







THE ITALIAN SEA GROUP

2022 CONSOLIDATED NON-FINANCIAL STATEMENT

PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 254 OF 2016

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LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Stakeholders,

During 2022 our Group achieved important targets and recorded significant growth. We reached enthusiastic goals from a commercial and financial standpoint, along with a solid global presence worldwide; we strengthened the positioning of our brands in the luxury segment through even stronger partnerships with some of the most acknowledged brands globally; we successfully relaunched Perini Navi and Picchiotti, some of the most prestigious brand names in international yachting.

These achievements are the result of the strong joint effort from our managers, employees, suppliers, partners, investors – all active part of a virtuous system based on collaboration and mutual respect.

Nevertheless, the success achieved so far does not divert our attention from the daily commitment to our job, to the sense of responsibility we feel towards the community in which we operate and to the consciousness that the world presents even more ambitious challenges: from the fight against climate change to the value of diversity and inclusion and to the pressing need for a sustainable development growth system from an economic, environmental, and social perspective, aimed at continuing to benefit all our stakeholders and the whole community.

At The Italian Sea Group Social Responsibility is not only a guiding principle, but it is the strategic foundation of our business, being integrated in each and every area and in every choice that we daily make.

Our ESG strategic pillars include a solid governance system, the centrality of the wellbeing and safety of our employees, a very careful management of energy and water consumption, along with an intense R&D activity focused on finding and implementing technological solutions to significantly limit the environmental impact of yachts.

During 2022 new important milestones have enriched our story: in July we delivered Kensho, a 75 metre motor yacht already representing a benchmark for sustainable yachting; for the Marina di Carrara HQ, we sourced energy exclusively coming from renewable sources and we completed the coverage of our sheds with photovoltaic panels, saving the emission of over 1,000 tons of CO2 annually. To support the liquidity of our supply chain we signed reverse factoring agreements with major banking institutions with a total plafond of over 42 million Euros. Through our TISG Academy we strengthened the collaboration with Trieste,



G I O V A N N I
C O S T A N T I N O

Genoa and La Spezia Universities to offer employees, suppliers, and students training courses.

Furthermore, we have structured a solid Sustainability governance and a policy system on the respect of human rights, diversity, environment and dialog with our shareholders.

In this Non-Financial Report you will find detailed information on what we have achieved so far and what we commit to achieve in the next three years. We have a very clear strategy, developed after carefully listening to our stakeholders' needs and a broad roadmap with ambitious goals: environment, governance, social impact.

Among the many initiatives in the pipeline, we will continue to work to further reduce the environmental impact of our business, by increasing the use of renewable-source energy and compensating the already limited Scope 1 and Scope 2 emissions. We will invest to make our supply chain even more sustainable and we will strengthen the centrality of the wellbeing and development of our employees - in absolute gender equality - by organising, among other activities, annual appointments to listen to their needs and to plan improvement initiatives. The achievement of ESG targets will be one of the parameters of the Long-Term Incentive Plan of our management.

I wish to thank the big "The Italian Sea Group" family, operating in all our facilities and offices at all managerial and operational levels, who always work with great passion and competence.

I want to thank you Stakeholders for continuing to believe in our "factory of emotions": I am sure that, together, we will keep building sustainable value for the years to come.

And, last but surely not for importance, I wish to thank from the bottom of my heart my dear friend Giuseppe Taranto, *the* Manager who has supported me in thirty years of professional but above all personal relationship, based on deep respect and brotherhood.

We will forever cherish the memory of his elegant and humane approach and we will continue to express those values of respect, responsibility, and dedication that he deeply cared for.



FOUNDER AND CEO

TISG



1

THE ITALIAN SEA GROUP

THE ITALIAN SEA GROUP

The Italian Sea Group is a company listed on EuroNext Milan and one of the most renowned groups in international yachting, an absolute benchmark in the design and construction of yachts from 20 to 100 metres in length and in the refit of yachts up to 140 metres.

With shipyards strategically located near the ports of Marina di Carrara, Viareggio and La Spezia, The Italian Sea Group has launched 1,253 yachts from 1575 to today. The Group includes the following brands: Picchiotti, Admiral, Perini Navi, Tecnomar, NCA Refit.

