - 48')

FERRETTI YACHTS
Just like home

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

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

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

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

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

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

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

Year founded:
1968

Shipyard site:
Forlì and Cattolica

8 serial models

14 - 30 m (45' - 99')

PERSHING
The dominant species

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

The Cantiere Navale dell'Adriatico had all these things in mind when it chose the name "Pershing" for the yacht's first launch in 1985. The brand became part of the Ferretti Group in 1998, when it produced high-performance open and coupé vessels which were dynamic and sporty and built using composite materials including carbon fibre. In over 30 years it has produced more than 30 models, often in a number of different versions, satisfying a variety of customers and cultures, as evidenced by its entry into markets in the Far East.

A fundamental part of the Pershing story is the promotion of innovation in the nautical field. This has been led by constant research into new solutions and a focus on design ideas that are creative, distinctive and original.

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

Year founded:
1985

Shipyard site:
Mondolfo and Ancona

7 serial/semi-custom
and full-custom models

15 - 33 m (50' - 108')

ITAMA
The enhancement of freedom

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 34 and 42.5 knots, providing a unique experience for every owner.

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

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

Year founded:
1969

Shipyard site:
Forlì and Mondolfo

3 serial models

14 - 24 m (45' - 75')

RIVA
Nothing else

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

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

In May 2000, Riva was acquired by the Ferretti Group and in 2014, following the entry of a new management team and a new majority shareholder, the Weichai Group, the brand announced its return to the 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).

Year founded:
1842

Shipyard site:
Sarnico, La Spezia e Ancona

13 serial/semi-custom and full-custom models

8 - 34 m (30' - 110')

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 400 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.

Year founded:
1963

Shipyard site:
Ancona

Full-custom

≥ 42 m (≥ 140')

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 is the result of an intense collaboration between the outstanding firms in yacht design along with shipyard architects and project managers. The latter are in constant contact with the owner in order to transform the yacht into a unique work of art. Beyond the purity of the range is the originality of a character, the crucial trace of a personality. This comes from the owner, who is able 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.

Year founded:
1996

Shipyard site:
Ancona

6 semi-custom models

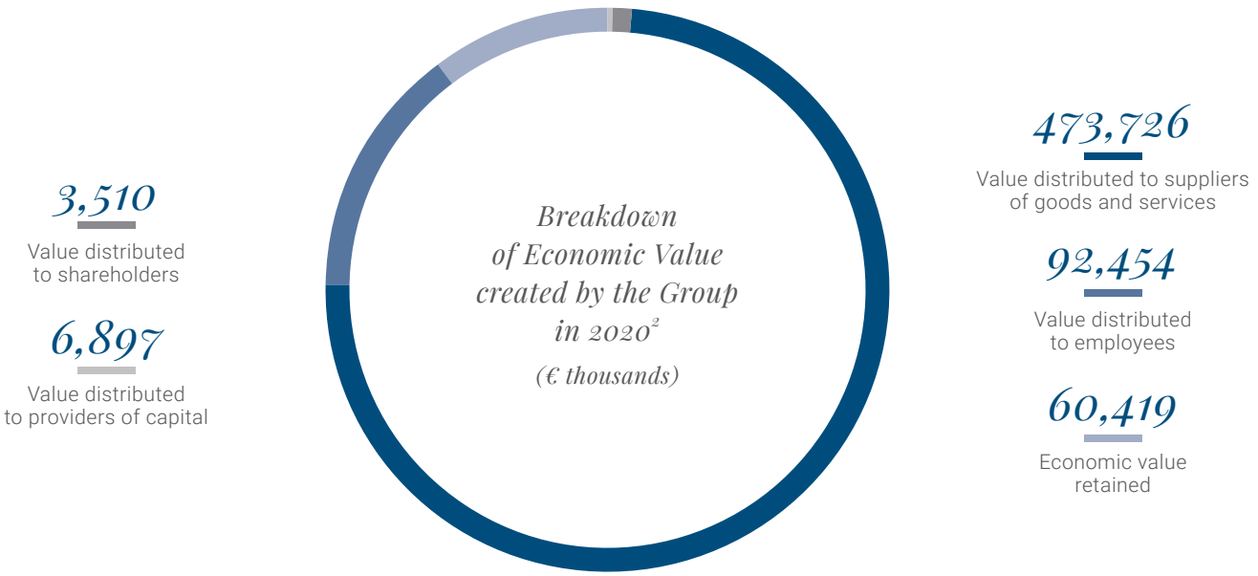
30 - 42 m (99' - 139')

.3 *Value creation:*
FIGURES AND ACHIEVEMENTS

In 2020, the Ferretti Group generated approx. Euro 640 million in total economic value, down 8.6% on 2019 and 4.6% on 2018. This decline reflects the ongoing difficulties related to the COVID-19 health crisis. 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 approx. 90% of the total, as shown below:

(€ THOUSANDS)	%	2020	%	2019	%	2018
Economic value generated	**100.0%**	**638,864**	**100.0%**	**698,643**	**100.0%**	**669,534**
Economic value distributed	**90.5%**	**578,445**	**91.3%**	**638,123**	**90.4%**	**605,228**
Operating costs	74.2%	473,726	75.6%	528,387	76.1%	509,183
Value distributed to employees	14.5%	92,454	13.8%	96,446	13.5%	90,516
Value distributed to providers of capital	1.1%	6,897	1.0%	6,609	0.8%	5,403
Value distributed to shareholders	0.5%	3,510	0.9%	6,582	0.0%	-
Other[1]	0.3%	1,858	0.0%	99	0.0%	126
Economic value retained	**9.5%**	**60,419**	**8.7%**	**60,520**	**9.6%**	**64,306**

[1] The account "Other" includes the value distributed to the Public Administration and membership fees; in 2020 the latter totalled Euro 545 thousand, while value distributed to the Public Administration was Euro 1,315 thousand.



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 Group has a long history of productive collaboration. The SMEs working with the Group are emblematic of the flexibility, excellence and sustainability of local production systems, and often boast decades of collaboration with Ferretti Group brands and a relationship that is more than simply professional.

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

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

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

[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. Today, the Group also assesses sustainability aspects where possible as part of the supplier selection process, aware of the growing importance that these aspects will assume in the near future. It should also be noted that the vast majority (93%) of Ferretti S.p.A., CRN S.p.A. and Zago S.p.A.'s suppliers are located within the national territory, and that the non-Italian exceptions are well-structured, reliable multinationals, such as suppliers of engine parts or electronic components.

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

INTERIORS AND FURNISHINGS	All furniture components, including floors, kitchens, marble, interior and exterior upholstery, mattresses, lighting, sanitary and other accessories.
HULLS AND FRAMES	Hulls, frames and superstructures in fibreglass and steel, as well as all rigid and structural components such as rigid canopies and hatches.
ENGINES AND GEARBOXES	Engines, gearboxes, propellers, rudders, generators, fins, manoeuvring propellers and all other aspects of yacht mechanics.
ELECTRONIC COMPONENTS	Audio/video equipment, navigation and communication instruments, batteries, lights, radar and any other electronic components.
MOVING PARTS AND DECK EQUIPMENT	Hold doors, walkways, pulpit handrails, ladders, anchors and all components that allow movement around the boat.
SUBCONTRACTING	This category includes both the manpower and the materials involved in the creation of hydraulic, electrical and insulation systems, and also all the processes of painting, resin coating, fitting out and covering.
GENERAL, ADMINISTRATIVE AND SALES COSTS	General, administrative and sales expenses, investments and purchases, maintenance services, waste disposal, exceptional transport, consultancy, communication, trade fairs and events.

Highlights

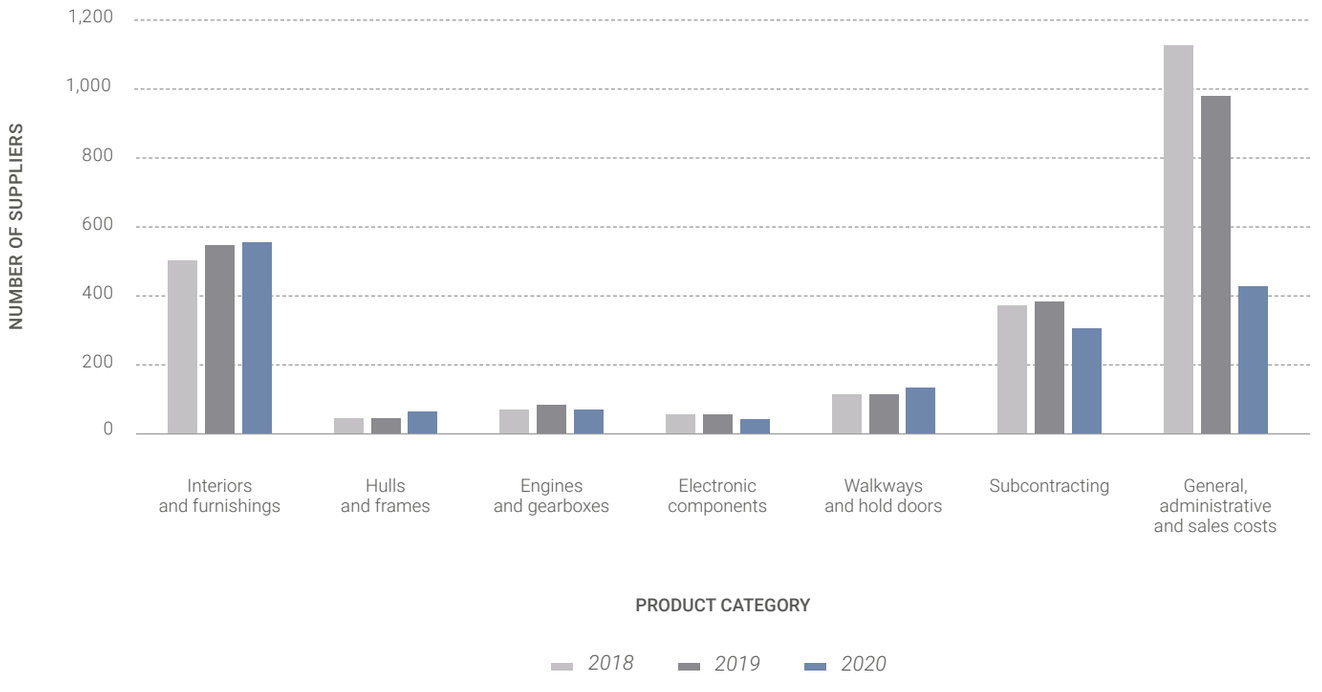
TOTAL VALUE OF ORDERS (2020)	PERCENTAGE OF ORDERS TO ITALIAN COMPANIES	TOTAL NUMBER OF FERRETTI S.P.A CRN S.P.A AND ZAGO S.P.A SUPPLIERS	INCREASE IN PURCHASE ORDERS
373 M€	80% (299 M€)	1,612	-22% on total order value compared to 2019

PRODUCT CATEGORY	NUMBER OF SUPPLIERS	PURCHASE VOLUME
INTERIORS AND FURNISHINGS	554	€ 81,010,268
SUBCONTRACTING	310	€ 79,571,671
ENGINES AND GEARBOXES	72	€ 66,257,799
HULLS AND FRAMES	59	€ 48,543,704
WALKWAYS AND HOLD DOORS	136	€ 47,169,952
GENERAL, ADMINISTRATIVE AND SALES COSTS	433	€ 35,417,862
ELECTRONIC COMPONENTS	48	€ 14,900,221
TOTAL	**1,612**	**€ 372,871,477**

	NUMBER OF SUPPLIERS			PURCHASE VOLUMES[3]		
YEAR	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
TOTAL	2,302	2,210	1,612	€ 472,810,407	€ 477,543,990	€ 372,871,477

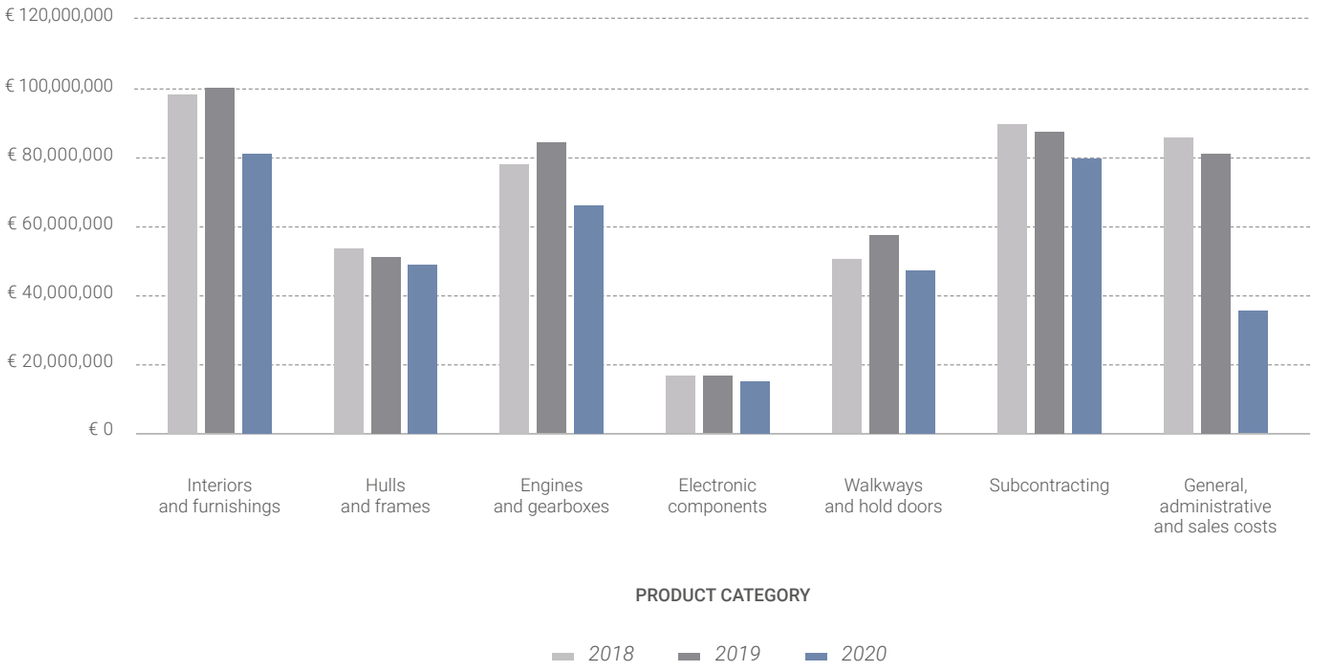
In line with this breakdown, the number of suppliers and total purchase volume by product category is as follows:

Number of suppliers by product category (2018-2020)



[3] *The number of suppliers and the total value of orders issued by the Group includes Ferretti S.p.A., CRN S.p.A. and, as of this Report, Zago S.p.A. The figures given herein are therefore not directly comparable with those in the same section of last year's report, since those referred only to Ferretti S.p.A and CRN S.p.A. Purchases made between Group companies (inter-company purchases) are excluded from the overall calculation. Furthermore, the volume of purchases cannot be reconciled with the item in the income statement linked to the "Value distributed to suppliers of goods and services", for the following reasons: i) orders to foreign companies (mainly those of Ferretti Group of America, Allied Marine and Ferretti Group Asia Pacific) are not included in the purchase orders; ii) purchases of used vessels are not included in the purchase orders; iii) difference in reporting of information related to Capex purchases and user costs; iv) delay between the date of the purchase order and the actual accrual of the cost of said order.*

Economic volume spent by the Group by product category (2018-2020)

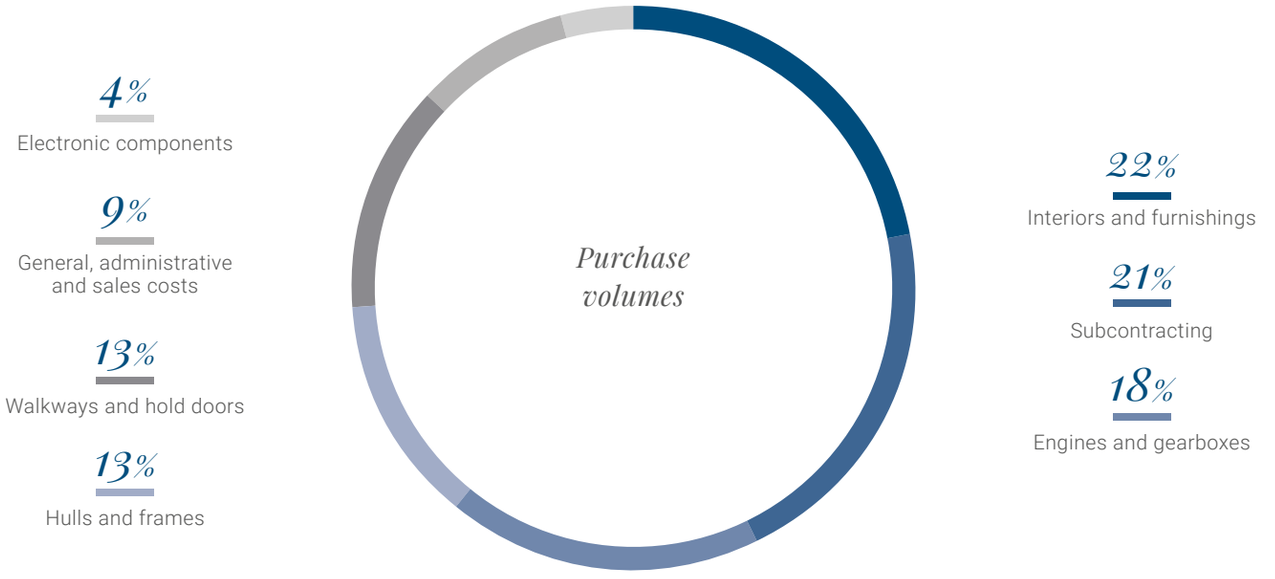


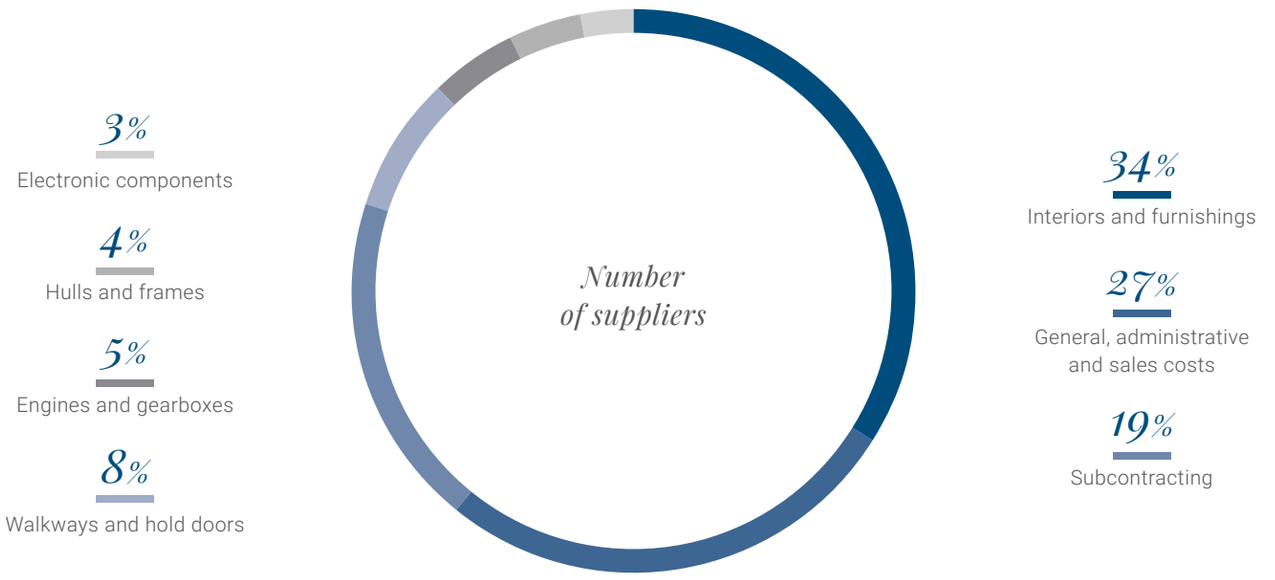
Group purchase volumes, after reporting very similar figures in 2018 and 2019, decreased significantly in 2020 (-22% on 2019), totalling approx. Euro 373 million. The distribution between the product categories does not show significant changes in the three-year period 2018-2020, except for the following observations; there is an increase in the number of furnishings suppliers, mainly due to the need for a richer and more varied supply network in the field of artisan work. Between 2018 and 2019, however, 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 the size of yachts, which therefore requires a greater number of furnishings and mechanical elements. In 2020, on the other hand, and as previously noted, purchases were largely similar across all product category segments.

