

THE ITALIAN SEA GROUP

ESG HANDBOOK
2023

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G

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SINCE 1975

ADMIRAL

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TECNOMAR

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CELI
1920



Marco Carniani
Chief Financial Officer



Simona Del Re
ESG & Corporate Affairs Manager



Benedetta De Maio
Investor Relations

Agenda

- 01 Purpose & ESG Strategy**
- 02 Environment & Climate**
- 03 People & Community**
- 04 Governance & Business Ethics**









PURPOSE & ESG STRATEGY

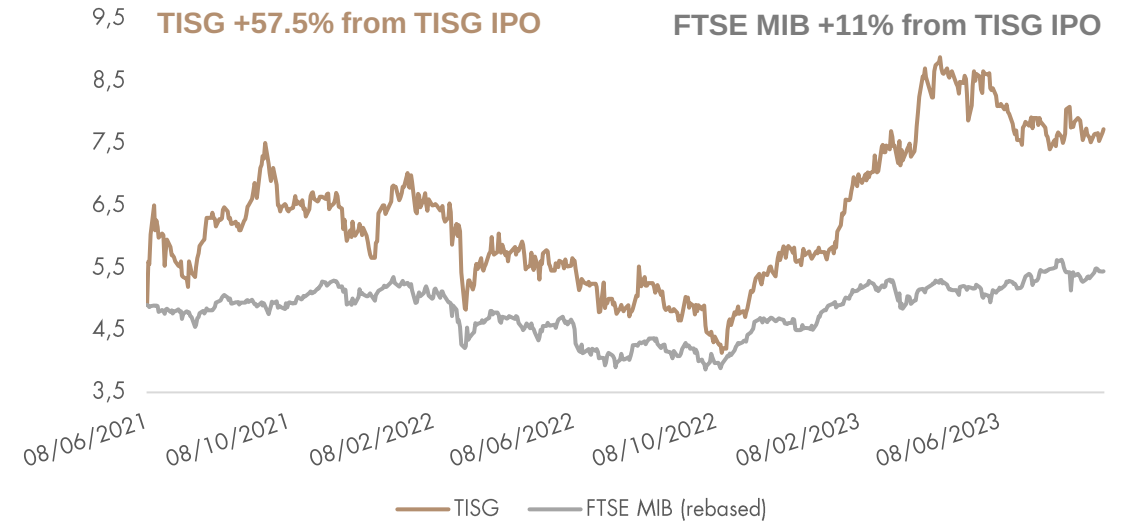
THE ITALIAN SEA GROUP AT A GLANCE

The Italian Sea Group S.p.A. is a global operator in luxury yachting, the first builder in Italy and fourth in the world for yachts over 50 metres¹. TISG was listed in the Milan Stock Exchange in June 2021.


BRANDS

| | |
|---|---|
|  | Customised motor-yachts above 50mt. |
|  | Speedy motor-yachts from 37mt to 50mt. |
|  | Large sailing yachts from 47mt. |
|  | Gentleman Yachts from 24mt to 55mt. |
|  | Refit and maintenance of motor and sailing yachts, with a focus on yachts over 60mt. |
|  | Historical woodworking and furniture company, with expertise in yachting and real estate. |

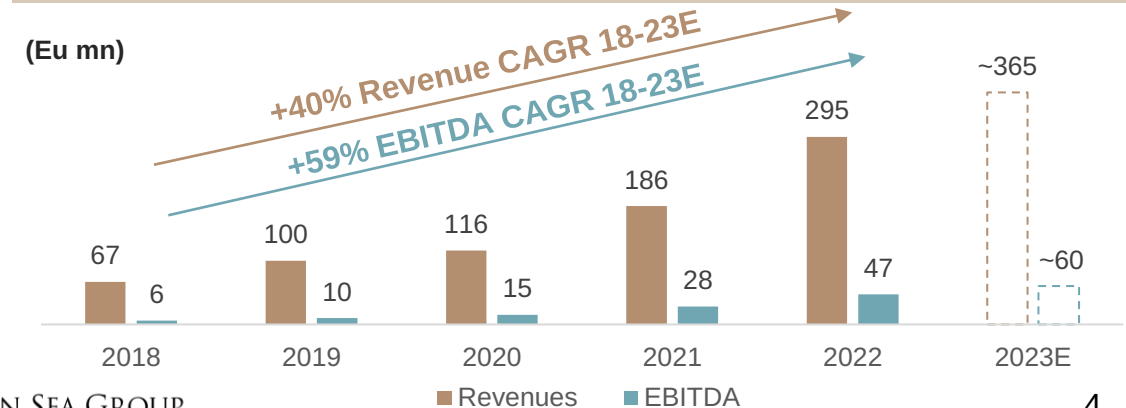
STOCK PERFORMANCE SINCE IPO (8 JUNE 2021)²



PARTNERSHIPS

| | |
|---|--|
|  | Limited edition speedy motor-yachts inspired by the Lamborghini Siàn FKP 37 . |
|  | Motor-yachts designed in collaboration with designer Giorgio Armani . |