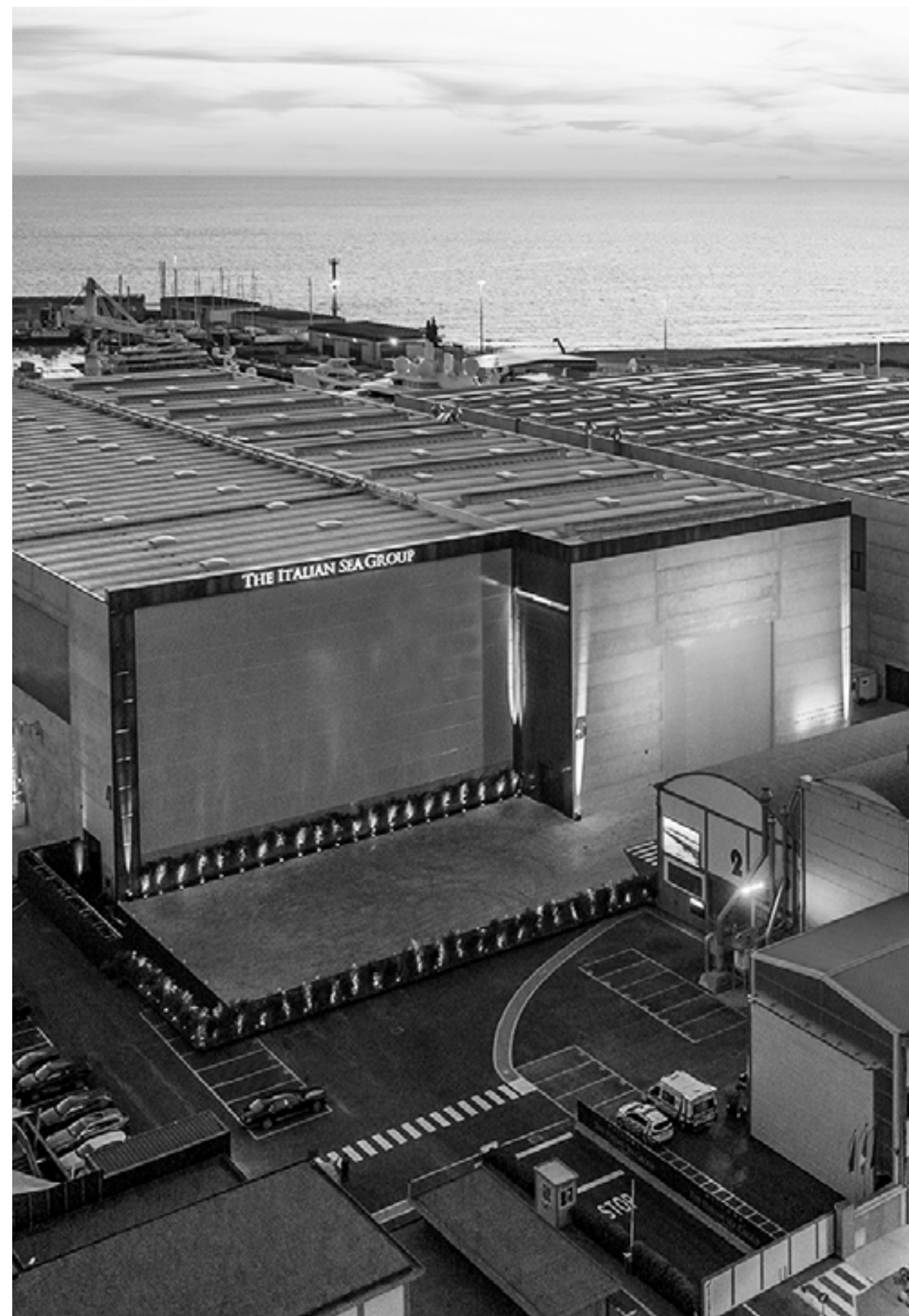
The headquarters in Marina di Carrara cover an area of over 100,000 square metres and boast a state-of-the-art production site equipped with two dry docks, one of which is covered, of 200 and 147 metres respectively, 11 separate production areas, a total lifting capacity of 1,000 tonnes, 1,000 metres of quay and 3,300 tonnes of floating barge, which is enhanced for launching yachts and mega-yachts up to 100 metres.