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 20% of the total, these four product categories constitute 48% 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.

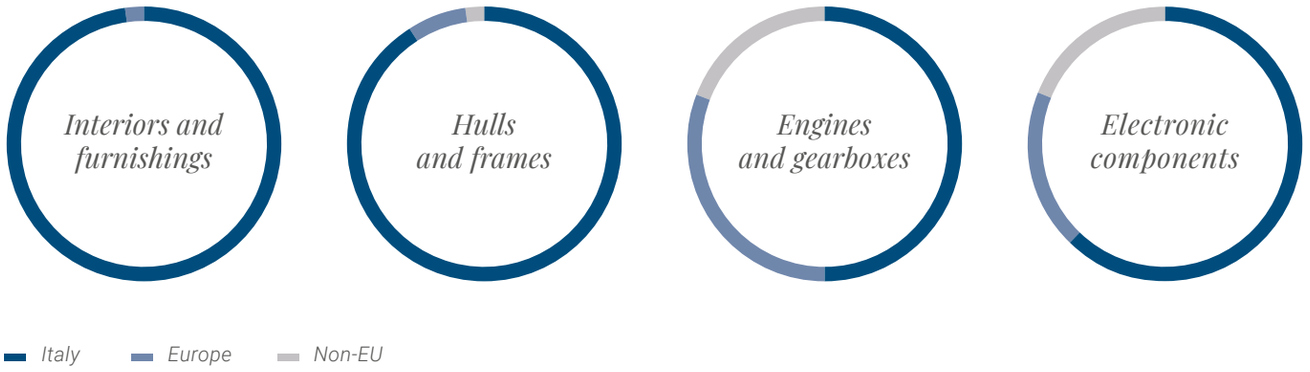
Breakdown of the total purchase volume and number of suppliers used by product category (2020)





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 (2020)

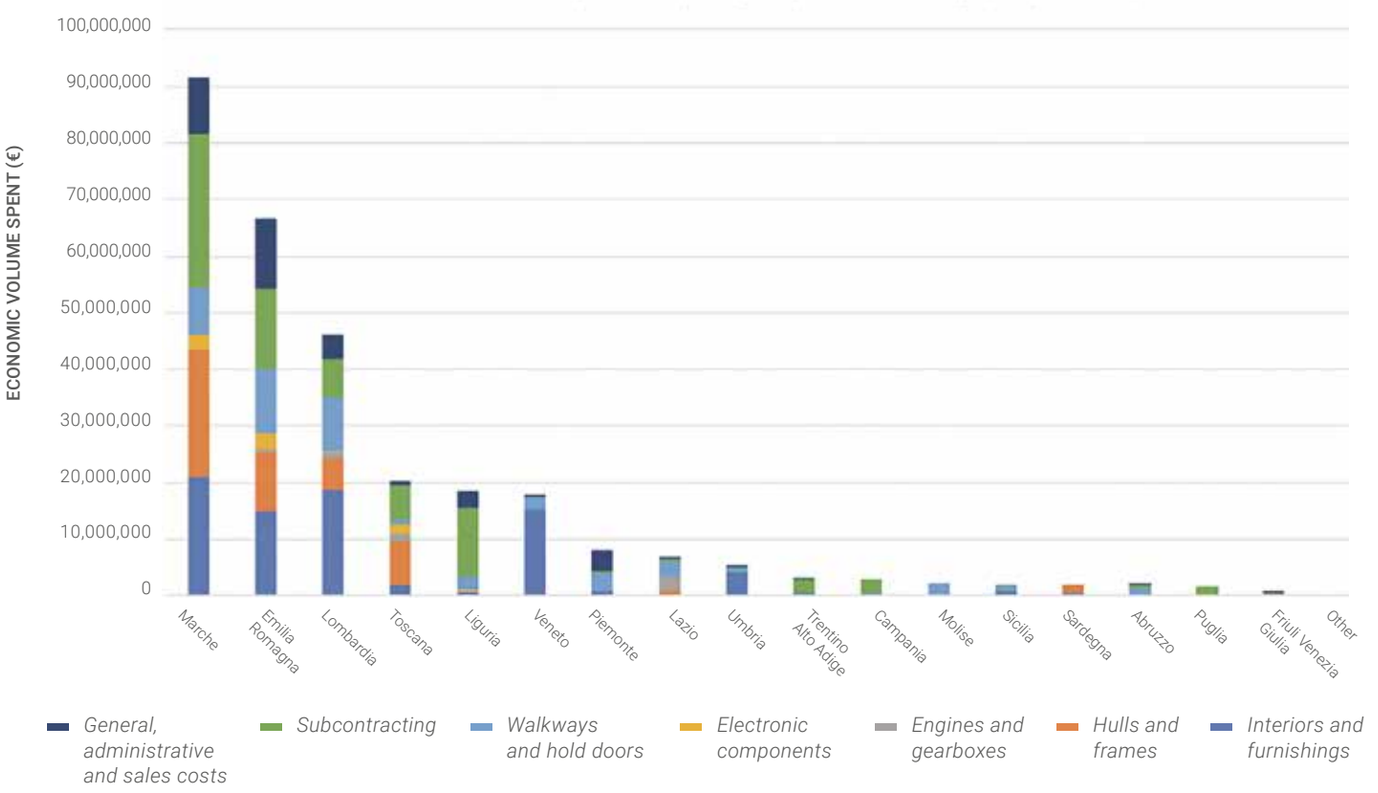


	NUMBER OF SUPPLIERS			PURCHASE VOLUMES[4]		
REGION	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
ITALY	1,987	1,912	1,468	€ 372,389,292	€ 368,079,938	€ 298,636,415
EUROPE	250	230	110	€ 73,024,983	€ 78,797,981	€ 48,355,204
NON-EU	65	68	34	€ 27,396,131	€ 30,666,071	€ 25,879,857
TOTAL	**2,302**	**2,210**	**1,612**	**€ 472,810,407**	**€ 477,543,990**	**€ 372,871,477**

[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 2020, 30% of Italian purchases were made in the Marche region (22% in 2019), home of the Ancona and Mondolfo shipyards, 22% in Emilia-Romagna (18% in 2019), where Ferretti S.p.A. is present at the Forlì and Cattolica facilities, 15% in Lombardy, location of the Sarnico shipyard and offices in Milan (17% in 2019), and 6% in Liguria, home to the La Spezia shipyard.
The graphic below shows the breakdown of purchases by Italian region and product category for Ferretti S.p.A. only:

Division of economic volume spent in Italy by region and by product class (2020) - Ferretti SpA



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.

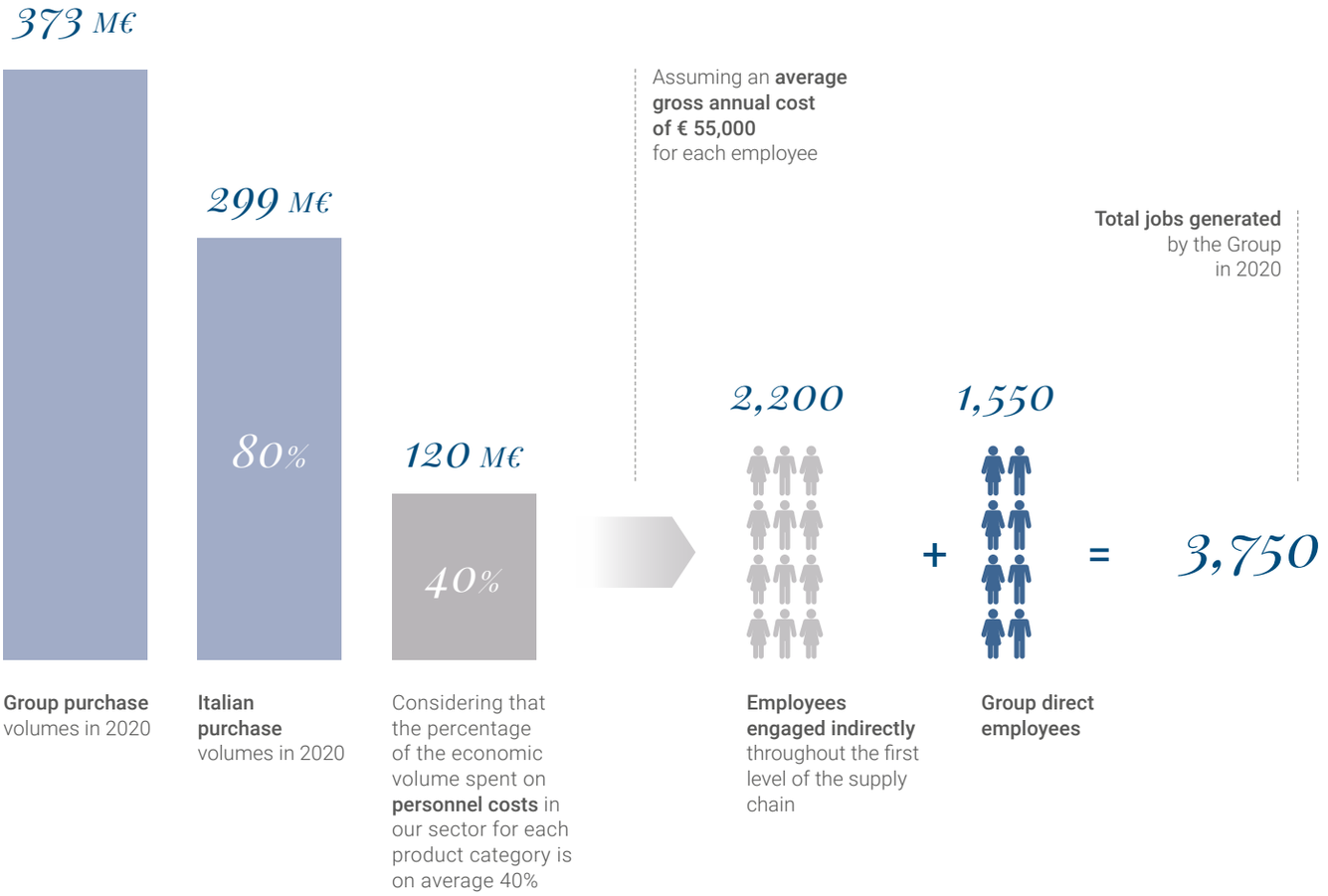
This analysis considers only purchases from Italian suppliers whose production process is carried out entirely within the country, and therefore excludes Italian retailers whose production companies are based abroad. Also included are the product categories described above, including "General, administrative and sales costs".

Considering that the percentage of the economic volume spent on personnel costs in our sector for each product category is on average 40% of the total value spent, and assuming an average annual gross cost of €55,000 for each employee, this therefore gives a figure of approximately 2,200 people employed along the Group's supply chain, in line with the estimated 2,500 staff employed in 2019.

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 1,550 in 2020); an estimate of the total number of jobs created by the Group's business in 2020, therefore, gives a figure of around 3,750 people, in line with the previous year's value (4,000 people). Compared to the previous year, the proposed analysis includes the associate Zago S.p.A. within the consolidation scope.

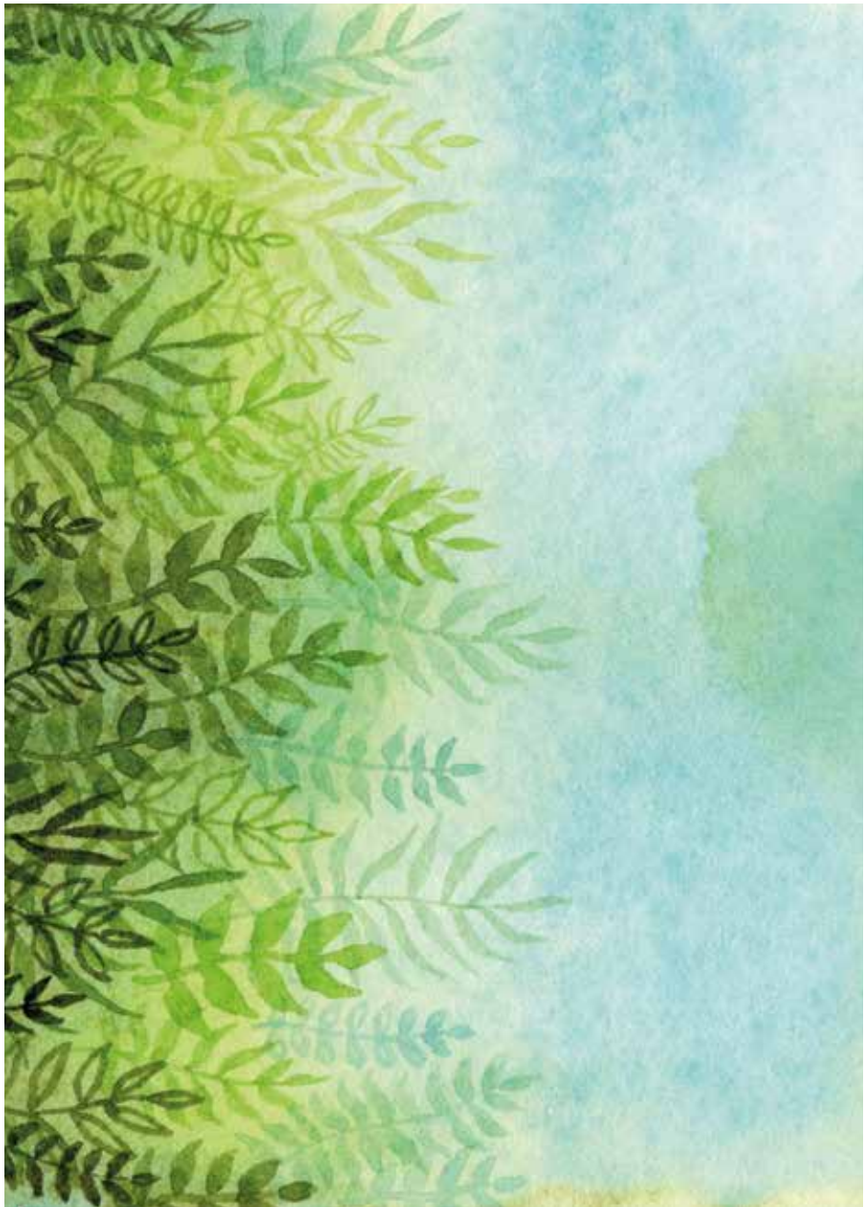
Reflecting the importance of value creation by the Group within the region, it should be noted that this value - despite a significant fall following the COVID-19 pandemic in 2020 - has grown consistently since 2017, and is expected to continue to increase in the coming years as production gradually returns to pre-pandemic levels.

Jobs generated along the value chain by the Ferretti Group in 2020



The Group's responsibilities

Our path towards sustainability



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 Group operates, have recently begun to enter the world of sustainability by attempting to anticipate the growing environmental focus of their stakeholders. In the yachting world this means vessels with hybrid engines, equipped with water treatment and recovery systems, furnished using eco-compatible materials, or even built relying on a network of tracked and responsible suppliers.

This drive towards sustainability is dictated both by choices made by the future owners of our products and by increasingly stringent regulations that require every company in the sector to make forward-looking choices and undertake strategic planning that includes sustainability as an integral corporate value.

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

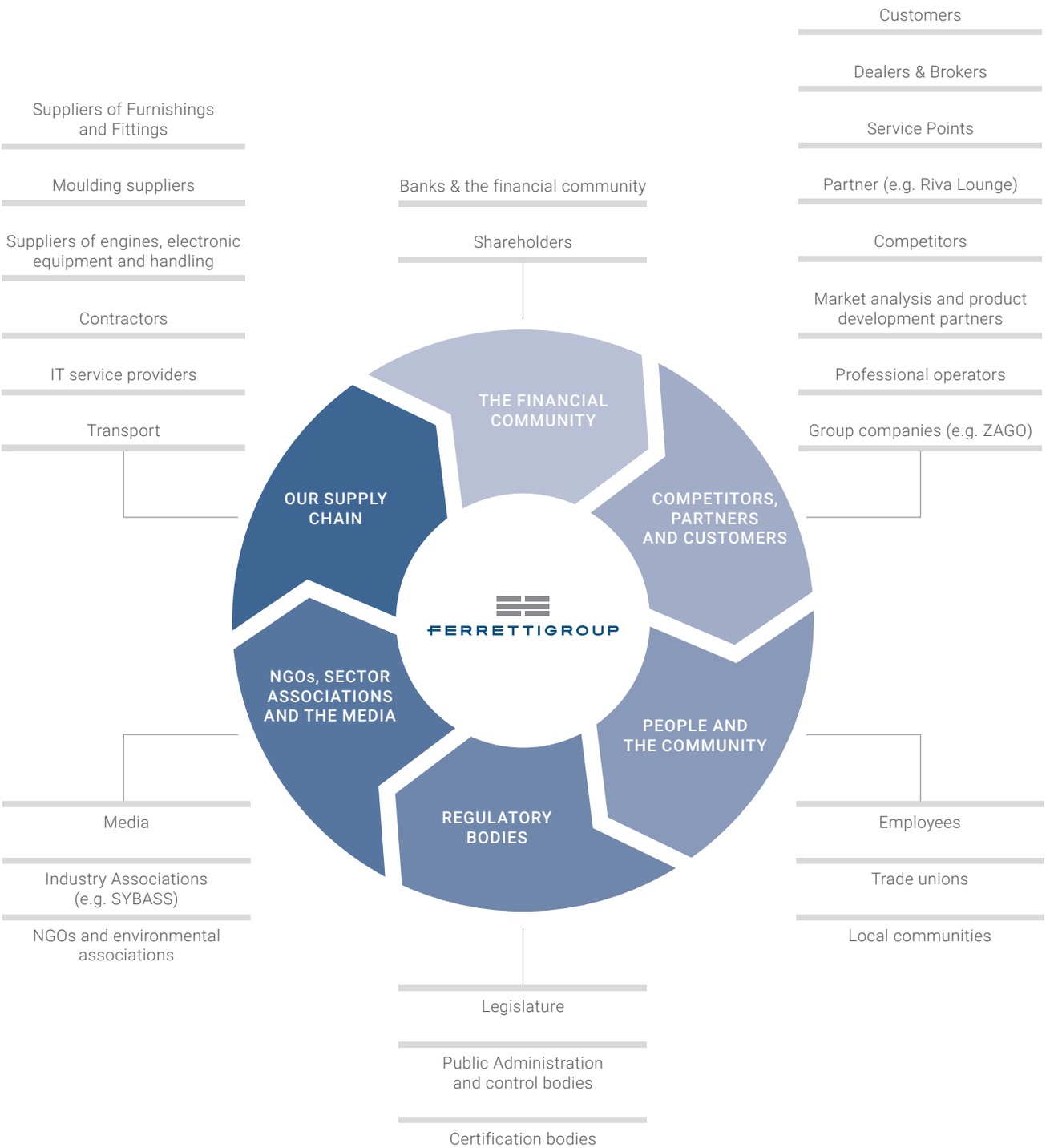
As in 2019, 2020 saw discussion of and updates to two of the most important instruments in the preparation of a Sustainability Report: the list of stakeholders involved throughout the value chain, and a materiality analysis designed to identify the most relevant sustainability issues in terms of impacts generated and stakeholder focus.