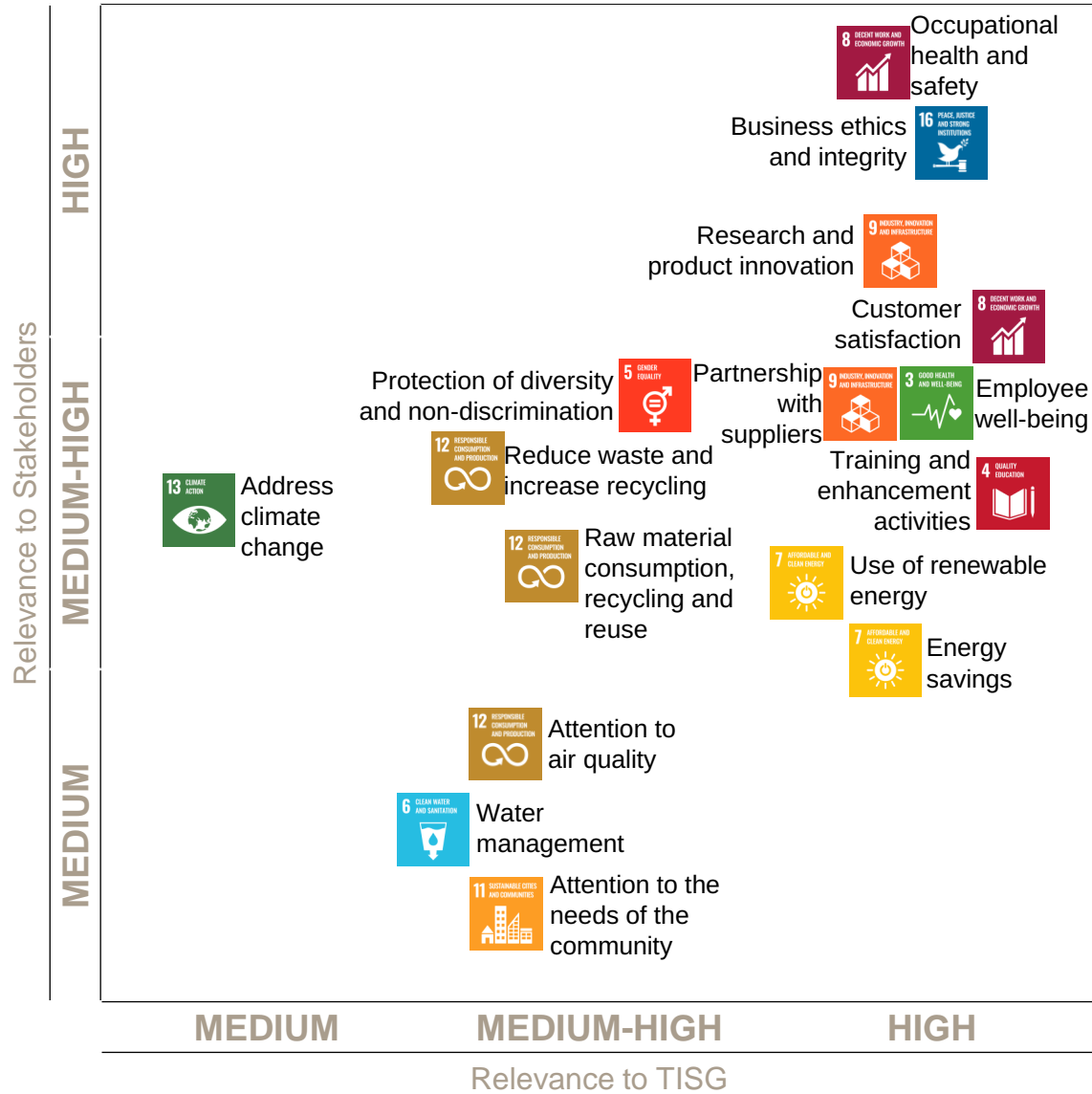
REVENUE AND EBITDA EVOLUTION



Notes: 1) Ranking based on 2022 yacht sales (source: Boat International, Global Order Book 2022);

2) Updated on 05/09/2023.