The larger, newly built shed can accommodate constructions of up to 90 m, while the construction of longer yachts takes place directly in the dry dock.

The Group's headquarters cover an area of 3,600 square metres and feature an extremely elegant and refined design, emblematic of the style and attention to detail that are some of the founding characteristics of The Italian Sea Group.

The La Spezia shipyard covers an area of over 30,000 square metres with six sheds for the construction of yachts up to 70 metres, while the Viareggio shipyard covers an area of over 18,000 square metres and has four warehouses that can accommodate yachts up to 60 metres.

Confirming its strategic positioning in the high-end segment, TISG has developed partnerships with important Italian luxury brands: Giorgio Armani, for the creation of yachts designed in collaboration with him and expressing the fusion of two excellences of Italian style in fashion and boating, and Automobili Lamborghini, for the design and creation of the 'Tecnomar for Lamborghini 63', a limited edition motor-yacht with extraordinary performance and quality beyond every limit.



HISTORY

The Italian Sea Group (TISG) was established thanks to the vision of its founder, Giovanni Costantino, who after extensive entrepreneurial and business experience gained in the furnishing sector, acquired 100% of Tecnomar S.p.A. in 2009, a company specialised in the construction of sports and performance yachts, and Admiral S.p.A. in 2011, a company specialised in the production of steel and aluminium super yachts.

The rapidly growing number of contracts and the increasing size of yachts being built requires investments in a larger production site with direct access to the sea. This is why in December 2012, GC Holding S.p.A., a company owned by Giovanni Costantino, acquired 100% of the share capital of Nuovi Cantieri Apuania S.p.A. (today The Italian Sea Group S.p.A.), a state-owned company in deep crisis that built commercial and cruise ships in the Marina di Carrara shipyard. Founded in 1942 and thanks to very advanced facilities for the time, the shipyard in Marina di Carrara, which is currently the headquarters of TISG, became specialised in the construction of medium-tonnage ships in just a few years. During the 1950s and 1960s, development in equipment allowed the shipyard to build ever larger constructions. In 1973 the structure was further expanded with the construction of a basin 200 metres in length and 35 metres in width.

The acquisition of the shipyard ensured maintaining employment levels and relaunched a company in crisis but with a recent past as a leading player in shipbuilding. The acquisition also allowed TISG to expand its production capacity and retain valuable know-how specialised in the construction of large ships.

Significant investments were made over time, such as the expansion and complete renovation of the company headquarters, the organisation

of areas dedicated to new production, the construction of a steel mill, an upholstery workshop and the expansion of areas for refitting activities, which began in 2015 and are located in a strategic position not far from renowned tourist destinations, and therefore a privileged stopover for yachts sailing in the Mediterranean.

In 2020, TISG's Board of Directors resolved on an investment plan called TISG 4.0 for about Euro 40 million, with the aim of further increasing the shipyard's production capacity.

On 3 June 2021, the offer for the sale and subscription of the Company's ordinary shares for the purpose of listing on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., now called Euronext Milan, was concluded, and 8 June 2021 marked the first day of trading the Italian Sea Group S.p.A.'s shares.

The Board of Directors approved a further investment plan on 4 November 2021, called 'TISG 4.1', worth Euro 14 million which was completed in the course of 2022.

The company's growth continued, and on 22 December 2021 TISG, through its wholly owned subsidiary New Sail S.r.l., later merged by incorporation on 10 June 2022, was awarded the auction called by the Court of Lucca for the bankruptcy of Perini Navi S.p.A., for a total price of Euro 80 million. In addition to the historical Perini Navi and Picchiotti brands, the business complex includes the shipyards in Viareggio and La Spezia, a real estate compendium in Pisa, a 47-metre ship under construction, the patents and shareholding (100%) in Perini Navi U.S.A. Inc., as well as the existing legal relationships with employees and third parties.



SIGNIFICANT EVENTS OF 2022



2022 was a year of important events for The Italian Sea Group.

On 20 January 2022, the acquisition of the business complex of the bankrupt Perini Navi S.p.A., which TISG was awarded through its wholly-owned subsidiary, New Sail S.r.l., during the auction of 22 December 2021, was finalised. New Sail S.r.l. participated in the competitive procedure, being awarded at the bankruptcy auction for a total Euro 80 million and becoming the owner of the historical Perini Navi and Picchiotti brands among others, as well as the shipyards in Viareggio and La Spezia.