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

.1 *Ferretti Group's stakeholders*

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

Stakeholders were identified by involving the entire front line of the company and considering the players with whom the Group interacts and those groups who influence/are influenced by Ferretti Group's activities along the entire value chain. The discussion carried out by the company's senior management confirmed the stakeholders again for 2020, and no changes were made to the list presented below.


Customers
Dealers & Brokers
Service Points
Partner (e.g. Riva Lounge)
Competitors
Market analysis and product development partners
Professional operators
Group companies (e.g. ZAGO)
Employees
Trade unions
Local communities
Legislature
Public Administration and control bodies
Certification bodies
Media
Industry Associations (e.g. SYBASS)
NGOs and environmental associations
Suppliers of Furnishings and Fittings
Moulding suppliers
Suppliers of engines, electronic equipment and handling
Contractors
IT service providers
Transport
Banks & the financial community
Shareholders
THE FINANCIAL COMMUNITY
COMPETITORS, PARTNERS AND CUSTOMERS
PEOPLE AND THE COMMUNITY
REGULATORY BODIES
NGOs, SECTOR ASSOCIATIONS AND THE MEDIA
OUR SUPPLY CHAIN
FERRETTIGROUP

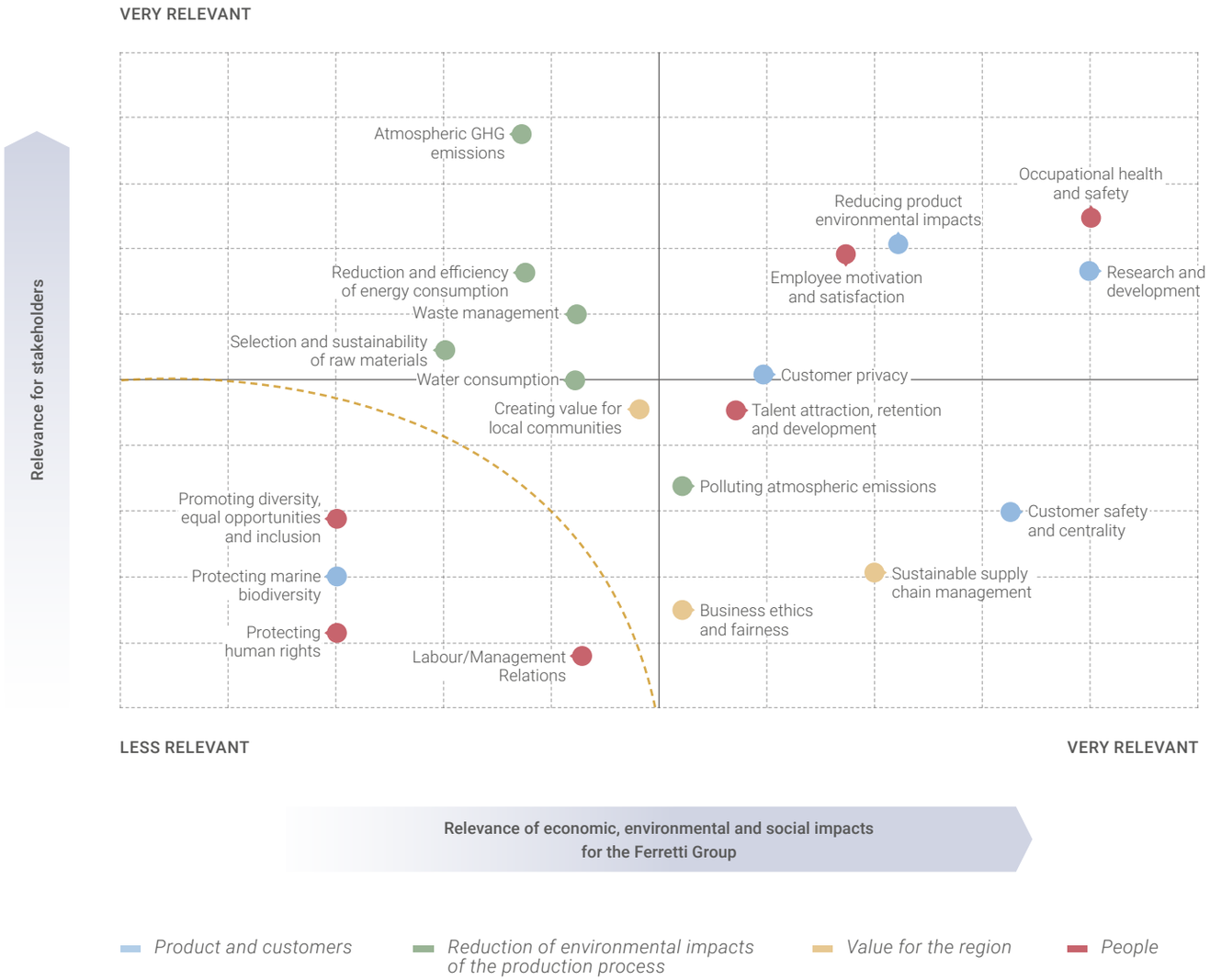
.2 *The materiality matrix*

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

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

As in the previous year, possible sustainability issues were identified through an analysis activity that included a benchmark with the Group's main competitors and comparable companies, mapping of the main sustainability trends - both in the sector and at a global level - and a media analysis. The topics identified 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").
As for external stakeholders, the analyses carried out last year are enriched by their voice in this second Report, which includes the results of a survey carried out with one of the Group's most important stakeholder categories: customers. In 2020, the Ferretti Group sent a questionnaire to owners of a boat manufactured by the Group or other producers in the sector. This questionnaire consisted of four multiple-choice questions, three of which particularly relevant to sustainability. The details of the survey can be found on the next page, along with the answers obtained from it. These answers were then integrated into the stakeholder assessments, allowing the relevance of sustainability topics to be updated and providing the values for the axes of the matrix. The Group has set itself the target of further increasing stakeholder involvement, proposing direct engagement methods like the one used with customers this year, in order to perfect the external viewpoint of the materiality analysis.

Evaluation of the issues along the x-axis, on the other hand, was carried out through a workshop that saw the involvement of company management, who were asked to update the opinion they provided the previous year regarding the relevance of the environmental, economic and social impacts generated by the company's activities in relation to the issues identified.
The updated materiality matrix reports an increasingly linear correlation between the topics that are relevant to Ferretti Group and those that are relevant for its stakeholders, indicating a substantial overlap between the Group's internal and external interests. Such an analysis is extremely useful in identifying the topics that create more distance between stakeholders and the company. This allows more targeted action and a clearer understanding of the reasons for this asymmetry.



The topics above the yellow line are material for the Group and its stakeholders, and are therefore included within this report; compared to 2019 there are no changes in the topics reported, but only in the relevance of those topics. Specifically, the topics "Reducing product environmental impacts", "Employee motivation and satisfaction" and "Sustainable supply chain management" saw the greatest increase in relevance compared to the previous year. The reasons for this are doubtless linked to the COVID-19 pandemic and a growing awareness of the importance of a resilient and flexible supply chain in guaranteeing production continuity, including at times of great instability

such as those we are currently facing. As in the previous year, the topics excluded from reporting were "Labour/ management relations" and "Protecting human rights". These 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.

As described above, to ensure maximum effectiveness of the analysis the Group has seen fit to update the materiality matrix created in 2019, and each year will continue to assess the need to update the matrix based on changes in the Group's supply chain, changes in the relevance of the issues for stakeholders and the company and in accordance with the GRI Standards.

To improve its impacts on issues of social and environmental responsibility, in 2020 the Ferretti Group sent its customers[1] a questionnaire consisting of four multiple-choice questions, three of which particularly relevant to sustainability. Analysis of the answers provided an overview of the Group's customers' views both on the Group's pillars of sustainability and on a number of specific sustainability topics:

[1] *The pool of respondents was 442 owners of yachts manufactured by the Group or other producers in the sector.*

Results of customer sustainability questionnaire

#1

*Sustainability means **Environment, People, Creation of value in the region:** which of these components do you think is more relevant for Ferretti Group?*

7%
Development of link with the region

42%
Environment (reduction of the environmental impact)

51%
People (human assets of the company)

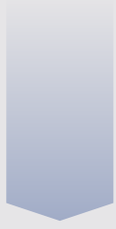
#2

***Yacht and sustainability:** where would you like the company's work to focus in the coming years?*

8%
Initiatives of social importance (Region)

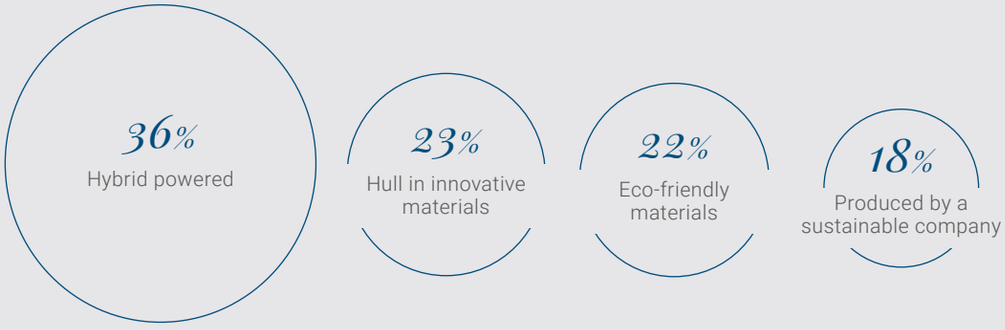
32%
Innovative shipyards (Process)

60%
Eco-friendly materials and alternative fuel engines (Product)



#3

*How do you envision the **"sustainable yacht** of the future"?*

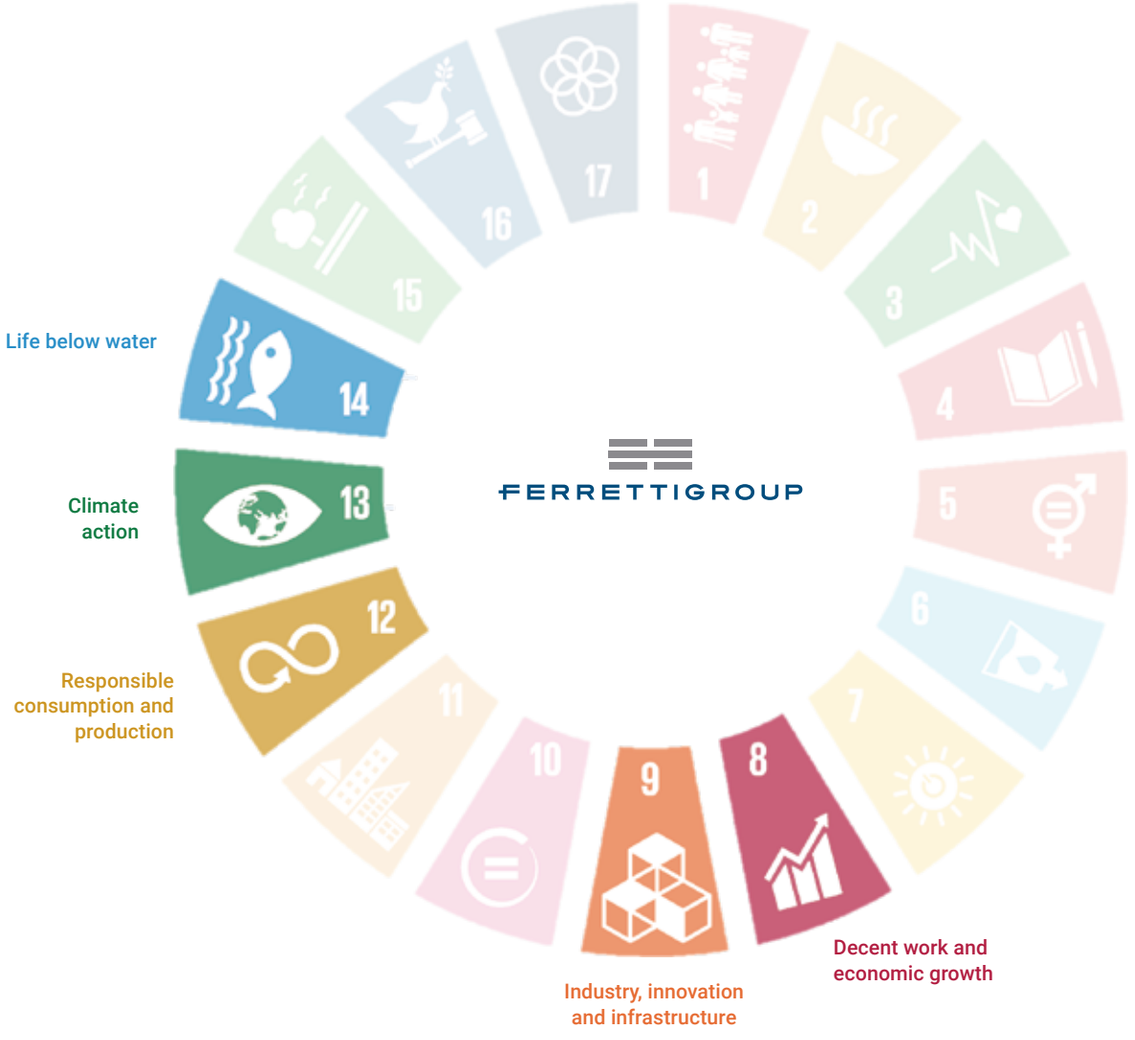


SUSTAINABLE DEVELOPMENT GOALS - SDGs

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.

Luxury and innovation

The quality and exclusivity
of our products

.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 Group 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 Ancona[1], 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.

SERIAL MODELS

32

Products with special features that vary depending on the model in a specific series. Starting with a predefined product base, the owner is free to personalise the yacht's setup and configuration.

WALLY · FERRETTIYACHTS · PERSHING · itama · Riva

SEMI-CUSTOM MODELS

8

Products based on a predefined hull but whose interiors and details can be adapted according to customer requirements.

8 semi-custom models
(5 Custom Line, 2 Riva and 1 Pershing)

PERSHING · Riva · CUSTOM LINE

FULL-CUSTOM MODELS

∞

Products designed and manufactured to meet the specific requirements of the customer, who plays a central role at every stage of production.

PERSHING · Riva · CRN

The 48wallytender, 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	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							

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 obtained quality process certification 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, and in progress at Forlì (February 2021);

- **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.

The quality system sets out specific responsibilities at two different levels. On the one hand, the 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.

SUPPLIER APPROVAL	PRODUCT APPROVAL	PRODUCTION CHECK
Assessment prior to award of new supply contract	Approval of products in composite materials, furnishings, semi-finished products, glass, and catalogue parts to check that the input material matches specifications	Pre-installation check of materials. Plans applied to main construction processes and specific analysis and verification carried out for special components

OPERATION AND CORRECT ASSEMBLY CHECKS	WATER TESTING OF ELECTRICAL EQUIPMENT	SEA TESTING
Post-production and at shipyards, quality control of installed furnishings, operation of mechanical systems etc.	Water testing using checklists based on information from every company department	Sea test to subject the boat to different sailing conditions before final delivery

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 Group provides full training on use of the vessel. In some cases, the Group also offers an accompanying service for the owner's first voyage. In the future this service will be extended to a greater number of customers to accompany and support the future owners of our products from their earliest sailing experiences.

Finally, product quality is certified by appropriate marking and certifications. The **CE mark**[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 Group guarantees owners that their yachts meet the highest safety standards, protecting their commercial value and quality throughout the life of the yacht.

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

In 2020 there were no non-conformities related to consumer health and safety aspects of the vessels produced and sold.

"Yachting - Esitech"

Custom Line 106': the world's first antimicrobial boat

Thanks to the esi system, the Ferretti Group's Custom Line 106' was the world's first antimicrobial boat. By emitting Ag^+ silver ions and other metallic ions, the antiviral, antibacterial and antifungal esi technology performs an antimicrobial function on any surface or space where it is used, cleaning them constantly, naturally and silently. The esi metallic cluster, which interacts with moisture in the air without the need for external energy sources, was tested and certified for efficiency against the Coronavirus by the Virology Laboratory at the University of Modena and Reggio Emilia.

The Ferretti Group was the first company in the maritime industry to install the technology on one of its craft as it worked to improve comfort aboard its yachts through constant and long-lasting antimicrobial cleaning. When applied to internal areas, the esi system cleans the surrounding environment by neutralising microbes and unpleasant smells, creating a natural freshness that is perceptible by the yacht owner and their guests. esi emitters can be conveniently placed within a yacht, hidden from view thanks to their small size. They can, in fact, be integrated into the classic components of a yacht: sofas, armchairs, cupboards and small furnishings, but can also be placed in kitchens, service areas or close to air conditioning outflows, thereby cleaning the air as it enters the room.

[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 150 million between 2015 and 2020 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

CSP

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

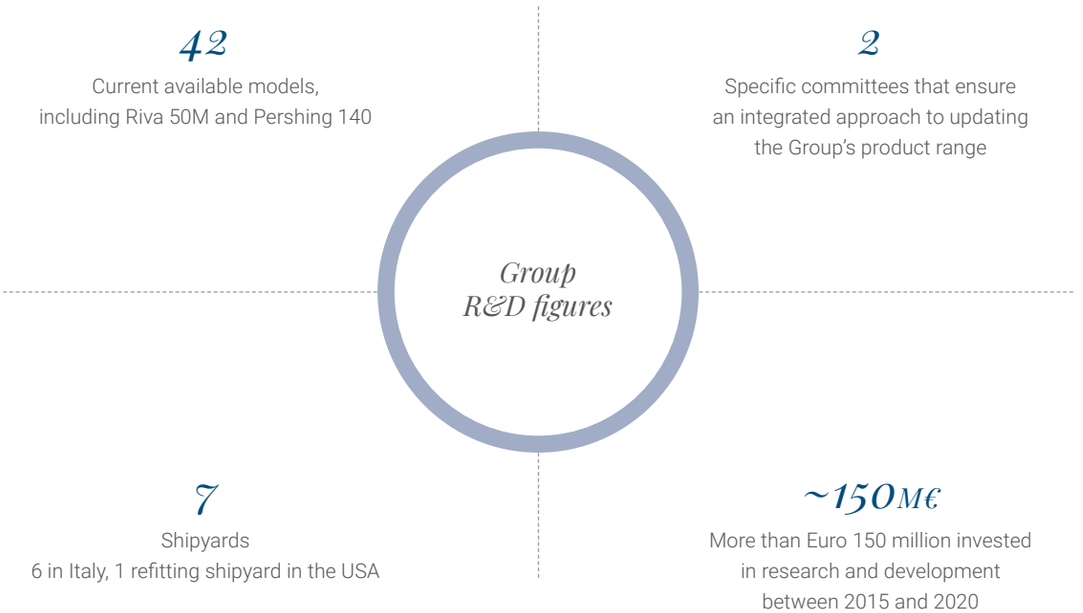
COP

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's range now includes 42 models, of which more than 80% have been launched since 2015.