MATERIALITY MATRIX AND SDGs



16 MATERIAL TOPICS PERTAINING 11 UN SDGS

| | | |
|---|--|---|
| 1. Employee well-being | | Good Health and Well-Being |
| 2. Training and enhancement activities | | Quality Education |
| 3. Protection of diversity and non-discrimination | | Gender Equality |
| 4. Water management | | Clean Water and Sanitation |
| 5. Use of renewable energy | | Affordable and Clean Energy |
| 6. Energy savings | | Affordable and Clean Energy |
| 7. Occupational health and safety | | Decent Work and Economic Growth |
| 8. Customer satisfaction | | Decent Work and Economic Growth |
| 9. Research and product innovation | | Industry, Innovation and Infrastructure |
| 10. Partnership with suppliers | | Industry, Innovation and Infrastructure |
| 11. Attention to the needs of the community | | Sustainable cities and communities |
| 12. Reduce waste and increase recycling | | Responsible Consumption and Production |
| 13. Raw material consumption, recycling and reuse | | Responsible Consumption and Production |
| 14. Attention to air quality | | Responsible Consumption and Production |
| 15. Address climate change | | Climate Action |
| 16. Business ethics and integrity | | Peace, Justice and Strong Institutions |

ESG STRATEGIC PILLARS

TISG's ESG strategic pillars are developed around its Materiality Matrix. They are integrated across all corporate functions and serve as guiding stars for the management.



EMPLOYEE HEALTH & SAFETY AND ENGAGEMENT

- ✦ Protecting the health, safety, and mental and physical integrity of employees.
- ✦ Enhancing human resources with training and development.
- ✦ Ensuring an inclusive environment that respects human rights & gender diversity.



PRODUCT QUALITY AND SUSTAINABLE SUPPLY CHAIN

- ✦ Implementing purchasing processes based on legality, transparency, and anti-corruption practices.
- ✦ Selecting, evaluating, and monitoring suppliers also based on ESG indicators deemed satisfactory.



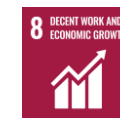
REDUCTION OF GHG EMISSIONS

- ✦ Reducing Scope 1 and Scope 2 GHG emissions.
- ✦ Increasing the use of energy from renewable sources.
- ✦ Remaining at the forefront of Alternative Propulsions.