The acquisition allowed for the expansion of the business in the sailing market, strengthening in the high-end super-yacht sector and the expansion of the Group's production capacity for both production and refitting activities.

In August 2022, the Board of Directors of The Italian Sea Group resolved to acquire 100% of the shares of TISG Turkey Yat Tersanecilik Anonim Sirketi ('TISG Turkey'), a company previously controlled by the parent company GC Holding S.p.A. and engaged in the production of steel and aluminium hulls.

This transaction allowed the company to consolidate the entire production process, ensuring even more integrated and quality-oriented operations management. It also facilitated direct investment strategies from TISG to TISG Turkey with a view to business growth.

In the same month, The Italian Sea Group presented the new Picchiotti brand fleet, bringing

back a brand that has represented the excellence and elegance of Italian nautical traditions since 1575.

Created in collaboration with Luca Dini and his Design & Architecture and with the participation of Kurt Lehman and the Yacht Moments Consultant, the project represents the new era of the historic Picchiotti brand's style essence. Named 'Gentleman', the fleet introduces TISG into the series production segment of yachts and super-yachts, while maintaining its ultra-high-level positioning. The project stems from the ambition to create a product inspired by the silhouette of the American yachts of the 1960s, exclusively and elegantly applying timeless, classic lines with innovative engineering solutions and a unique and distinctive design.

An invitation to sailing on a more human scale, a dive back into the post-war aristocracy synonymous with freedom at sea, with the added comfort and luxury that only a super-yacht can provide.

The year 2022 saw the commercial expansion of TISG through important partnership agreements



with the most prestigious international brokers to consolidate its position in Asia and the Middle East, the opening of showrooms in prestigious locations such as Porto Cervo and East Hampton, Long Island, and the expansion of the American market thanks to the exclusive collaboration with a prestigious broker and the Perini Navi brand, which has always considered the United States as a reference market.

In September, The Italian Sea Group unveiled its new Panorama line of 50-metre semi-custom motor yachts under the Admiral brand, born from the collaboration with the team of Studio Piredda & Partners. The Panorama motor yacht has an elegant, timeless profile: a Made in Italy masterpiece in terms of form, lines and functional solutions. As evidence of the project's success, two models were sold within a month of its launch.

In October, TISG formalised its collaboration with Malcolm McKeon, a leader in innovative, high-performance design in the super-yacht world for more than 30 years. The partnership will begin with the construction of the new 56-metre sailing ketch. It borrows some of the most iconic stylistic features of the Perini Navi fleet, reinterpreting them in a modern key and combining designer input with TISG design standards. The 56-metre ketch represents the starting point for the development of an entire fleet ranging from 47 to 74 metres.

2022 was also an important year with regard to ESG initiatives.

In July 2022, the company delivered Kensho,



a 75m motor yacht at the cutting edge of sustainability (see the section Product Research and Innovation). A 100-metre yacht is also currently in construction with an innovative 'diesel-electric' propulsion system, which guarantees high efficiency and optimised fuel consumption. TISG also completed covering the roofs of the Marina di Carrara shipyards with photovoltaic panels - which will be extended to the La Spezia yard in 2023 - and purchased 100% of the energy used by the Marina di Carrara HQ from renewable sources.

In October 2022, the company presented the first 'Young Award', a recognition for employees under the age of 30 who have distinguished themselves through passion and dedication, as well as acquired skills, abilities and performance.

'The Italian Sea Group Young Award' stems from the centrality of employees, especially young people, in the Group's development strategy and the strong conviction that meritocracy and gratification are fundamental in supporting and stimulating commitment and the desire for professional growth, through a model based on trust and autonomy.



BRANDS

PICCHIOTTI

The Picchiotti name has been inextricably linked to the history of Italian and Mediterranean seafaring since 1575. A tradition that began with work boats, passing on to ocean-going sailing ships, then military orders up to the pioneering years of the first pleasure yachts. The Picchiotti name returned to the contemporary yachting world in 2010 with three ships in the Vitruvius line. Today, this tradition has merged into The Italian Sea Group.