This has 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:

APPROVAL OF DESIGN AND COST REQUIREMENTS	CONCEPT DEVELOPMENT AUTHORISATION	CHECK/ APPROVAL	DEVELOPMENT VALIDATION
Meeting to approve both design/performance and financial requirements	After a preliminary analysis of costs, manufacturability, profitability and timing, a decision is made on whether to authorise development of the concept and continue with product development by commissioning the designer	Verification and approval meeting during which a decision is made on whether to continue or halt product development, reviewing the product's financial performance by evaluating costs and carrying out marginality analyses	Meeting to validate both the product as a whole and the project, considering technical and financial aspects

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

As such, Ferretti Group 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 customers 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, though the choice of energy sources to power the yachts is essential against a backdrop of decarbonisation. Among the most recent developments, and those that offer the greatest potential for further development, hydrogen is particularly promising. It can be produced using renewable energy with zero emissions factors, and therefore contributes to eliminating climate-altering emissions both during the production phase and in use. This type of energy is known as "green hydrogen", and its contribution to the decarbonisation of the maritime sector has been studied for some time.

- **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 Group reduce the impact of components and materials. It is in this area that Ferretti 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 ongoing into techniques to crush the 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 120'

STEEL, ALUMINIUM AND FERROUS MATERIAL (for engines and on-board systems) — 38%

PUTTY, PAINTS AND INSULATION STEEL (for the hull) — 37%

WOOD, COMPOSITE MATERIALS AND TEAK (for furnishings and decks) — 22%

GLASS (for windows) — 3%

Yachts made of metallic materials

The main raw materials used in a production cycle are:

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

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

CRN 62m M/Y Voice

STEEL, ALUMINIUM AND FERROUS MATERIAL (for engines and on-board systems) — 31%

STEEL (for the hull) — 30%

WOOD, COMPOSITE MATERIALS AND TEAK (for furnishings and decks) — 16%

ALUMINIUM (for superstructure) — 11%

PUTTY, PAINTS AND INSULATION — 11%

GLASS (for windows) — 1%

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

Nevertheless, the Group's drive for innovation has meant we were the first company 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 costs[4].

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

Furthermore, and as noted at the beginning of the chapter, hydrogen is attracting increasing attention as an energy source, and has the potential to become a fixture of the maritime sector. As part of the decarbonisation process underway in every sector, including that of maritime transport, hydrogen presents two significant advantages. The first is that it can be produced using green methods, using hydrolysis procedures powered by renewable energy. Hydrogen produced in this way is known as "green", as opposed to "grey" hydrogen, which uses **reforming processes powered by fossil fuels**, or "blue" hydrogen, which is **captured from the carbon dioxide reforming process using Carbon Capture and Storage (CCS) technologies**.

The second advantage is its compatibility with use in **fuel cell systems, which could in future lead to hybrid-electric technology powered by green hydrogen, which does not generate climate-altering gases during the production phase**

or in use. These aspects combine to make green hydrogen a “zero impact” energy source. Today, production of hydrogen energy is in its infancy, and its use limited by high associated costs.

Despite this, a number of countries both in Europe and elsewhere have put hydrogen at the centre of their decarbonisation strategies, which will presumably see the gas used chiefly in sectors defined “hard to abate”, i.e. those in which decarbonisation using other technologies is difficult. The use of hydrogen as the main fuel for heavy transport (including ships) should therefore be considered a very real possibility, and constitutes a challenge on the path towards efficiency and the reduction of CO_2 emissions created by the use of yachts

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. The first IHM for a CRN yacht is currently underway and is expected to conclude in Q4 2021.

FURNISHINGS AND FITTINGS RESPONSIBLE SUPPLY

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

While the materials and workmanship of the furnishings are key elements for the product, on the other hand they are an important aspect in terms of using increasingly sustainable materials with a lower environmental impact.

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

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

The suppliers involved, most of which are FSC (Forest Stewardship Council) certified, issue declarations that attest that wood is sourced from controlled forests, and pay close attention to the impact of this wood over its entire life cycle. Okoume plywood, which is purchased from FSC certified suppliers, is particularly valued for its water-repellent characteristics. It belongs to the Burseraceae (mahogany) family and is pinkish in colour, and because of its characteristics is particularly suited to the construction of structural elements that compartmentalise and subdivide the yachts' internal spaces.

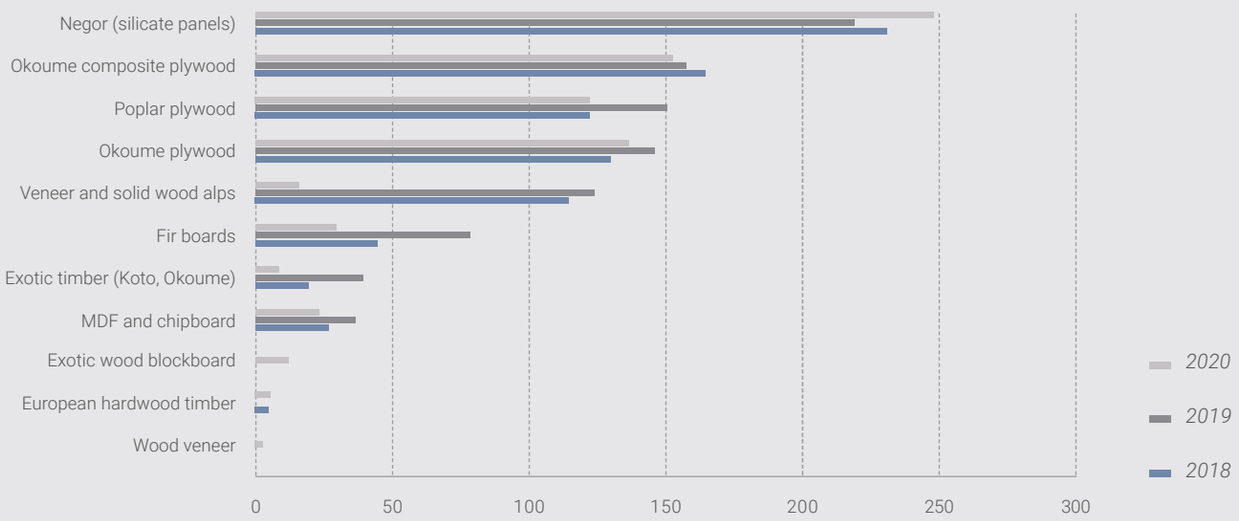
In addition to the woods used in the upholstery and which are an aesthetic feature of the furnishings, the product portfolio also includes poplar plywood structures and lightweight composite panels which provide excellent mechanical performance, guaranteeing maximum durability, strength and smoothness.

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

The company's main supplier of this composite wood is Alpi S.p.A., which guarantees that the raw material comes from forests that are managed in compliance with national regulations stipulating prudent forest management which guarantee that forest areas designated for felling are naturally or artificially renewed, while all operations and documentary processes are overseen by the relevant authorities.

In addition to paying close attention to the responsible supply of wood, Zago S.p.A. constantly undertakes to use low formaldehyde products in its production cycle, and periodically carries out indoor tests to assess how healthy each workspace is. Also in order to guarantee health and safety in working areas and the external environment, the company has introduced cycles of water-based paint rather than solvent-based lacquering.

Types of wood used by Zago S.p.A. (square metres)



.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 Group traditionally operates in a market featuring an extremely select customer base of high net worth individuals who are particularly sensitive to issues surrounding confidentiality. The Group therefore pays close attention to the issue of privacy, not simply to remain compliant with the European Personal Data Protection Regulation (GDPR[5]), but also to protect its clients and guarantee maximum confidentiality and security in the processing of their data. In doing so, it confirms the solid reputation that the Group has created over the years. In 2020, 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.

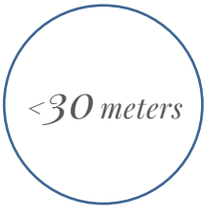
The Integrated Helm Station of the Custom Line models Navetta 42 (left) and Riva 90' Argo (right): the integrated dashboard makes sailing easier by offering a simple and intuitive interface.

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 2020 the Group expanded its global broker network to ensure a stronger foothold on particularly key markets. Ferretti Group also improved the internal sales structure by supporting the network with direct sales outlets (Milan, London, Monaco, Majorca, Fort Lauderdale, Palm Beach, Shanghai and Hong Kong).

Commercial strategies according to yacht size



Sales through dealers
(present in 70 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.

COMMUNICATION INITIATIVES

Ferretti Group's brand portfolio is certainly a key competitive advantage for the company. The Group invests substantial resources in global brand promotion that are intended to build brand awareness and increase customer loyalty.

Brand promotion is annually run through countless international customer oriented activities such as exclusive events, sponsorships, brand extension activities and merchandising, high-end branded lounges, digital and social media campaigns and marketing and Ferretti Group's quarterly magazine Protagonist.

Ferretti Group actively attends the most significant international boat shows every year, counting more than 10 main shows around the World. To name a few in Europe (Cannes Yachting Festival, Monaco Yacht Show, Salone Nautico Genova, Boot Düsseldorf and Salone Nautico Venezia), in North America (Ft. Lauderdale International Boat Show, Miami Yacht Show and Palm Beach Yacht Show), in the Middle East (Dubai) and in Asia (Singapore).

The Company frequently organizes exclusive VIP events to mark product launches and important celebrations such as Ferretti Group Private Preview annually held in Monaco and other spectacular World Premieres to exclusively present brand new yachts to a hand-picked selection of VIP guests in between EMEA, AMAS and APAC regions.

Sponsorship activities represent a key means for increasing brand awareness: the Group and its brands typically enter into such arrangements with Italian luxury brands. For example, Riva is currently an official sponsor of the Ferrari Formula 1 Team, sponsoring the F1 halos and the helmets of drivers Charles Leclerc and Carlos Sainz.

Ferretti Group believes opening lounges and privée spaces in exclusive tourist locations enable to promote the brands in association with the lifestyle they represent. Therefore the Group is actively working with its brands on opening a series of spectacular locations such as: Riva Lounges at the Gritti Palace Hotel in Venice, Monaco, Paris, Sardinia, Ischia, Croatia, Formentera and Mykonos. Pershing Lounge at the Seven Pines Resort in Ibiza. Wally at the Phi Beach, the chic Mediterranean venue in Costa Smeralda, Sardinia.

Furthermore, the Company have launched a merchandising line for our Riva brand, featuring high-quality clothing items, accessories, furnishings and collector's items that bring Riva's brand values to life for enthusiasts.

Digital marketing channels are constantly developed to increase the Group's visibility and brand awareness, share key information about new products and special events, acknowledge customer preferences and market trends. Digital interactions with customers are leaded through the main Corporate website (www.ferrettigroup.com), individual websites of each of the brands (Wally, Ferretti Yachts, Pershing, Itama, Riva, CRN, Custom Line) and its respective social media platforms, which register millions of visitors every year.

In 2020, Ferretti Group counts 35 active social media accounts active on 10 platforms (including Facebook, Instagram, LinkedIn, Youtube, Vimeo, Pinterest, Wechat, Weibo, Twitter and Youku) with more than 1.6 million registered followers active across those accounts and 6.7 million engagement.

The visibility is also enhanced by the online ADV which in 2020 generated 814 Mln impressions just up to September with 15 open opportunities and 9 new sold boats to the web leads generated.

The search engines ranking is strengthened not only by the timely technical refinements, but also through the online PR, featuring more than 1.800 publications on nautical and lifestyle web magazines and social channels. The Advertising Value Equivalent or rather the value of our online presence amounts to more than 17 million of Euro.

The internal and external sales network is supported by the B2b tools (website, iPad and iPhone apps) with an average of 330 users.

Ferretti Group is also constantly focused on keeping its gaze and attention on the territory by offering an important contribution to the community.

Last of the examples, in 2020 during the COVID-19 pandemic the company made important donations to the major hospitals in the areas of Milan, Cattolica, Forlì, Mondolfo, La Spezia, Bergamo and Ancona where its production sites are located. "A Wave of Caring" digital campaign has also been launched and conveyed through the websites and social channels belonging to the Group inviting the company stakeholders to donate to hospitals and especially to support their intensive care units.

The project brought together the resources of many stakeholders (from shipyards, to dealers, to ordinary people), and involved a large pool of people who made it possible to purchase new intensive care equipment, strengthening the health system. The campaign also received major international recognition from METSTRADE and IBI (International Boating Industry) magazine in the "Community Support Initiative" category, further recognition of the campaign's value.

Ferretti Group yachts at the Venezia boat show in June

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

5.

Excellence and development

Production sites and
environmental impact

.1 *Our shipyards*

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

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

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.

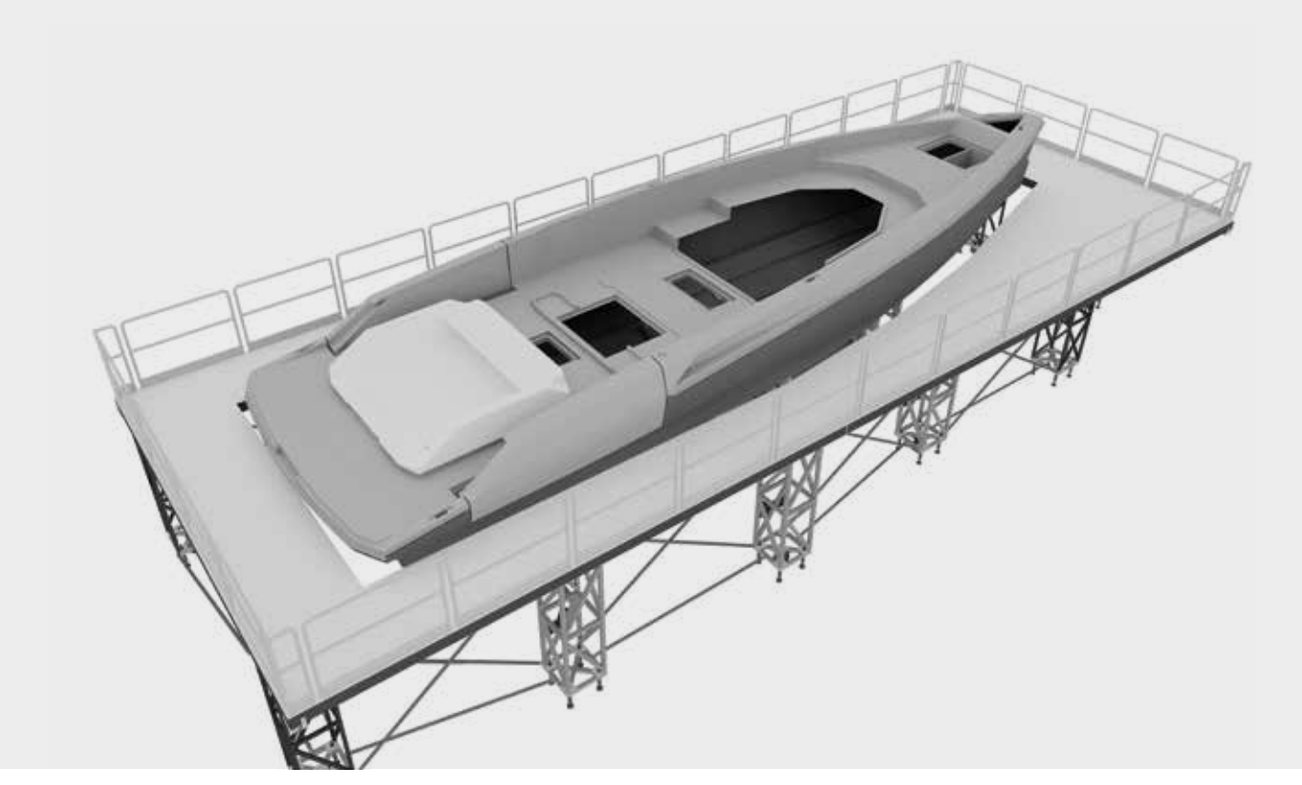
The six yacht construction sites are designed to allow a sequential production strategy that involves the preparation of the product according to predetermined positions and flows, guaranteeing uniformity in the management of production progress and logistics flows and allowing greater control of the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

Activities carried out at a typical shipyard

HULLS ARRIVE AT THE SHIPYARD → ON-BOARD SYSTEMS, ASSEMBLY, MACHINERY, BELOW-DECK FITTING → SUPERSTRUCTURE ASSEMBLY → ASSEMBLY OF FURNISHINGS → WATER TESTING OF ELECTRICAL EQUIPMENT → SEA TESTING

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.

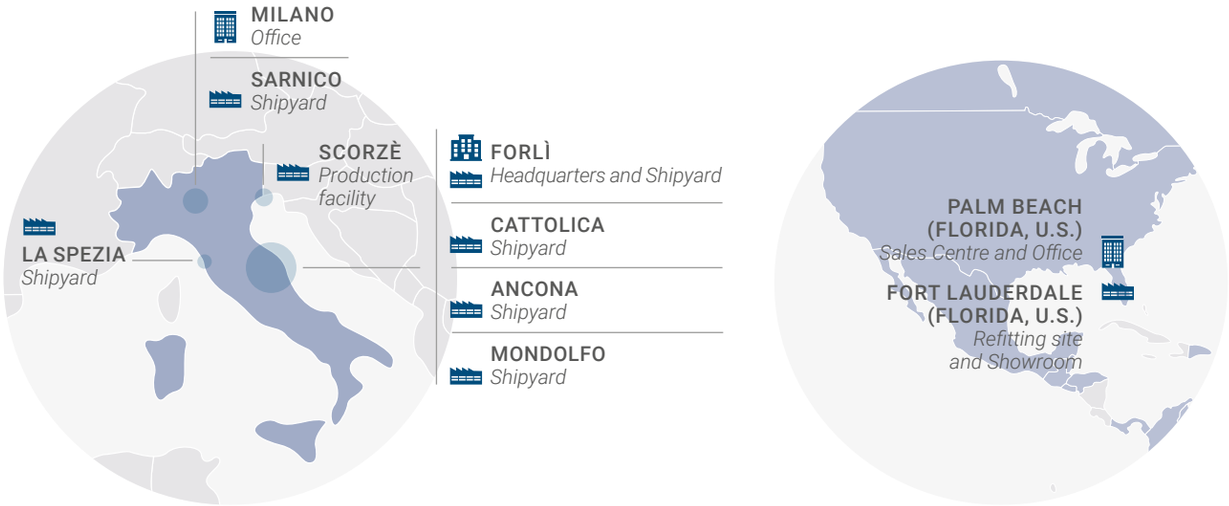
In-line production using mobile scaffolds



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 the La Spezia and Ancona shipyards the launch is carried out at sea, while at Sarnico it takes place on Lake Iseo. For the other 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.



Shipyards and COVID-19

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

The Group made numerous investments to protect its employees. These included purchasing disinfectant gel and oximeters, the provision of masks for all workers and, where necessary, virus testing (despite the fact that no outbreaks occurred within the company).

A series of initiatives designed to prevent the spread of the virus were also introduced. These included cleaning workstations and ensuring space between them, in addition to greater use of shift working to minimise the number of workers at the same site at any one time. Changing room lockers were also distributed taking into account these shifts, ensuring that workers were able to avoid using lockers close to those of other employees.

FORLÌ
The site and the shipyard

The Forlì shipyard is the site of production facilities for Ferretti Yachts, Itama and Wally yachts, houses the Group's head offices, and is also where models and moulds for a number of Group lines are made. The current site occupies a total surface area of 42,914 m^2 (of which 17,927 m^2 is covered). This includes the extension carried out following the 2019 acquisition of a facility next to the original industrial complex. This is a significant investment designed to create new Wally production areas and administrative and representative offices.