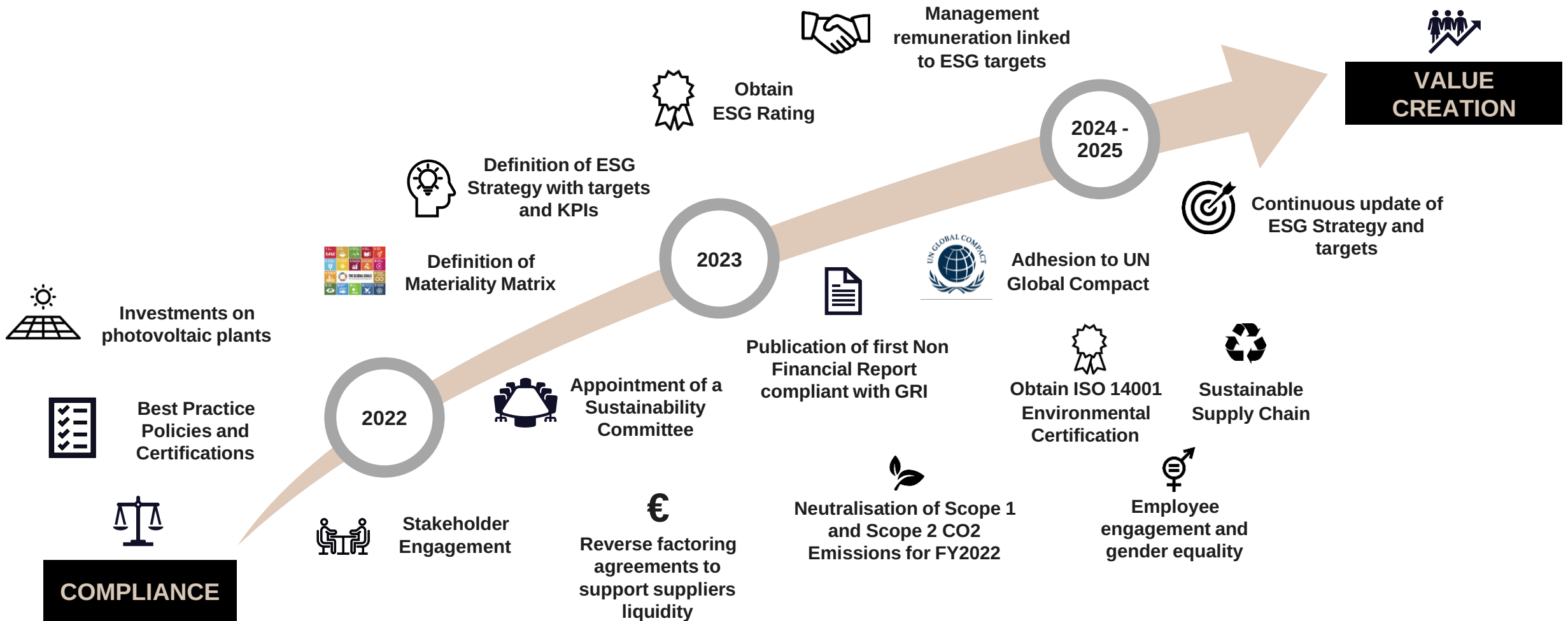
BEST-IN-CLASS GOVERNANCE

- ✦ Composition of Board of Directors, Committees, policies, and certifications.
- ✦ Stakeholder engagement and transparency on strategy and quantitative targets.
- ✦ Key management short- and long-term remuneration based on achieving specific business plan targets.

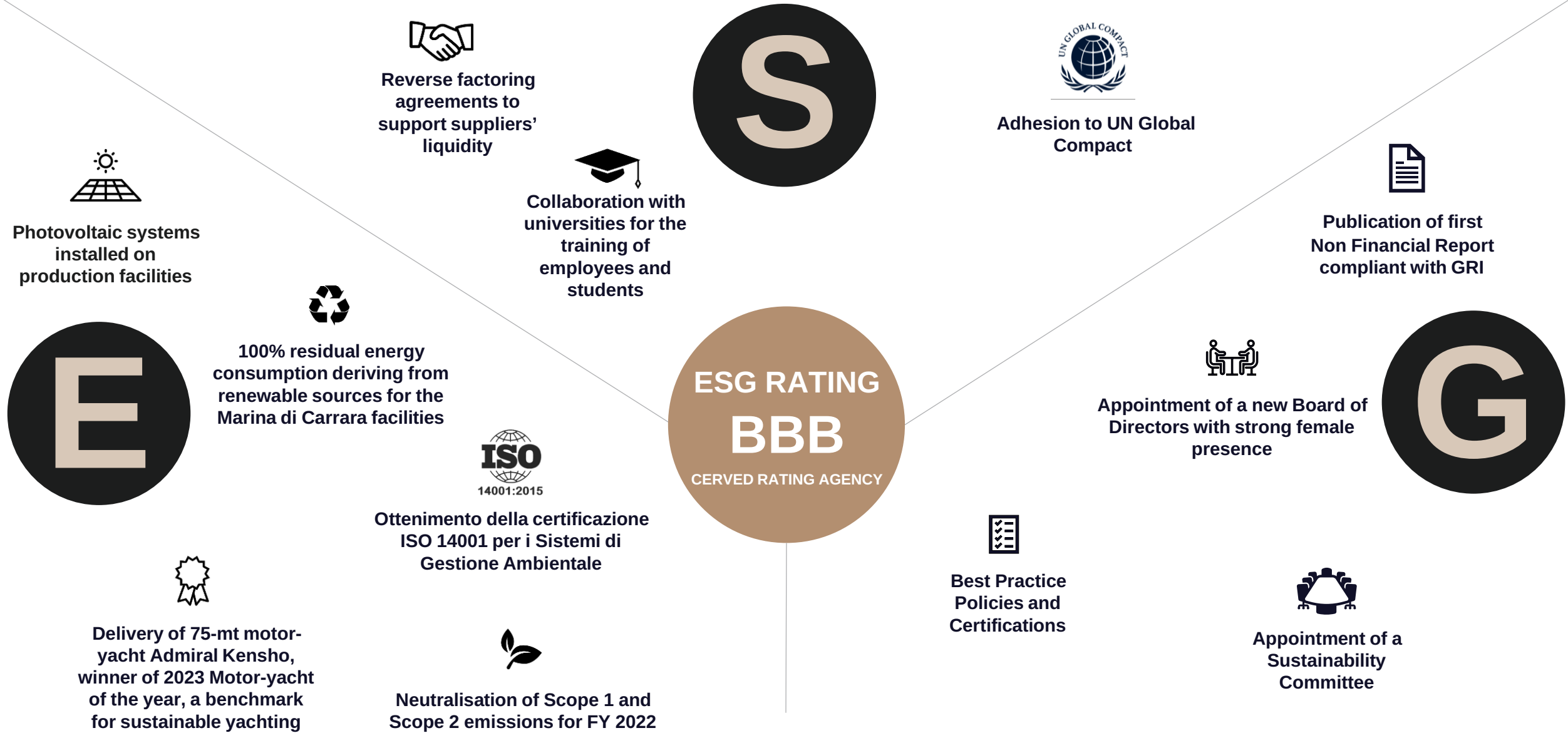


ESG ROADMAP













TISG is **well advanced** in its roadmap to drive Sustainability with the objectives of creating long-term value for all Stakeholders and establishing itself as a benchmark for the shipbuilding sector.