Artisan know-how, attention to detail and the ability to combine tradition and innovation in a unique design - these are the hallmarks of Picchiotti and Made in Italy. Picchiotti has combined all this with a continuous search for new construction techniques.

In fact, it was the first shipyard to create recreational motor cruisers in series, such as the Giglio 10 metres, the Giannutri 14.50 metres, the Gorgona, the Giraglia or the Mistral.



ADMIRAL

As the flagship brand of The Italian Sea Group, Admiral is recognised and appreciated for its elegance, classicism and prestige. Founded in 1966, Admiral has launched 148 yachts over the years, fulfilling the dreams of the most discerning owners.

The first wooden 18-metre Admiral was launched in 1966, while in the mid-70s the first wooden 30-metre motor yacht was launched, which was quite rare and prestigious for that time. At the beginning of the 1980s, the first aluminium and

steel hulls were built.

The product range Admiral offers the market today includes super-yachts, mega-yachts and giga-yachts characterised by elegance, timeless style and total customisation.

Expertise, professionalism and unique infrastructure on the Mediterranean guarantee the highest quality standards in the design and production of yachts up to and over 100 metres. Technical and stylistic innovation provide valuable added value to each of the brand's creations.



PERINI NAVI

Innovative, enterprising and a source of inspiration for entire generations, Perini Navi has been a world leader in the design and construction of large modern sailing ships for almost 40 years. Founded in 1983 by Fabio Perini, he was the first to design and build automatic systems for sail plans and large yachts that could be manoeuvred by a small crew. Perini Navi thus charted a new course in the modern sailing yacht market. Its founder's vision led to the creation of a fleet of 60 sailing ships, jewels of the sea admired by

owners and sailing enthusiasts all over the world. One of them is the legendary The Maltese Falcon, an 88-metre clipper that marked a revolution in sailing technology, introducing the world to the sail system now known as the Falcon Rig. In 2021 Perini Navi became part of The Italian Sea Group, which will continue its historical tradition, combining it with the stylistic and technological innovation that is one of the Group's founding features.

TECNOMAR

Founded in Viareggio in 1987, Tecnomar initially distinguished itself for the production of 20-metre open speedboats characterised by high sportiness and innovative design. Shortly afterwards, the company moved its sales and production offices to the industrial area of Massa Carrara with the aim of optimising the production cycle. To date, the Tecnomar brand has 294 yachts delivered and offers boats up to 50 metres, whose special characteristics such as sportiness and cutting-edge design are at the service of powerful

and reliable mechanics. Each model is a design challenge balancing the elegance of the best Italian nautical tradition and the use of innovative technologies and materials. The partnership with the historic 'Automobili Lamborghini' brand that led to the creation of the 'Tecnomar for Lamborghini 63' yacht line is known all over the world: a project inspired by the performance of super sports cars that represents not simply an exercise in style and design, but the avant-garde of luxury speedboats.



NCA REFIT

NCA has specialised in the refit and repair of super yachts and mega sailing and motor yachts since 1942, combining this specialisation with a range of exclusive services for crews. Building on the skills and expertise acquired over more than 70 years of refit experience, NCA Refit has a team of highly qualified engineers, architects and technicians. The unique characteristics of its infrastructure make NCA Refit one of the most important naval hubs in the Mediterranean. NCA Refit operates shipyards in Marina di Carrara, La Spezia and Viareggio, covering a total of 136,000 square metres.

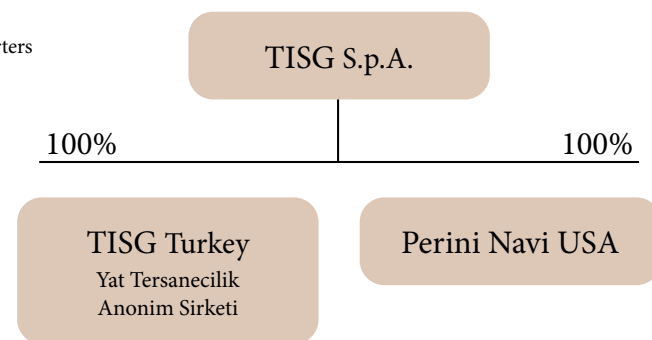
NCA Refit relies on TISG's excellent infrastructure, including a 200-metre dry dock, the largest in the Mediterranean, a second 147-metre-long dock, a sinking dock of up to 3,300 tonnes, two travel lifts of 260T and 820T, a keel pit and a 1,000T syncro lift.