Work was scheduled to be completed in two phases. The first of these, which centred around the development of the production site for the Wallytender line, concluded in 2020. The second phase of the project is scheduled for completion by the end of 2021.

Once this phase is complete, in addition to the shipyards the spaces will host offices, a commercial showroom and warehouses spaces, which will be transferred from their current location. In 2020 the shipyards also took on management of the docks, which are therefore the responsibility of the site administration. This is a change that affects not only the shipyard at Forlì but the Ferretti Group as a whole.

View of 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 are of 12,200 m^2, of which around 6,750 m^2 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.

View of the Cattolica shipyard

THE SHIPYARD OF THE FUTURE
The Mondolfo shipyard

The Mondolfo plant, a futuristic space covering around 45,000 $m^{2,}$ of which over 13,000 m^2 is built, 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 500 m^2 where yachts are dry painted. A second such site will be activated by late 2021, which will almost double the space available for dry painting. The test tank is used for all hydraulic checks (engines, exhausts, bilges and generators) and for yacht waterproofing tests, while the travel lift allows towing and trial tank launches to be carried out.

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

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 140 pleasure boats in addition to the entire Custom Line fleet in composite materials.

The Superyacht Yard covers an area of 77,189 m^2, of which around 32,000 m^2 is covered, and makes use of a nearby private marina boasting a total water surface area of 23,000 m^2. The marina is equipped with five quays for a total of 14 berths for yachts from 24 to 100 metres and five quays dedicated to the fitting out and completion of pleasure boats and yachts in addition to refitting work.
Yachts up to 50 metres in length are launched using the travel lift, which has a capacity of up to 670 tonnes. Larger yachts are launched using slipways. The covered area of the shipyard comprises nine sheds designed for the construction of yachts, four of which are reserved for steel and aluminium construction and five dedicated to the construction of the Custom Line range. The Superyacht Yard also includes an apartment building for the teams and shipyard crews that carry out tests and checks and deliver the yachts.

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

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

RINA
BIOSAFETY TRUST CERTIFICATION
MANAGEMENT SYSTEM

Thanks to a significant health protocol drawn up with trade union representatives during the health emergency, the Ancona shipyard was the first in the Ferretti Group to obtain Biosafety Trust certification, a framework awarded by RINA for management systems designed to prevent and mitigate the spread of infections.

View of 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 43,400 m^2, 17,100 m^2 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 certification[1], 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 32,850 m^2, of which almost 14,000 m^2 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. The project is still ongoing, and foresees demolition and reconstruction that will conclude in late 2022 with the extension of the covered area to around 17,000 m^2. The new covered docks will improve working conditions at the workstations in question, protecting them from sun and rain and therefore allowing work to continue regardless of weather conditions.
In 2020, on the other hand, construction of new buildings for administrative staff was completed.

The plant is located in a site of Regional interest where a remediation plan was envisaged both in the land area, which has already been carried out, and in the marine area. Following the variants, which do not include any intervention in the sea, the entire remediation plan will be remodelled by the current technical working group.

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 SHOWROOM
Refitting investments at the temple of yachting

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 maritime markets and means that its products reach customers in 74 countries.

The Group operates in the United States of America through the subsidiary Ferretti Group of America LLC, with headquarters in Fort Lauderdale (Florida) and offices in Fort Lauderdale itself and Palm Beach, through a network of stores and dealers specialising in the distribution and marketing of Group brands across the North American market. In addition to a large and important showroom, in 2019 the Group rented, and in 2020 it became fully operational, offering refitting services such as painting and the application of antifoulant and, more generally, small- and large-scale repairs.

Results in the first year of operation have been very satisfactory, in spite of the challenges posed by the health crisis from early 2020. The shipyard was only partially open during the national lockdown in spring, providing only emergency activities and an extremely limited range of operations. While refitting is not at the core of the Ferretti Group's operations, thanks to intense promotional, PR and market share operations, the shipyard achieved excellent results once the national restrictions were lifted, as commissioned work and the number of incoming yachts continued to increase. The presence at the Ford Lauderdale shipyard of yachts made by companies outside the Ferretti Group is, in fact, a source of great pride for the Group, as it confirms the high quality of the activities carried out at the US site and the dependability of its staff.

ZAGO S.P.A.:
one hundred years of service to the maritime industry

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

ZAGO S.p.A.

7,000 square metres

of furnishing per year

The history of the Zago joinery begins early last century, when in 1908 Carlo Zago, a skilled craftsman and woodworker, opened a small workshop in Venice. Decades later, in 1945, the shop was left to his grandson, also called Carlo. By now, the workshop had become a true business, and was growing constantly. After the Second World War, production capacity expanded to include furnishings for hotels and large banks and from 1961 Zago moved into the maritime sector, marking the beginning of a long-standing and significant collaboration with Fincantieri. Its first naval outfitting was the Appia ferry of the Adriatica di Navigazione. A production line dedicated to naval furnishings was created and in 1964 the facility was moved to its present location in Scorzè. In the following years Zago began to specialise in maritime furnishings, injecting innovation into the sector and establishing itself as a national leader. In 1987 it 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.

.2 *Environmental impacts*

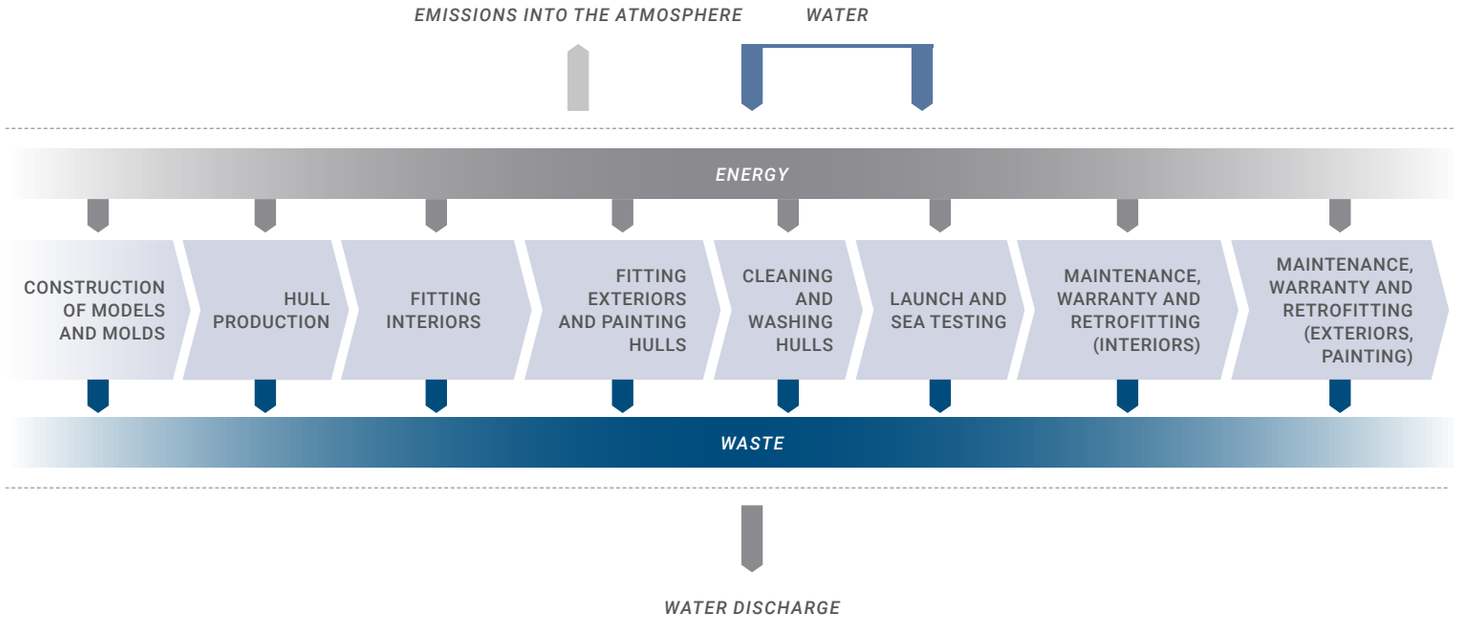
The protection of the environment, together with the health and safety of workers and technological and production development, are fundamental and enabling elements of the Group's growth process. Improving environmental performance is therefore an integral part of the shipbuilding development policies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

Responsibilities for the management of environmental impacts are assigned to reference figures at shipyard level, supported by external consultants for specific issues and coordinated by a central group department.

The total absence of sanctioning activities in this area testifies to the Group's priority commitment to ensuring compliance with current environmental regulations.

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

Process steps and related environmental impacts



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, where present, to heat painting booths. Consumption of this energy source grew at Group level during 2020, mainly due to the entry into operation of the trigeneration plant at the Ancona shipyard, which led to a reduction of more than 680,000 kWh of electricity consumption at the site. The Group also consumes diesel and petrol, mainly to test and launch boats, as well as to power internal handling activities at shipyards, to fuel the company vehicle fleet[2] and, to a lesser extent, to heat the Zago site. Consumption of these fuels fell in 2020, mainly as a result of the slowdown in production activities and the reduction in vehicle use during the national lockdown period. As an exception, diesel consumption grew at the Ancona site, where an increase in the number of Custom Line launches during the year led to more testing activities.

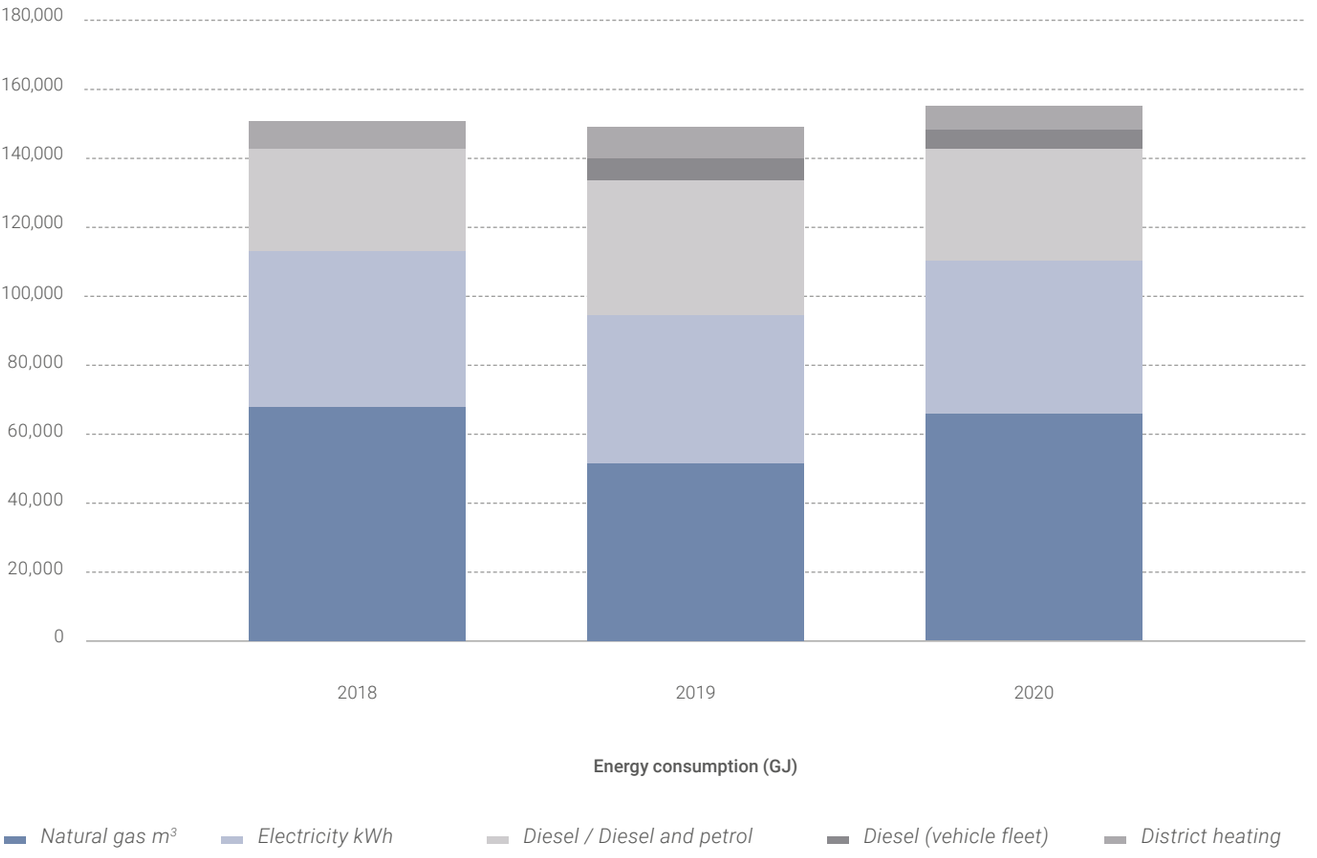
In Forlì – where both the shipyard and headquarters are located – Ferretti Group no longer directly uses fossil fuels to heat its indoor premises and has instead connected the entire site to the municipal district heating network.

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 Group 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. 2020 also saw the replacement of the lighting at the Zago production site, which is predicted to generate a further 400 kWh of energy savings compared to 2019.

[2] *Data on the company vehicle fleet are only available for 2019 and 2020.*

Total annual energy consumption (GJ) by energy source

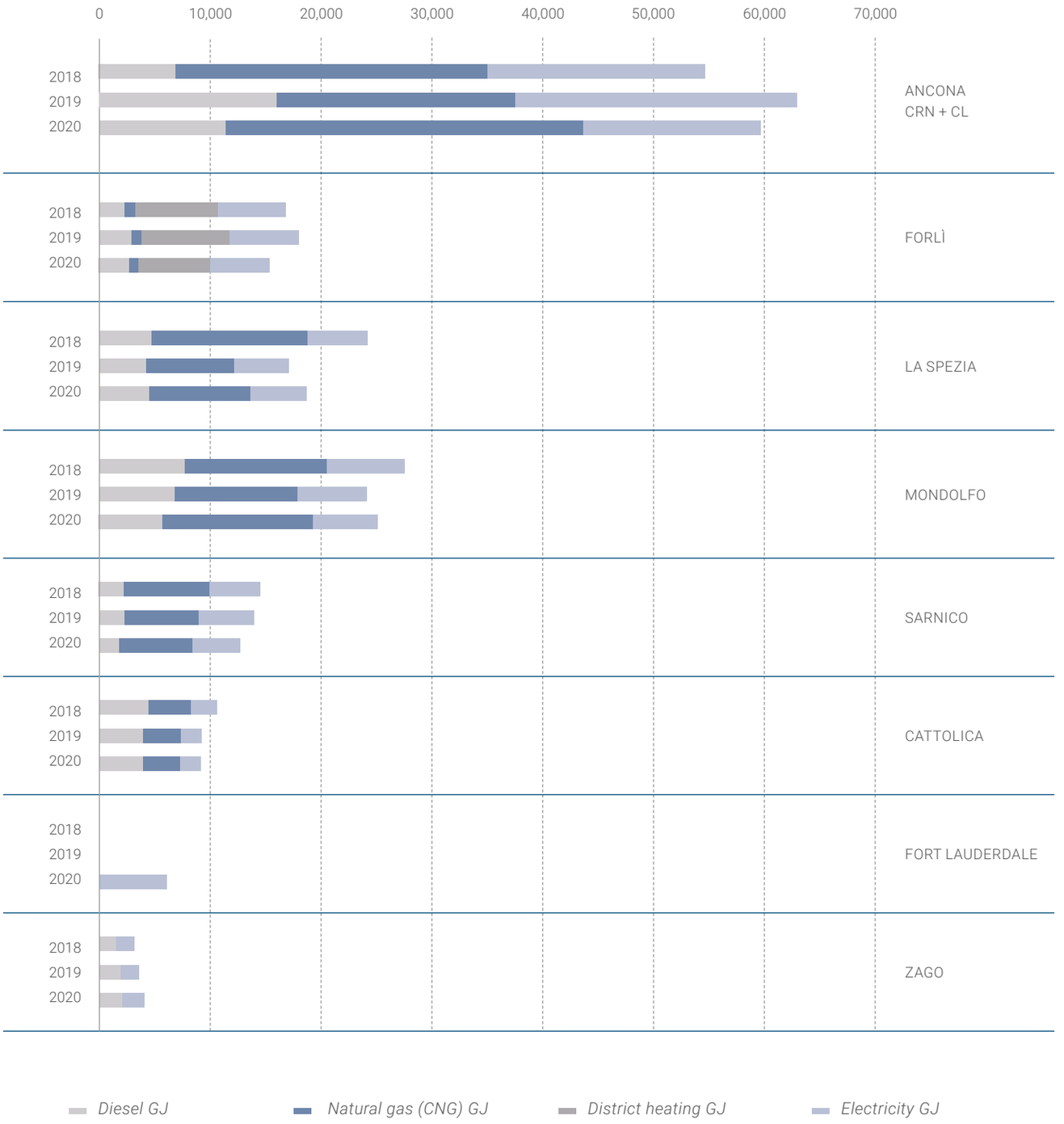


Energy diagnostics allow improved understanding of how consumption is distributed and facilitate the evaluation of energy-saving solutions. The company is subject to periodic energy diagnosis obligations and, in compliance with the principles of clustering, identified the Mondolfo site for Ferretti S.p.A. (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 further campaigns are planned for all Group sites in the future, again with the aim of continuously optimising energy consumption.

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

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 2021 renovation project for La Spezia and the other facilities.
Energy consumption by shipyard and source is broken down below.

Total annual energy consumption (GJ) by shipyard



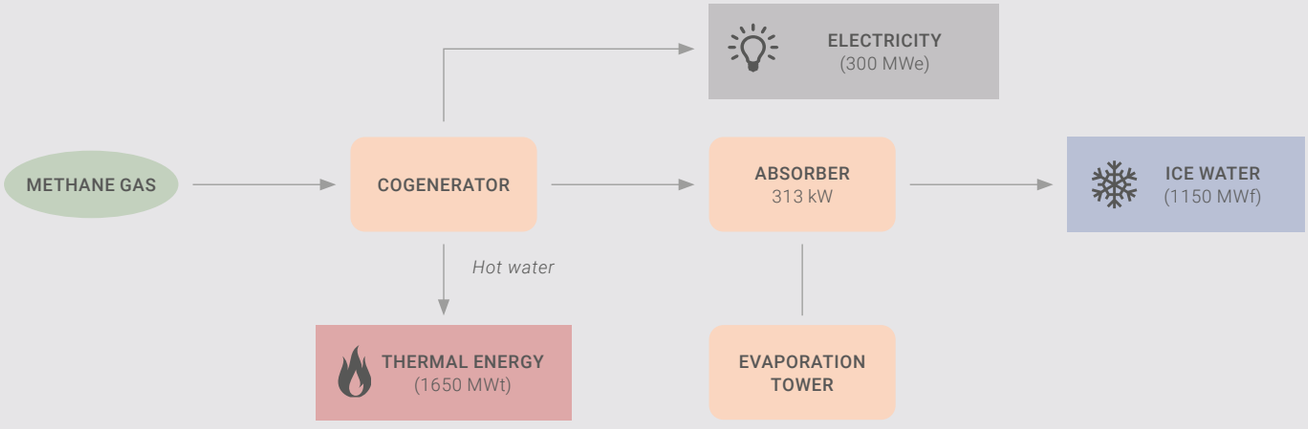
The Ancona shipyard: using cutting-edge technology to save energy and reduce our climate footprint

As of 2019, we began construction of a trigeneration plant to produce electrical, thermal and cooling energy at our Ancona site. The plant reduces the amount of electricity and heat needed to air-condition production environments, while meeting the needs of the Super Yacht Yard in Ancona, which spans an area of over 30,000 m^2 and requires ongoing temperature management.