ESG ACHIEVEMENTS SO FAR



2023-2025 ESG TARGETS

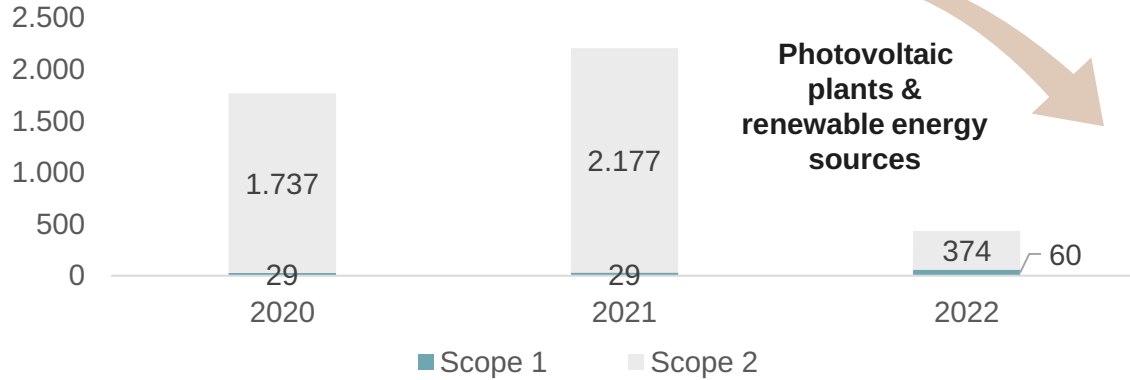
| E – ENVIRONMENT | | 2023 | 2024 | 2025 |
|--|---|---|---|---|
|  | Obtain ISO 14001 – Environmental Management System certification | Procedure start | Obtainment | Maintenance |
|  | Increase the % of renewable energy on the total energy consumption | >95% (from 87%) | >95% | >95% |
|  | Offset Scope 1 and 2 GHG emissions | Neutralisation (from 433.9 tCO2) | Neutralisation | Neutralisation |
| S – SOCIAL | | 2023 | 2024 | 2025 |
|  | Suppliers analysis, clustering and monitoring | Analysis and mapping of Top 25 | Mapping of Top 50 | Mapping of Top 75 |
|  | Increase training hours per employee | >6 hours per year per employee | >7 hours per year per employee | >8 hours per year per employee |
|  | Increase female representation within managerial positions | Recruit and promote female managers to the extent of 25% total each year | | >12% |
|  | Reduce employees' gender pay-gap | Annually increase the pay of female employees by: 1-2% for executives and middle managers 3% for office and blue-collar workers | | |
|  | Employees' satisfaction | Satisfaction analysis | Satisfaction analysis + Target definition | Satisfaction analysis + Target definition |
| G – GOVERNANCE | | 2023 | 2024 | 2025 |
|  | Adoption of a Long Term Incentive Plan | Approval and allocation | Update and new targets for onward cycles | Update and new targets for onward cycles |
|  | Adhere to UN Global Compact | Adhesion | Provide required annual disclosure | Provide required annual disclosure |
|  | Adoption and publication of the Suppliers Code of Conduct and of Operational Procedures | Adoption of Code and Procedures | Application and updating | Application and updating |
|  | Adoption of a Policy on the Management of Conflicts of Interest | Adoption of the Policy | Application and updating | Application and updating |