NCA Refit also distinguishes itself from its competitors by its care and attention for crews. With the inauguration of the 'Village' in 2019, the company provides crews, as well as its own employees, with excellent services such as a Gourmet Restaurant, Lounge Bar, gym, Beauty Centre and a luxurious SPA.



GROUP STRUCTURE

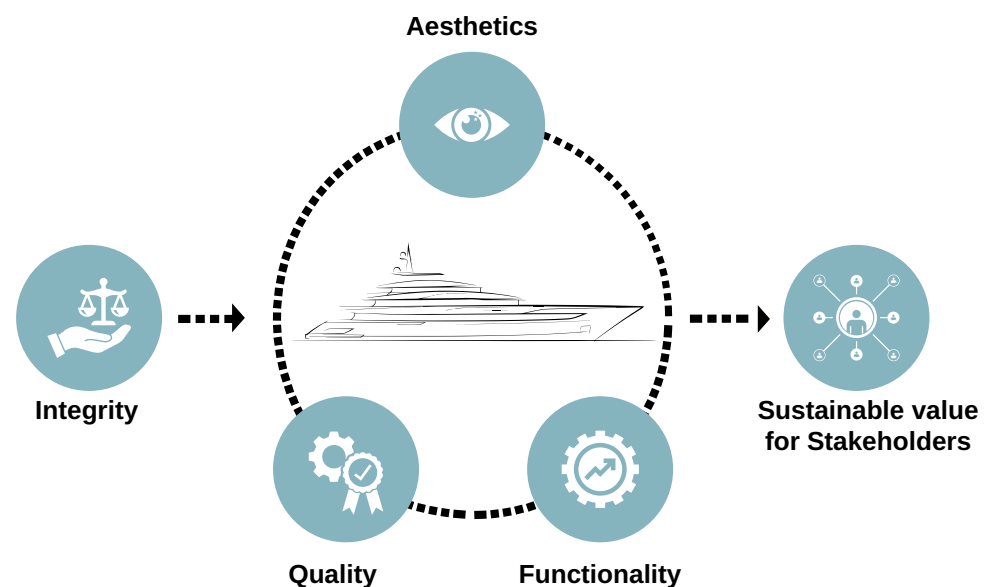
Headquarters
The Italian Sea Group Headquarters
Viale Cristoforo Colombo, 4
54033 Marina di Carrara (MS)



MISSION AND VALUES

OUR MISSION

Designing, challenging ourselves and bringing our ambition to even higher levels are the pillars of our company. The objective is to build unique and identifiable yachts with unmatched aesthetic, quality and functional characteristics, maintaining maximum integrity and sustainability for our stakeholders.



OUR VALUES

Our actions and decisions are based on the necessity to uphold our high behavioural standard, both in terms of professionalism and ethics. It is through constant and daily dedication that we put our values into practice, benefiting our employees, shareholders, suppliers and the local community.



INTEGRITY

Each and everyone of us, even in their own small personal environment, is responsible for high ethical and moral standards. It is fundamental for us to commit to our duties as responsible citizens and employees, treating all of the Group's employees, clients, suppliers and stakeholders with the utmost respect.



SAFETY

The first step to maintain a safe and healthy workplace environment is to cherish employees, without compromises when it comes to their well-being and safety. It is the Group's constant commitment to implement and maintain strict safety rules, and to continuously monitor and update them in order to avoid any risk. Corporate principles need to be actively respected by employees, who are responsible for their own safety and the safety of others.



QUALITY

Every choice and action we make is driven by a tireless search for quality. Our standards, unyielding and intransigent, bring an optimal offer for both products and services. It is our enduring desire to constantly improve that gives trust to our owners in choosing us for the construction of their yacht.



ART AND BEAUTY

The love for art and beauty is woven into every aspect of our corporate culture, and it shows in our projects as well as the working environment. We breathe beauty to be able to bring proper masterpieces to life, jewels of the sea for our owners. We are modern patrons of art, who love giving visibility and offering opportunities to young talent in the contemporary art landscape.