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

Once fully operational, this initiative will result in a 79% drop in electricity demand and a 32% drop in thermal energy demand, allowing the Group to reap an annual saving of 20%. The plant began full operations in H_2 2020 and, considering it was only used for part of the year, its contribution to the increase in the site's energy efficiency will be appreciable from 2021.

Trigeneration plant

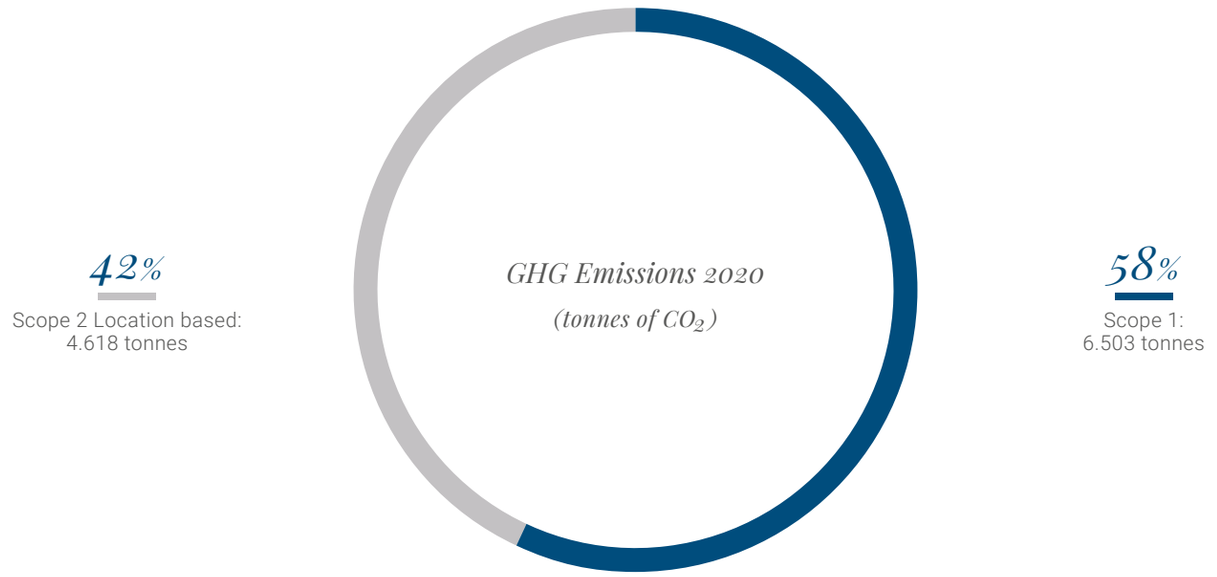


*Also at the end of 2019, the Group installed a **photovoltaic solar power plant** for the production of electricity on the roofs of the warehouses, thus using the roofs to their full potential. Total installed power is189 kW, of which 70 kW in operation as of 2019. In order to ensure maximum efficiency of the lighting systems, the existing lamps have been replaced with modern LED lamps.*

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

Greenhouse Gas (GHG) emissions are calculated using a standardised methodology[3] to quantify corporate greenhouse gas emissions. This methodology categorises the company's direct and indirect emissions into three scopes:

- Scope 1: direct emissions generated by the company, the source of which is owned or controlled by the company itself;
- Scope 2: indirect emissions generated by the production of energy purchased and consumed by the company;
- Scope 3: includes all other indirect emissions that are generated by the company's value chain, for example related to business travel, raw material production, inbound and outbound logistics. These categories are not currently reported by Ferretti Group as they are emissions over which the Group does not exercise direct control; in future it will be possible to carry out an in-depth analysis of its supply chain, both upstream and downstream of the production phase, to verify which categories are the most significant in terms of emissions and therefore carry out an in-depth analysis to estimate the main greenhouse gases produced.



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.

[3] *"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 Mondolfo and Fort Lauderdale, modern suction systems and systems designed to reduce emissions of volatile organic compounds are installed in accordance with the specific authorisations.

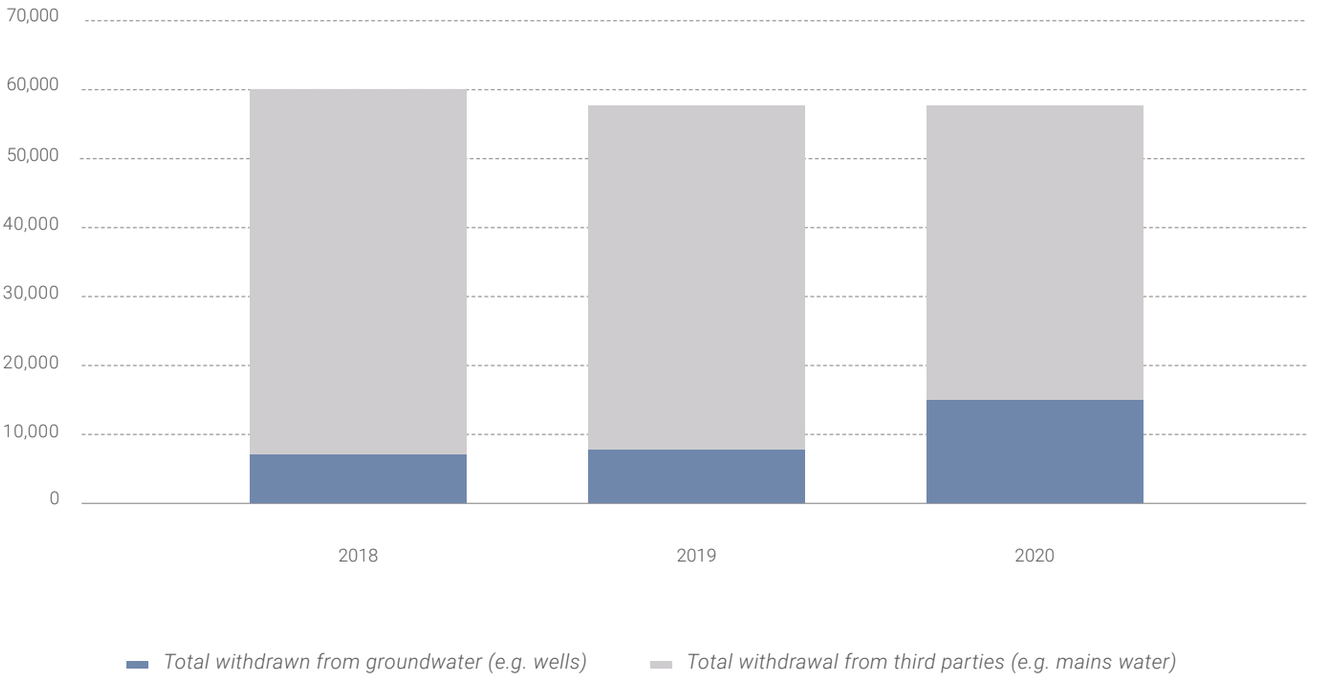
An advanced **fibreglass infusion printing** system is used at Forlì. The infusion of composite materials is a production process which is increasingly used to improve the aesthetic quality of the final product and to reduce total labour costs. The general principle of infusion is to “absorb” resin into 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 Group’s shipyards do not require significant water consumption, and, depending on the site, water is sourced chiefly from mains water, with a lower percentage coming from well water. None of the sites are located in water-stressed or particularly sensitive areas.

Drinking water is used for hygienic and sanitation purposes. 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)[4]

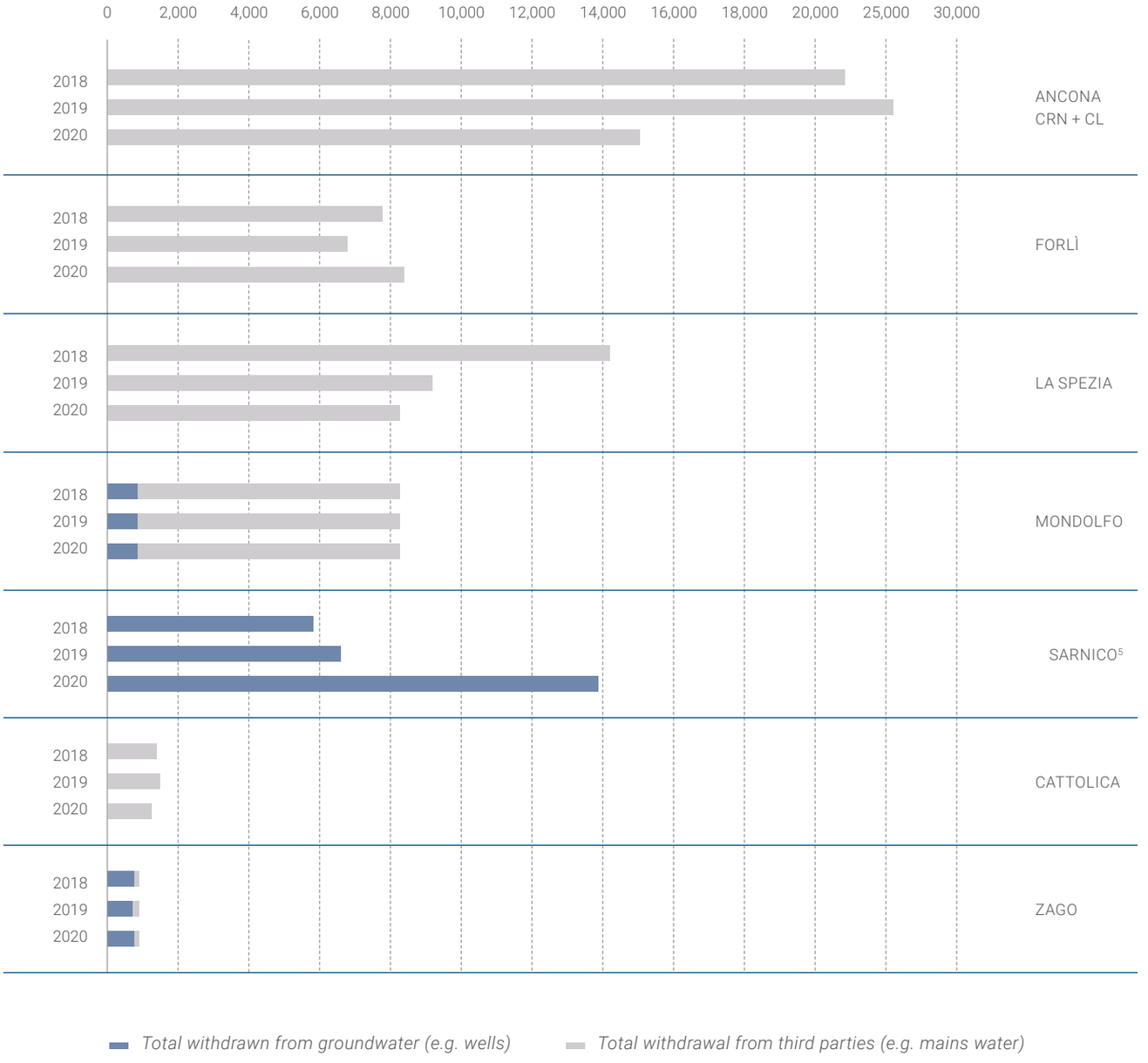


Despite these substantial withdrawals, water consumption remains low. This is because most of the water withdrawn is discharged into the sewerage system, partly as industrial water (subject to measurement and monitoring obligations) and partly as water similar to domestic water, as specified in the individual authorisations. No precise measurements are made regarding the latter, as they are not legally required.
The consistent increase in groundwater withdrawal in attributable to the Sarnico shipyard, which in 2020 installed cooling coils to cool the air entering facilities during the summer.

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

[4] *The total quantity of Ferretti Group water withdrawal does not include figures relating to the Fort Lauderdale shipyard.*

Water withdrawal by shipyard (m³)



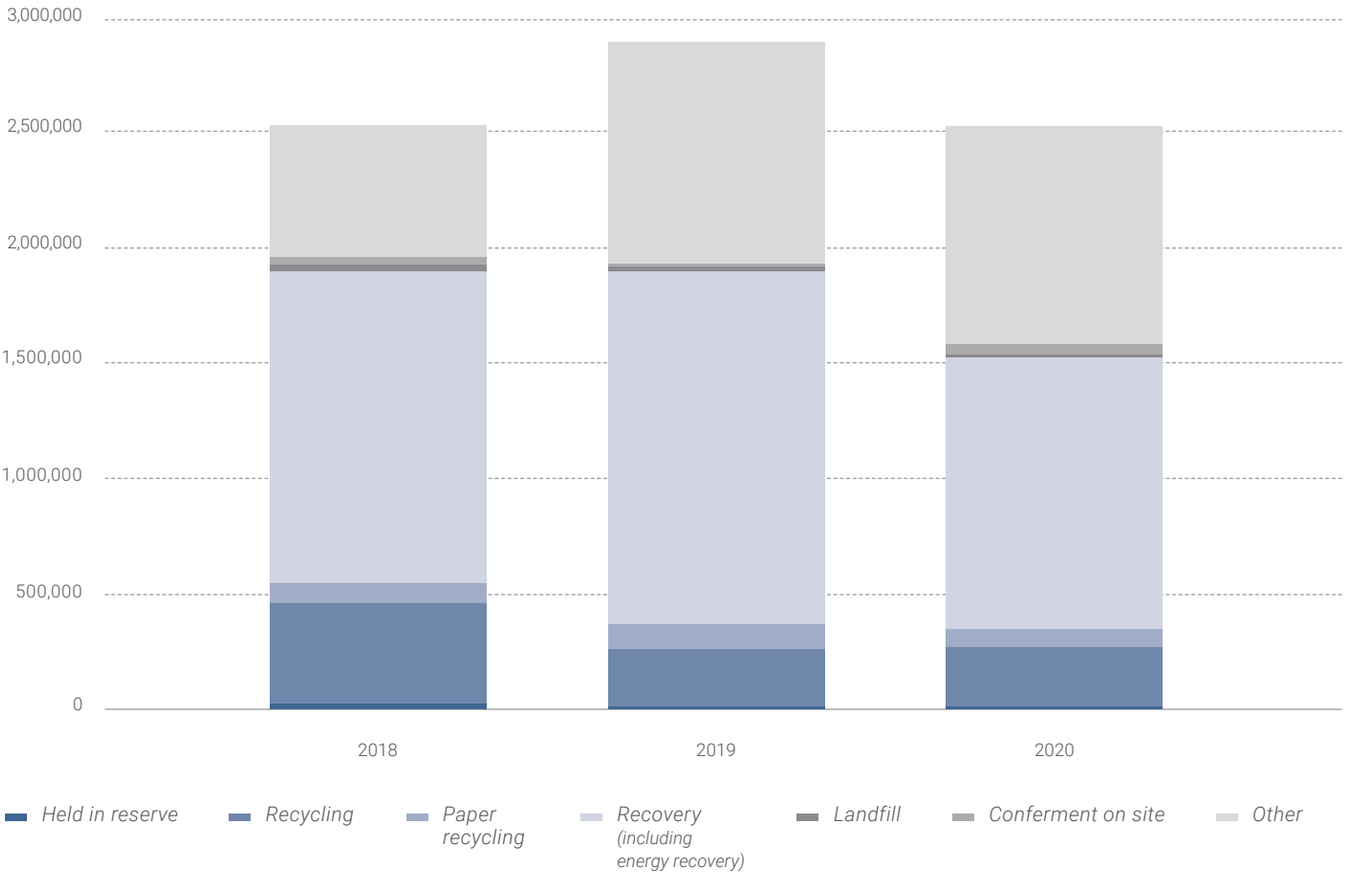
[5] *A small amount of the drinkable water supply at Sarnico is provided via aqueducts. This supply is not currently monitored in detail using specific meters.*

WASTE

Ferretti Group has chosen to invest in cutting-edge technological equipment at its shipyards and to make use of the most modern production processes to optimise use of material and minimise production waste.

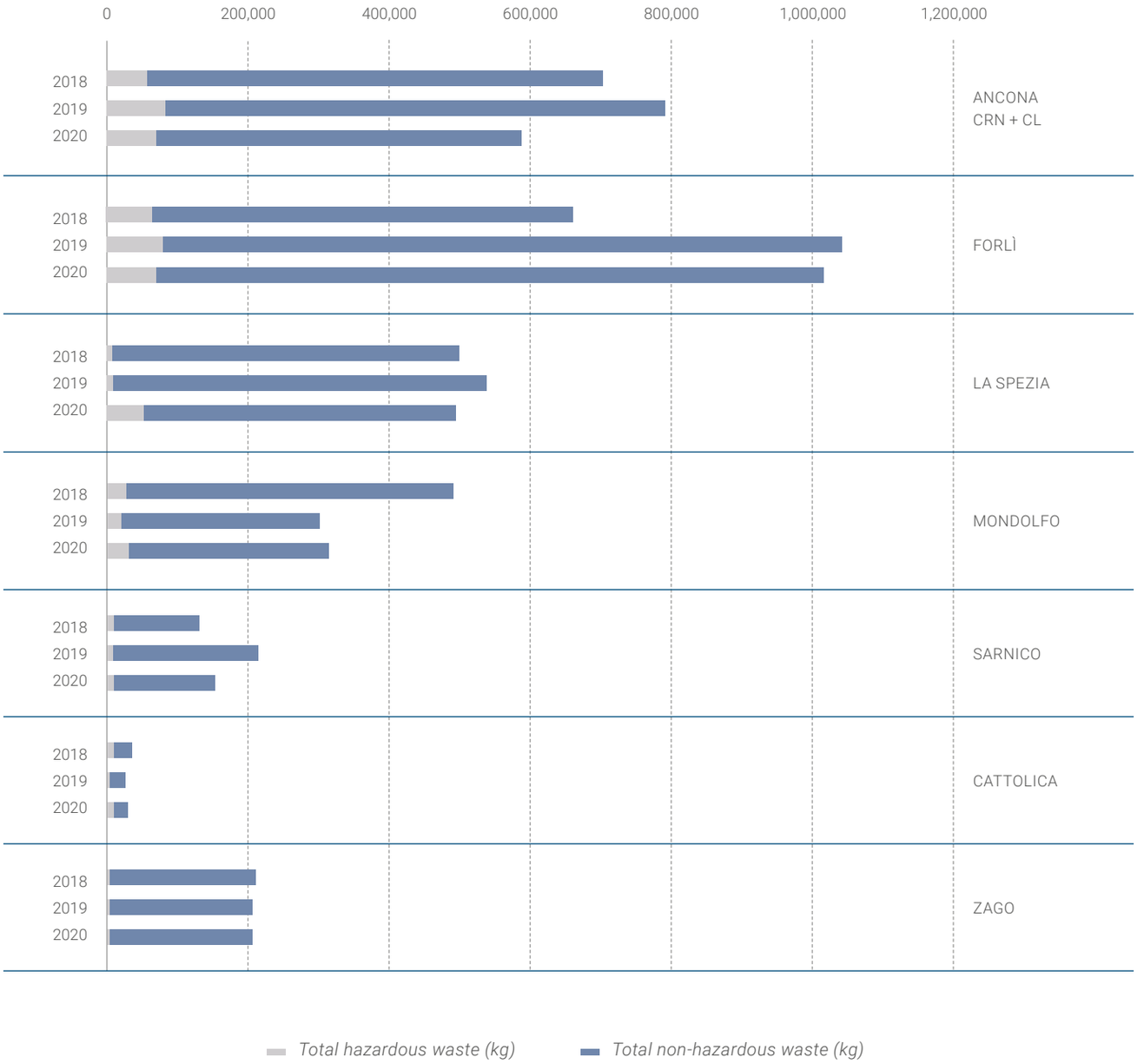
Non-hazardous waste from the production process is generally waste from internal and external preparation and industrial cleaning processes, and is duly sorted. Waste defined as hazardous (around 10% of the total) comprises solvent mixtures, products used in painting booths, fibreglass scraps, or oils, waste emulsions and dirty packaging in general. Of this type of waste, 21% is sent for regeneration which, for waste oils, consists of recycling or recovery through the relevant groups. A breakdown of waste produced by the Group is shown below, including both processing method and total hazardous and non-hazardous waste produced by each shipyard in the last three years.