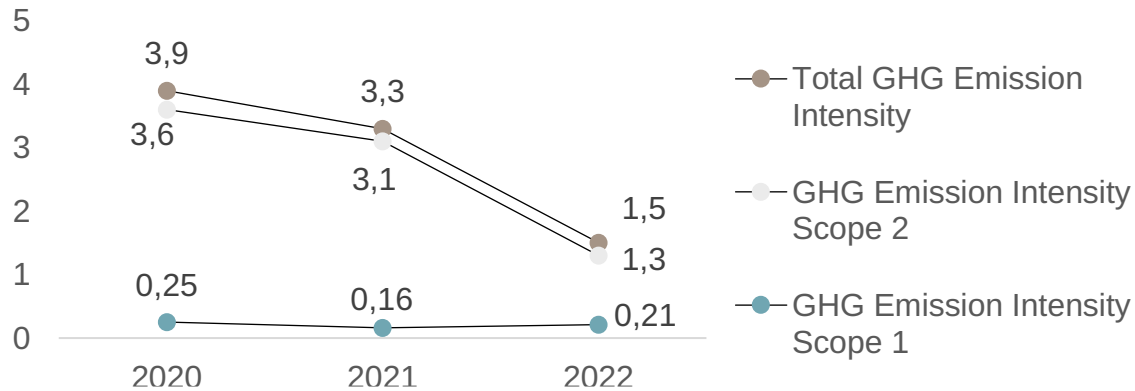
ENVIRONMENT & CLIMATE

ON THE PATH TO DECARBONISATION

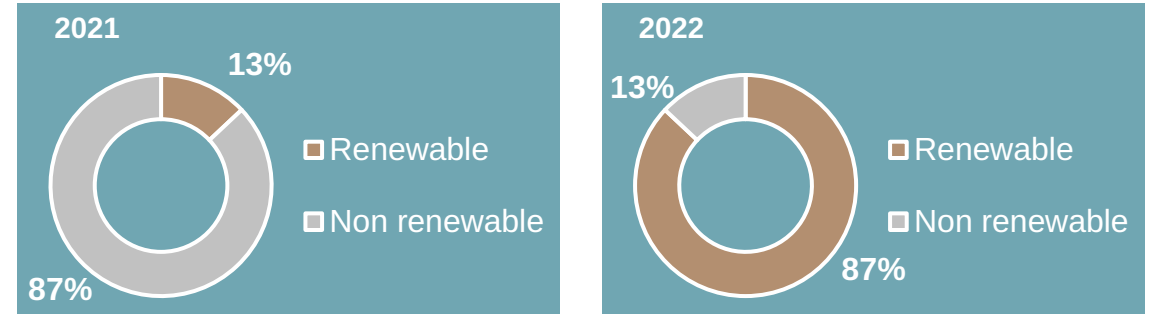
GHG Scope 1 and Scope 2 Emissions (tCO2e)



GHG Scope 1 and Scope 2 Emissions Intensity (tCO2e / € Rev ML)





ENERGY CONSUMPTION SOURCES



GHG Scope 1 and Scope 2 emissions decreased by c.80% with respect to 2021, with intensity (tCO2e/€M rev) decreased by 55% over the same period

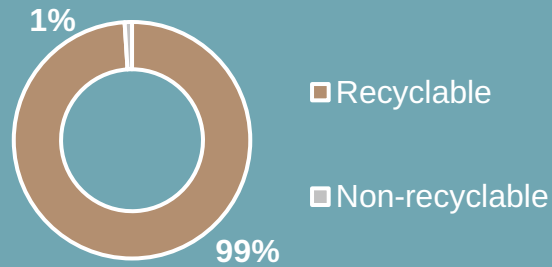
FY 2022 Scope 1 and 2 (market based) emissions have been neutralised through the cancellation of carbon credits generated by the hydroelectric energy project VCS 535 – Akocak Hydroelectric Power Plant in Turkey, as part of the Verified Carbon Standard – Verra program.

E – ENVIRONMENT

| | | 2023 | 2024 | 2025 |
|---|--|----------------|----------------|----------------|
|  | Increase the % of renewable energy on the total energy consumption | >95% | >95% | >95% |
|  | Offset Scope 1 and 2 GHG emissions | Neutralisation | Neutralisation | Neutralisation |

RESEARCH AND PRODUCT INNOVATION TO REDUCE NEGATIVE IMPACTS

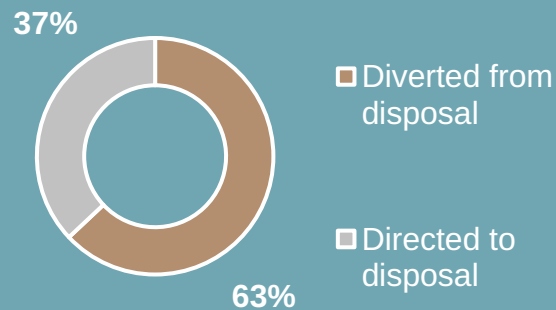
Production raw materials



The hull and the superstructure of yachts are made of 100% recyclable steel and aluminium

Fiberglass is limited to the construction of “Tecnomar for Lamborghini 63”

Waste management



The waste management system consists of a tightly controlled ecological station with several stocking sites for each material

More than 93% of waste is non-hazardous

M/Y KENSHO



2023 Motor-yacht of the Year: a benchmark for sustainable yachting

The ECO notation received from the Lloyd’s Register relies on:

- Advanced NOx and SOx emissions reduction system
- Specific procedure to handle hazardous substances
- Efficient and safe cooling system
- Well trained crew in handling such procedures and systems
- CO2 and foam-free firefighting system
- Prevention of oil pollution and water emission
- MARPOL certified wastewater treatment