RESPONSIBILITY

We acknowledge the responsibility we carry towards our counterparts and towards our community as a whole. It is fundamental for us to keep the promises and commitments made, acting with full respect for others and for the environment, in order to create sustainable value in the long term.

STRATEGY AND BUSINESS MODEL

The highest aesthetic and quality standards are an essential part of the The Italian Sea Group's philosophy, which focuses its strategy on the design and production of fully customised, large yachts. The business model is aimed at complete customer satisfaction and consists of two divisions: Shipbuilding and Refit.

SHIPBUILDING



The core business of The Italian Sea Group is the construction of new yachts through the Picchiotti, Admiral, Perini Navi and Tecnomar brands.

The Company concentrates its activity on mega and giga yachts over 50 metres, extremely customised in both the interior and exterior lines, and relies on a strong design and production capacity and a know-how consolidated over the years. All this has allowed TISG to position itself in the highest segment of the market in terms of technical and aesthetic quality, with a strong emphasis on a typically Italian style and a flexible approach to the requests of the most demanding clients.

REFIT



Parallel to its shipbuilding activities, TISG carries out refit activities on yachts up to 140 metres long, hosted in the company's state-of-the-art facilities. The broad spectrum of refit activities ranges from routine maintenance and equipment upgrades to the modification of furnishings, to more complex retrofits and the modification or expansion of on-board spaces. TISG has also developed a sophisticated reception and hospitality system for the crews of yachts undergoing refit, offering them an attentive concierge service and providing the Village, a luxury facility where crews can enjoy a gym, spa and gourmet restaurant.



THE PILLARS OF THE STRATEGY

FOCUS ON LARGE YACHTS



Thanks to state-of-the-art facilities that allow the simultaneous construction of large yachts, TISG focuses its strategy on the mega and giga yacht segment, which guarantees a higher backlog visibility over the years. The segment of yachts over 50 metres, TISG's main focus, accounts for about 80% of the Company's order book and has shown strong resilience in recent years, thanks also to a significant increase in the number of ultra-high-net-worth individuals.

OPTIMISATION OF PRODUCTION CAPACITY



Thanks to the acquisition of the Perini Navi complex and the investment plans called TISG 4.0 and 4.1, the Group has significantly expanded its production capacity. Optimisation is at the heart of its strategy, including through new 'serial' production projects, such as the Panorama and Gentleman Picchiotti lines, which will saturate capacity without requiring a significant design effort from the in-house team, which will remain focused on large custom sizes. In line with the Group's business philosophy, production only starts after sales, eliminating the risk of unsold stock.

RELAUNCH OF PERINI NAVI



The relaunch of the historic brand has started with the complete restyling of the fleet with a renewed contemporary aesthetic, while respecting the Perini Navi tradition. The restyling has passed through collaborations with archistars from the nautical world.

STRATEGIC PARTNESHIP IN THE LUXURY SECTOR



The Italian Sea Group strengthens its market positioning also thanks to important cooperation agreements with leading brands in the luxury and Made in Italy sector, with which it shares the same values. Examples of this are the Tecnomar for Lamborghini 63 limited edition project, in collaboration with Automobili Lamborghini, for the construction of 63 high performance yachts and the collaboration with Giorgio Armani for the design of exterior and interior lines of Admiral brand yachts.

ESG INITIATIVES



TISG's ESG strategy is strongly interconnected with its business strategy and is part of the company's DNA. Throughout its history, The Italian Sea Group has always paid great attention to environmental sustainability, employee well-being and development of the territory.

From an environmental perspective, to meet the challenges of sustainability and to contribute to the fight against climate change, TISG takes a proactive approach with a strong focus on innovation and sustainable materials; the company mainly uses aluminium and steel for its yachts and invests in research into innovative propulsion systems.

In addition, it meets a large part of its energy needs through the self-generation of green energy from photovoltaic plants and purchases all the remaining energy for the needs of the Marina di Carrara site from renewable sources.

Great attention is paid to human resources and their continuous training thanks to the TISG Academy, a project dedicated to training employees and undergraduates from the Universities of Genoa, La Spezia, Naples and Trieste, through excellent courses held by university professors and industry professionals. TISG recognises young employees who have distinguished themselves through their ability and commitment with the 'Young Award', proof of the fact that meritocracy is a fundamental value of human resources management.