Non-hazardous waste: quantity and processing method (kg)[6]



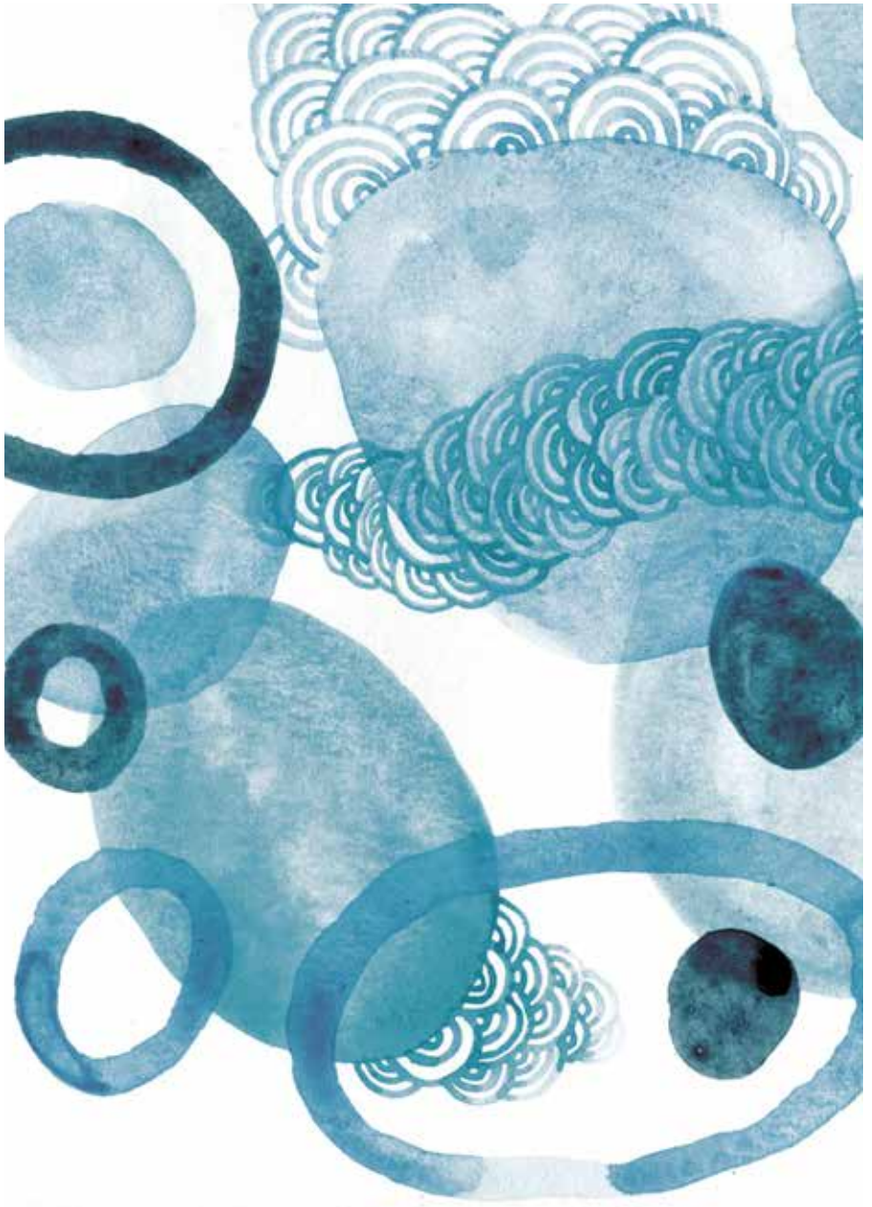
[6] *Total waste produced by the Ferretti Group does not include figures for the Fort Lauderdale shipyard.*

Waste production by shipyard (kg)



Our people

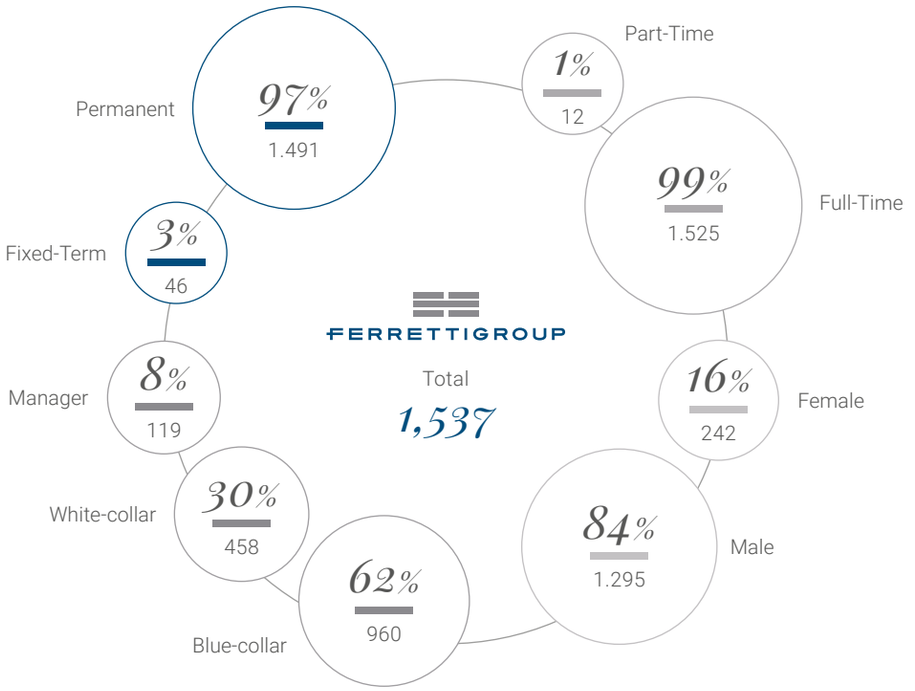
Pride, passion and belonging



.1 *Key figures*

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

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



At the end of 2020, the Group employed a total of 1,537 staff[1], a slight increase on previous years (+0.2% compared to 2019 and +2% compared to 2018); 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 (21%) and especially of blue-collar workers (4%), in part due to the characteristics of the nautical construction sector. There are, however, encouraging signs of a growth in the total number of female employees over the last three years. While 228 women were employed by the Group in 2018, this number now stands at 242, an increase of 6%.

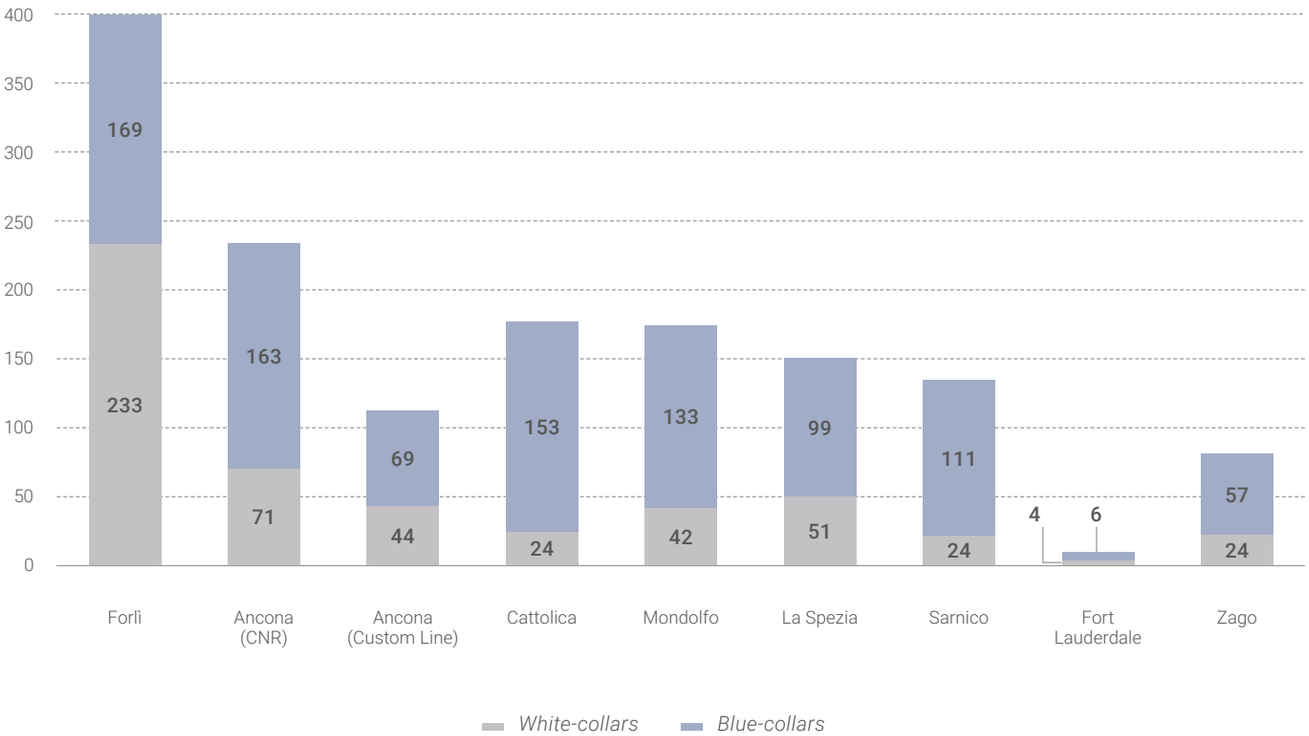
TYPE OF EMPLOYMENT CONTRACT	GENDER	2018	2019	2020
MANAGER	Female	23	23	25
	Male	86	93	94
	Total	**109**	**116**	**119**
WHITE-COLLAR	Female	169	179	180
	Male	253	268	278
	Total	**422**	**447**	**485**
BLUE-COLLAR	Female	36	39	37
	Male	935	932	923
	Total	**971**	**971**	**960**
TOTAL	Female	228	241	242
	Male	1.274	1.293	1.295
	Total	**1,502**	**1,534**	**1,537**

[1] The scope of reporting of all personnel data in this section includes: Ferretti S.p.A., Ferretti APAC, Ferretti AMAS (not included in the reporting scope for the previous year, and therefore the reason for the change in figures) Zago S.p.A. and C.R.N S.p.A.

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

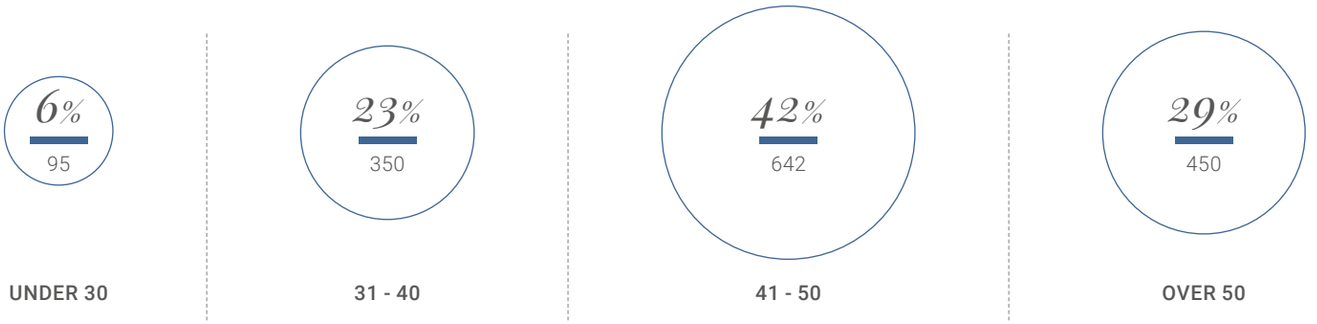
The second most significant shipyard in terms of third-party employees as a percentage of total workers is La Spezia.

White- and blue-collar workers by shipyard 2020[2]



[2] *The count of white collars shown in the graph on p. 111 does not coincide with the data reported in the table on p. 110 (sum between Managers and Employees), since just under 100 white collars are employed in the other offices of the Group in Europe and in the AMAS and APAC divisions.*

Company personnel is also distributed evenly between age groups, with more than 42% of employees between 41 and 50 years of age.



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

	AGE	2018	2019	2020
NEW HIRES DURING THE REPORTING PERIOD	under 30	49	56	32
	between 31 and 40	44	48	30
	between 41 and 50	28	24	22
	over 50	9	3	8
	Total	**130**	**131**	**92**

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	2018	2019	2020
TOTAL NUMBER OF INTERNS (curricular and extra-curricular)	31	62	15

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

In addition to its internal workforce, the Ferretti Group also makes use of an external workforce through subcontracting agreements with third parties. External workers are mainly engaged in the creation of on-board systems for yachts, and therefore deal with electrical systems, painting and air conditioning systems.

Previously, of particular note are Ancona in Italy and Fort Lauderdale in the USA. A "proxy" figure for the number of direct and external workers at some of the Group's shipyards in the last three years is given below. The figure illustrates the percentage of hours worked by direct and external workers in producing yachts at a selection of shipyards. As shown in the table and noted above, the Ancona and La Spezia shipyards make the most extensive use of external workers in producing the Group's yachts.

	2018		2019		2020	
	DIRECT	**CONTRACTORS**	**DIRECT**	**CONTRACTORS**	**DIRECT**	**CONTRACTORS**
FORLÌ	78%	22%	59%	41%	57%	43%
CATTOLICA	63%	37%	71%	29%	59%	41%
MONDOLFO	35%	65%	48%	52%	39%	61%
SARNICO	88%	12%	88%	12%	87%	13%
LA SPEZIA	16%	84%	21%	79%	23%	77%
ANCONA (Custom Line)	11%	89%	10%	90%	12%	88%
GROUP	**35%**	**65%**	**36%**	**64%**	**35%**	**65%**

.2 *Training and development*

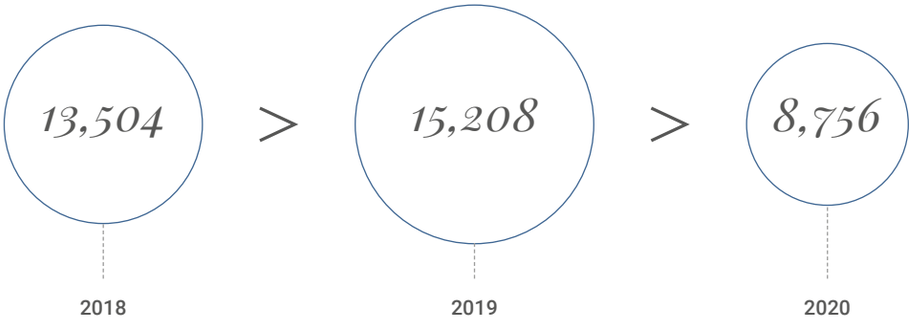
Training and development play a key role in enhancing the Group's human capital. At Ferretti Group, employees are guided and involved at every stage of their development, using specific tools in line with their experience and role within the company. This is training as a competitive advantage: developing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

Training activities in 2020 were profoundly affected by the COVID-19 crisis, which initially made in-person courses impossible. Following a period in which no training was offered pending authorisation from the *Enti di Formazione Finanziata* (Financed Training Body) to "convert" in-person courses to online equivalents, the Group was able to offer some previously planned activities. From September, a number of in-person courses were carried out in compliance with all the COVID-19 prevention regulations.

The training offered followed as closely as possible the 2020 training plan, which was based on the needs identified by management and a number of proposals made by the HR function.
In addition to the usual attention to health and safety, the training programme in 2020 focused on communication, among other things, with courses on Communication Skills & Storytelling and E-Writing.
Training on issues of Lean Management was also completed, through both the "Habits for Excellence" course - which enables staff to develop more effective and sustainable personal and organisational habits, thereby achieving and maintaining maximum personal and team productivity over time - and the "5S Model". This is a procedure to efficiently manage production processes and workstation tidiness.
5S refers to five Japanese terms describing the main steps in the methodology. These are Seiri (choose and separate), Seiton (arrange and organise), Seison (check order and cleanliness created), Seiketsu (standardise and improve) and Shitsuke (maintain over time).

As a result of the restrictions in place following the COVID-19 pandemic, in 2020 only 8,756 hours of training could be provided to our 1,537 employees. This was a significant decrease on previous years, down 81% on 2019.

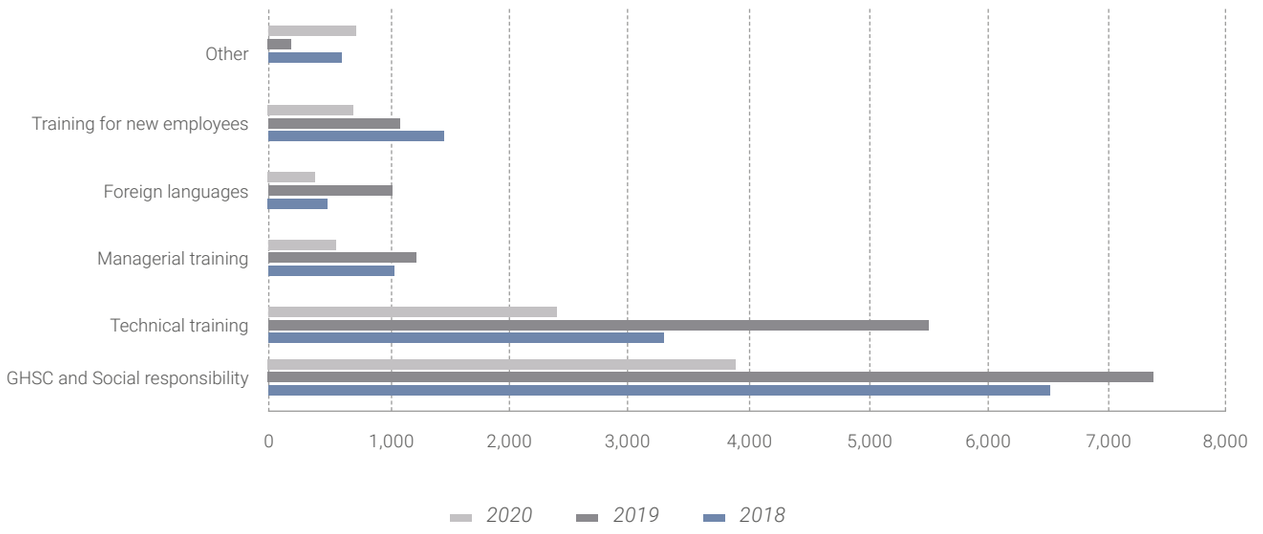
Total annual training hours



Analysis of the number of total hours of training for each employee and by each professional category reveals a slight increase in the number of hours in line with the type of worker between 2018 and 2019, while between 2019 and 2020 there is a decrease for the reasons cited above.

AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY	MEASUREMENT UNIT	2018			2019			2020		
		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
MANAGER	H	20.9	25.6	**21.9**	22.9	20.0	**22.3**	6.6	14.6	**8.3**
WHITE-COLLAR	H	17.8	11.4	**15.2**	18.8	11.5	**15.9**	9.2	7.2	**8.4**
BLUE-COLLAR	H	4.7	7.3	**4.8**	7.0	7.1	**7.0**	4.1	2.8	**4.1**
TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES	H	**8.4**	**12.2**	**9.0**	**10.6**	**11.6**	**10.8**	**5.4**	**7.3**	**5.7**

Training hours provided by category



.3 Health and safety

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

In the last decade, thanks to a series of measures and policies designed to lower the number of accidents involving its workers, Ferretti S.p.A has reduced its injury rate (that is, the number of injuries per million hours worked) by 80% compared to 2010.[1]

Injury frequency rate (No. of injuries/millions of hours worked) over the last 10 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. Among the risks

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

identified at the main stages of the production process are a not insignificant chemical risk, a carcinogenic risk, a risk deriving from working at height, a moderate biomechanical risk, a moderate noise risk, a very slight vibration risk and a mechanical risk.

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

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

Main investments for safety at shipyards 2019-2020

Lifelines on all overhead cranes

Badge activation of woodworking machinery

Regularisation of scaffolding at Cattolica

The involvement of Executives and attention to every single accident or near-miss event is fundamental in sharing situations of potential risk and implementing prevention measures across all the Group's shipyards.

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

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

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. In 2020, as in 2019, no serious injuries (i.e. those entailing an absence of over six months) were reported, and there were no deaths at any point in the period. The Group will continue to work to ensure this figure stays at zero and to reduce every accident and injury rate.

DIRECT EMPLOYEES	MEASUREMENT UNIT	2018	2019	2020
Employee work hours	No.	2,303,468	2,370,243	2,270,814
Total number of recordable workplace injuries, including deaths	No.	34	30	26
of which injuries during commute (only if transport was arranged by the organisation)	No.	0	0	2
of which workplace injuries with serious consequences (> 6 months absence), excluding deaths	No.	3	0	0
of which deaths	No.	0	0	0
Recordable work-related injury rate (calculated per 1,000,000 hours worked)[2]	-	**14.8**	**12.7**	**11.4**
Serious work-related injury rate (calculated per 1,000,000 hours worked)	-	**1.3**	**0.0**	**0.0**
Death rate (calculated per 1,000,000 hours worked)	-	**0**	**0**	**0**

[2] *The work-related injury rate figure given here for the years 2018, 2019 and 2020 is different from the one reported in the table at the beginning of section 6.3. This is because of different reporting scopes: this section also includes data for CRN S.p.A. and Zago S.p.A., while the earlier table reporting data to 2010 relates to Ferretti S.p.A.*

In 2020, seven cases of occupational disease were reported to INAIL (National Institute for Insurance against Accidents at Work) - five for Ferretti S.p.A., of which two were rejected and three are still being evaluated, and two for CRN S.p.A., both of which have already been rejected by INAIL. It should be noted that the Ferretti Group does not present sufficiently high levels of risk to justify a causal relationship to the occupational diseases reported and recognised by INAIL. The Risk Assessment Document (RAD) does not suggest above-average risks in relation to upper limb overload or manual load transport (risks that produce osteo-muscular-joint conditions). This reflects the fact that the actions or particular movements that could lead to such risks form part of non-repetitive, low-frequency tasks.

.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; 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.
Specifically, it should be noted that on November 20, 2020 - around a month before the deadline of December 31, 2020 - Ferretti S.p.A. and the national and European trade unions and shipyard Workers' Representative Bodies signed an agreement to renew the supplementary second level contract.
In addition to extending the company supplementary contract until December 31, 2021, the agreement recognised an increase in the results bonus for all workers. This initiative demonstrates the company's commitment and closeness to its staff during a year such as 2020, in which the pandemic forced Ferretti S.p.A. and other Italian companies to suspend operations for a period.

.5 *Local initiatives*

Il Miglio Blu (The Blue Mile)

La Spezia has always been one of the most important global centres for yacht production, hosting shipyards run by Ferretti Group, Sanlorenzo, Baglietto and Fincantieri, among others. This concentration of yacht producers in an area around one mile long, combined with the ambition of local administrators to enhance this unique industrial hub, has led to the creation of the Miglio Blu (Blue Mile) project.

The project foresees a requalification of the whole area that is designed to enhance this section of the port both aesthetically, making this stretch of road immediately identifiable, and logistically, organising space so as to create a true maritime district which responds to all the specific needs of the sector.

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

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

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

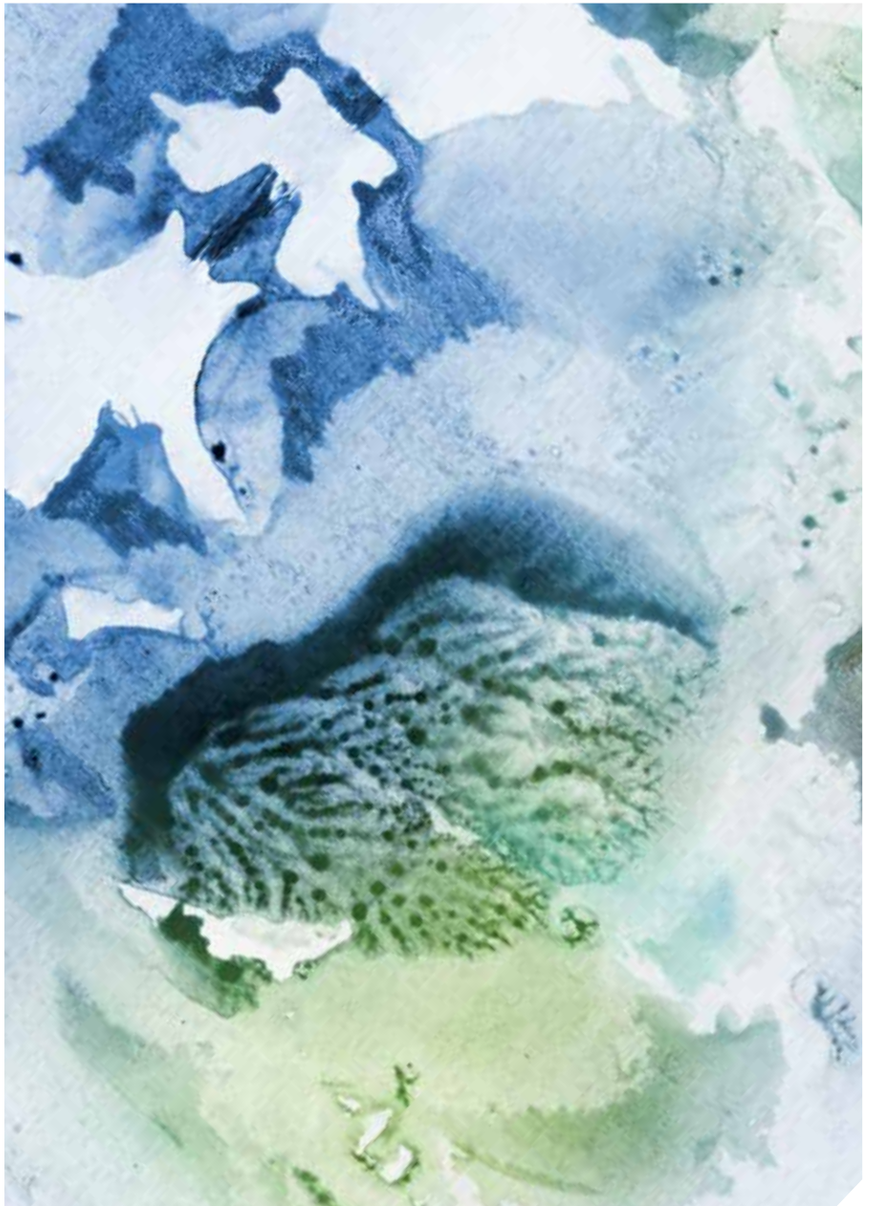
"A Wave of Caring" social campaign

During the COVID-19 health crisis, the Ferretti Group has sought to maintain its focus on the national territory and make an important contribution to the local community. In addition to making significant donations to hospitals in the cities where it has production sites, it has also launched "A Wave of Caring", a digital campaign that works through a number of the Group's websites and social channels to encourage donations to hospitals and intensive care centres in Milan, Cattolica, Forlì, Mondolfo, La Spezia, Bergamo and Ancona.
The project brings together the resources of a large number of stakeholders including shipyards, dealerships and the general public. It has brought together a wide range of people who, through their donations, have enabled the purchase of new intensive care equipment, thereby providing support for the health system.

As further testament to the value of the campaign, it has also received important international recognition from METSTRADE and the IBI (International Boating Industry) magazine in the "Community Support Initiative" category. The Ferretti Group takes great pride in this result, dedicated as it is to the community and all those who contributed to the campaign with their donations.

7.

Methodological Note and GRI Index



.1 *Reporting criteria*

This Sustainability Report is the Ferretti Group's second step towards Sustainability. With this document, in fact, the company has decided to continue on the journey that began in 2020 with the publication of the first Sustainability Report. In this document, the Group has updated and extended its reporting of the main initiatives, activities and performance in environmental, social and governance terms.

In order to accurately and clearly update the topics covered in this report, in 2021 the Group once again organised an internal workshop designed to assess whether the most relevant issues considering both its impacts generated and its main stakeholders have changed since the first edition of the Sustainability Report. This process led to an update of the materiality matrix, which was defined according to the chosen reporting framework: the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

This report, for the year 2020, 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:

MACRO-CATEGORY	MATERIAL TOPIC	GRI 2016 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
	Occupational 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.

The previous Sustainability Report, published in November 2020, is available at https://www.ferrettigroup.com/Portals/4/skins/FG_2017/_assets/_assets/FGBilancio%20di%20Sostenibilit%C3%A0-2019-IT-web.pdf

All figures reported refer to the reporting year between January 1, 2020 and December 31, 2020, 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 2019 and 2018, 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 2020.
- **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 2020. 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 2020". Specifically, in calculating CO_2 emissions associated with the vehicle fleet, the reference factor for "Upper medium" vehicles was used.
- When calculating energy indirect **(Scope 2) Location-Based** GHG emissions, the factors used were those published by Terna in the document "International Comparisons 2019 - 2018 data". For **Scope 2 Market-Based** emissions the emission factor used was the one published in 2020 by the Association of Issuing Bodies in the document "European Residual Mixes – Results of the calculation of Residual Mixes for the calendar year 2020".

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 related to the national "residual mix" was used.*

.2 GRI 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	7.1
	102-52	Reporting cycle	7.1
	102-53	Contact point for questions regarding the report	7.1
	102-54	Claims of reporting in accordance with the GRI Standards	7.1
	102-55	GRI Content Index	7.2

GRI 200: Economic Standards series

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

GRI 300: Environmental Standard Series

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSION
MATERIALS 2016	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	301-1	**Materials used by weight or volume**	4.2	Ferretti Group 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, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	302-1	**Energy consumption within the organization**	5.2	-
	302-4	**Reduction of energy consumption**	5.2	-
WATER AND EFFLUENTS 2018	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	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	OMISSION
EMISSIONS 2016	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	305-1	**Direct (Scope 1) GHG emissions**	5.2	-
	305-2	**Energy indirect (Scope 2) GHG emissions**	5.2	-
WASTE 2016	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	306-2	**Waste by type and disposal method**	5.2	-
ENVIRONMENTAL COMPLIANCE 2016	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	307-1	**Non-compliance with environmental laws and regulations**	5.2	-
SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	308-1	**New suppliers that were screened using environmental criteria**	2.3	-

GRI 400: Social Standard Series

GRI STANDARD	DISCLOSURE	DESCRIPTION	PARAGRAPH	OMISSION
EMPLOYMENT 2016	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	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 2018	103-1, 103-2, 103-3	Management Approach (explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach)		
	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
	403-10	**Occupational illnesses**	6.3	-

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

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

Appendix

Primary Environmental Data[1]

SOURCE	MEASUREMENT UNIT	2018	2019	2020
NATURAL GAS	m^3	1,924,811	1,466,248	1,866,209
DIESEL	liters	828,160[2]	1,059,127[2]	888,863
of which for heating	liters	41,500	52,000	59,932
of which for yacht testing	liters	778,160	997,127	816,498
of which for movement of vehicles and yachts	liters	8,500	10,000	12,433
DIESEL (vehicle fleet)	liters	-	187,083	152,861
PETROL	liters	20	240	124
ELECTRICITY CONSUMPTION	kWh	12,624,322	12,002,680	12,552,620
DISTRICT HEATING	kWh	2,095,000	2,216,000	1,817,000

Environmental data – GHG emissions

CATEGORY	MEASUREMENT UNIT	2018	2019	2020
SCOPE 1	**tonne CO_2**	**5,986**	**6,254**	**6,503**
From gas	tonne CO_2	3,796	2,896	3,703
From diesel	tonne CO_2	2,190	2,801	2,389
From diesel (vehicle fleet)	tonne CO_2	-	557	411
From petrol	tonne CO_2	0.05	0.55	0.29
SCOPE 2 LOCATION BASED	**tonne CO_2**	**4,922**	**4,696**	**4,618**
From electricity	tonne CO_2	4,532	4,309	4,307
From district heating	tonne CO_2	390	387	311
SCOPE 2 MARKET BASED	**tonne CO_2**	**6,491**	**5,979**	**5,500**
From electricity	tonne CO_2	6,101	5,592	5,190
From district heating	tonne CO_2	390	387	311

[1] For the Fort Lauderdale shipyard (FL, USA), only electricity consumption is measured.

[2] In light of the new data gathering methods for diesel, the amounts used in 2018 and 2019 have been updated from the figures published in the 2019 Sustainability Report. GHG Scope 1 emissions have therefore also been updated.

WATER WITHDRAWAL BY SOURCE[3]	MEASUREMENT UNIT	2018	2019	2020
Total withdrawn from groundwater (e.g. wells)	m^3	7,328	8,036	15,372
Total withdrawn from third parties (e.g. mains water)	m^3	52,586	49,247	44,480
Total water withdrawal	m^3	59,914	57,283	59,852

WATER WITHDRAWAL BY DESTINATION[3]	MEASUREMENT UNIT	2018	2019	2020
TOTAL WATER WITHDRAWAL, BY DESTINATIONE[4]	**m^3**	**29,352**	**31,900**	**30,716**
Water discharge to third parties (e.g. to public sewers)	m^3	29,352	31,900	30,716

WASTE[5]	MEASUREMENT UNIT	2018	2019	2020
TOTAL HAZARDOUS WASTE	**kg**	**193,789**	**228,083**	**262,964**
Held in reserve	kg	6,730	3,120	5,287
Recycling	kg	1,146	1,095	2,535
Recovery (including energy recovery)	kg	23,270	23,895	54,103
Incinerator	kg	56,780	79,570	69,902
Landfill	kg	71,994	105,094	116,484
Other	kg	33,869	15,309	14,653
TOTAL NON-HAZARDOUS WASTE	**kg**	**2,529,455**	**2,888,801**	**2,527,463**
Held in reserve	kg	23,450	18,200	16,290
Recycling	kg	451,880	264,250	270,467
Paper recycling	kg	87,840	99,900	76,050
Recovery (including energy recovery)	kg	1,345,730	1,527,107	1,172,720
Landfill	kg	31,970	14,820	12,580
Conferment on site	kg	25,397	21,525	44,694
Other	kg	563,188	942,999	934,662

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

[4] Only measured industrial discharge.

[5] The figure for waste produced in the two-year period 2018-2019 has been updated compared to the Ferretti Group's 2019 Sustainability Report following a recalculation of the figures made available as part of the publication of the previous non-financial document. The data for waste production reported in the table do not include figures for the Fort Lauderdale shipyard (FL, USA).

POLLUTING ATMOSPHERIC EMISSIONS[6]	MEASUREMENT UNIT	2018	2019	2020
NOx	kg	1,151	1,168	1,129
Volatile Organic Compounds (VOC)	kg	1,630	2,974	5,174[7]
Particles (PM)	kg	44	46	42
CO	kg	46	65	121

Staff breakdown

CONTRACT TYPE	MEASUREMENT UNIT	2018	2019	2020
PERMANENT	Female	221	223	232
	Male	1,238	1,245	1,259
	Total	**1,459**	**1,468**	**1,491**
FIXED-TERM	Female	7	18	10
	Male	36	48	36
	Total	**43**	**66**	**46**
TOTAL		**1,502**	**1,534**	**1,537**

CONTRACT TYPE	MEASUREMENT UNIT	2018	2019	2020
FULL-TIME	Female	221	233	236
	Male	1,269	1,288	1,289
	Total	**1,490**	**1,521**	**1,525**
PART-TIME	Female	7	8	6
	Male	5	5	6
	Total	**12**	**13**	**12**
TOTAL		**1,502**	**1,534**	**1,537**

[6] *The data reported in the table refer only to the Sarnico and Zago sites.*

[7] *The amount of VOCs produced by Zago S.p.A. refers only to H_2 2020.*

Employees by age group and gender

GENDER	AGE GROUP	2018	2019	2020
Female	Under 30	18	27	24
	between 31 and 40	72	65	60
	between 41 and 50	107	113	118
	over 50	31	36	40
Total female		**228**	**241**	**242**
Male	Under 30	61	72	71
	between 31 and 40	301	299	290
	between 41 and 50	508	527	524
	over 50	404	395	410
Total male		**1,274**	**1,293**	**1,295**
TOTAL		**1,502**	**1,534**	**1,537**

Employees covered by collective bargaining agreements

EMPLOYEES	MEASUREMENT UNIT	2018	2019	2020
Total number of employees at December 31	No.	1,502	1,534	1,537
Number of employees covered by collective bargaining agreements	No.	1,502	1,534	1,537
Percentage of employees covered by collective bargaining agreements	**%**	**100%**	**100%**	**100%**

New hires during the reporting period

GENDER	AGE GROUP	2018	2019	2020
		NEW HIRES		
Female	Under 30	18	18	10
	between 31 and 40	9	9	4
	between 41 and 50	2	2	3
	over 50	1	1	2
Total female		**30**	**30**	**19**
Male	Under 30	31	38	22
	between 31 and 40	35	39	26
	between 41 and 50	26	22	19
	over 50	8	2	6
Total male		**100**	**101**	**73**
TOTAL		**130**	**131**	**92**

Employee departures during the reporting period

GENDER	AGE GROUP	2018	2019	2020
		NUMBER OF TERMINATIONS		
Female	Under 30	4	4	6
	between 31 and 40	5	7	7
	between 41 and 50	6	5	2
	over 50	1	2	2
Total female		**16**	**18**	**17**
Male	Under 30	4	6	7
	between 31 and 40	16	12	10
	between 41 and 50	15	16	17
	over 50	26	47	37
Total male		**61**	**81**	**71**
TOTAL		**77**	**99**	**88**

AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY	MEASUREMENT UNIT	2018			2019			2020		
		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
MANAGER	H	1,794	589	**2,382**	2,128	460	**2,588**	619	366	**985**
WHITE COLLARS	H	4,501	1,924	**6,424**	5,033	2,060	**7,093**	2,552	1,297	**3,849**
BLUE COLLARS	H	4,437	261	**4,698**	6,545	277	**6,821**	3,817	105	**3,922**
TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES	H	**10,731**	**2,773**	**13,504**	**13,705**	**2,796**	**16,502**	**6,988**	**1,768**	**8,756**

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