E – ENVIRONMENT



Obtain ISO 14001 – Environmental Management System certification

2023

Procedure start

2024

Obtainment

2025

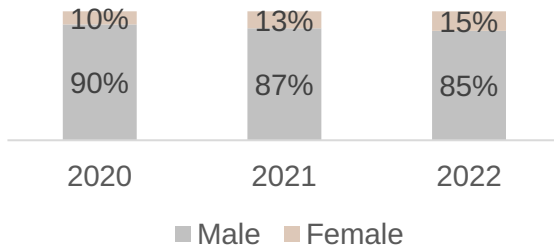
Maintenance



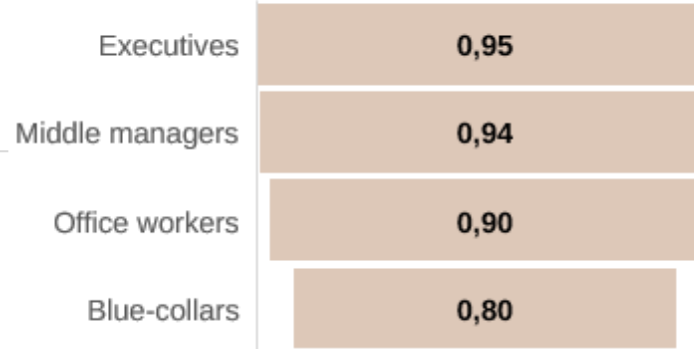
PEOPLE & COMMUNITY

PEOPLE

Employee diversity



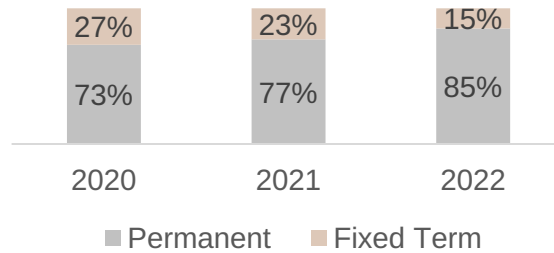
Gender pay gap*



*Defined as the ratio of basic salary and remuneration of women to men

Female presence continues to increase despite the characteristics of the shipbuilding sector.

Types of Contracts



ACADEMY & VILLAGE



“TISG Academy” hosts courses aimed at developing skills and know-how for employees in collaboration with local Universities.

The “Village” offers gourmet restaurant, gym and SPA, for employees, crew members and VIP card-holders.

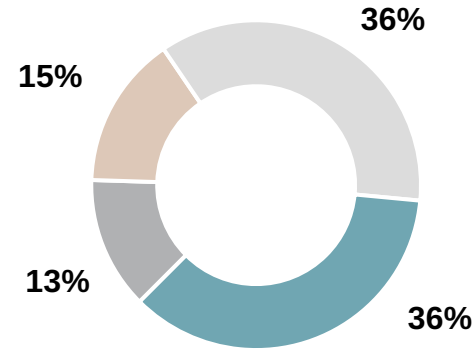
S – SOCIAL

| | | 2023 | 2024 | 2025 |
|---|--|---|--|--|
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| 5 | Reduce employees' gender pay-gap | Annually increase the pay of female employees by: 1-2% for executives and middle managers 3% for office and blue-collar workers | | |
| 3 | Employees' satisfaction survey | Sentiment analysis | Sentiment analysis + Target definition | Sentiment analysis + Target definition |

ETHICAL SUPPLY CHAIN MANAGEMENT

Materials and services suppliers

- Extra EU
- EU
- Nautical district of Tuscany and Liguria
- Rest of Italy



TISG is committed to:

An active participant in the local development decision and in facilitating cooperation across all entities of the local nautical industry

Support suppliers' working capital offering reverse factoring agreements with several institutions to have a quick and easy access to liquidity

SELECTION & QUALIFICATION

The key objective is to select reliable partners that are able to support business continuity and guarantee the highest standards

All suppliers shall abide by TISG's Code of Ethics and will be evaluated based on:

- Ability to meet the quality requirements set by TISG
- Legal status, financial stability and execution capacity
- Compliance with occupational health & safety requirements

TISG's purchasing policy facilitates:

- Relationships with suppliers based on cooperation and oriented toward continuous improvement
- Measurement of supplier quality and quality control of products and services

S – SOCIAL



Suppliers analysis, clustering and monitoring

2023

Analysis and mapping of Top 25

2024

Mapping of Top 50

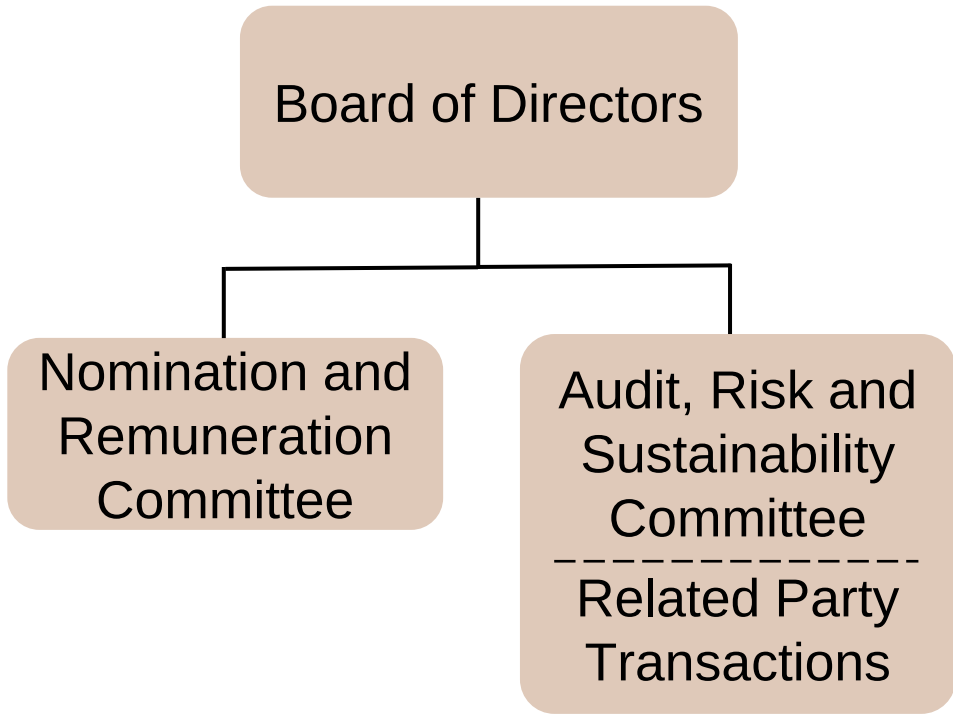
2025

Mapping of Top 75

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GOVERNANCE & BUSINESS ETHICS

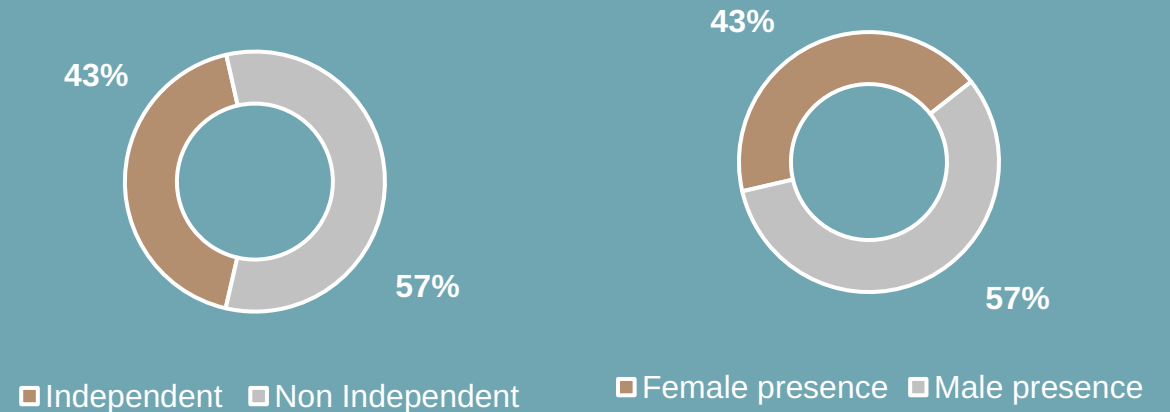
A SOUND GOVERNANCE FRAMEWORK



Internal board committees

Composed 100% by independent members

BOARD COMPOSITION



SUSTAINABILITY TEAM

- Composed by members of key business areas and coordinated by the ESG & Corporate Affairs Manager
- Refers to the Board of Directors
- Has instructive, propositional and operational duties in the context of sustainability and corporate social responsibility

CONTINUOUS ENHANCEMENT OF GOVERNANCE TOOLS

POLICIES

Human Rights

Diversity & Inclusion

Environmental

FOUNDATIONS

Whistleblowing procedure

Anti-corruption safeguards

Code of Ethics

Internal Control and Risk Management System

Organisational and Management Model (LD 231)

Certifications



Quality Management System



Occupational Health and Safety Management Systems

G – GOVERNANCE

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|---|---|---------------------------------|--|--|
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