PRODUCT RESEARCH AND INNOVATION

TISG has always been at the forefront of product innovation and has pioneered the creation of systems that set a new standard, also in terms of environmental responsibility.

Indeed, in 2016 it launched Quinta Essentia, a 55-metre Admiral motor yacht that is the world's first example of hybrid propulsion in its size range.

It has continued to invest in R&D over the years, going so far as to offer mega-yachts with advanced variable-speed diesel-electric propulsion systems, i.e. which produce only the energy required by the vessel, optimising consumption and limiting emissions, vibrations and noise pollution.

It also installs on-board DPF (Diesel Particulate Filters) systems that cut down the emissions created by generator exhaust.

The yachts currently under construction that feature these systems are an 80m M/Y, an 88m M/Y and a 100m M/Y.

TISG's Research & Development Department is also working together with RINA systems, studying the installation of methanol fuel cell technology on board, which will allow a significant reduction in emissions and pollutant waste.

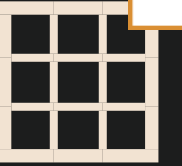
In 2021, TISG delivered the Kensho M/Y, a flagship within the Group's fleet and a true benchmark in terms of sustainability.

IL M/Y KENSHO: A BENCHMARK OF SUSTAINABLE YACHTING



In addition to an innovative variable-speed diesel-electric propulsion system and modern DPF filters, which help to significantly reduce the level of emissions, the Kensho M/Y boasts the Lloyd's Register's ECO notation, a voluntary notation that includes the following important measures:

- **ENox and SOx emissions**
The Kensho M/Y features a system capable of reducing SOx and NOx emissions thanks to the engines and generators installed on board, which are Tier II certified. In combination with the engines, the exhaust gas treatment system with the Urea plant reduces the NOx emissions of the boat system while meeting Tier III requirements.
- **Management of hazardous substances**
There are specific ship management procedures concerning hazardous materials on board that prevent their spillage at sea and release into the air.
- **Refrigeration system**
An advanced leak detector system monitors and manages any leaks of substances used in the refrigeration systems to prevent them from spilling into the sea and endangering the environment and people. The crew has specific procedures for the proper disposal of hazardous materials generated
- **Fire-fighting system**
The fire-fighting systems of the Kensho M/Y, including the hi-fog sprinklers, are exclusively water-powered; no other extinguishing media such as CO2 or foam, which would need to be disposed of as environmentally hazardous, is provided on board.
- **Prevention of hydrocarbon pollution**
The systems designed for the Kensho M/Y were approved by the Classification Authority so that spills of pollutants or substances hazardous to the environment into the sea are avoided.
- **Waste water treatment**
There is a certified waste water treatment system on board the Kensho M/Y which is in line with MARPOL requirements, through which water from the systems serving various rooms on the ship can be discharged overboard.
The ECO notation is also focused on raising awareness and training the crew in the correct compliance with the procedures indicated in the management of the various systems where hazardous materials are involved.

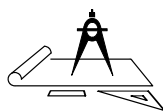


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SUSTAINABILITY OF TISG

CONTEXT ANALYSIS: TOWARDS SUSTAINABILITY IN THE YACHTING INDUSTRY

The certainty of the pressing need to act against climate change and overcome sustainability challenges has driven the entire yachting industry to work towards greater environmental efficiency. Environmental awareness is also spreading fast among shipowners, especially those of the younger generation, who are known to be more environmentally aware and are increasingly demanding sustainable solutions. The environmental impacts generated by the shipping industry have prompted industry organisations, for example the International Maritime Organisation (IMO) to set greenhouse gas reduction targets to combat climate change², in line with international reduction programmes including the Paris Agreement¹ and European Green Deal³.



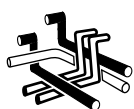
YACHT DESIGN

Innovation in yacht design is a key factor in improving sustainability. The optimisation of hull lines and distribution of weight aimed at making the yacht as efficient as possible also results in lower fuel consumption and a reduction in its carbon footprint.



ALTERNATIVE PROPULSION

The yachting industry is working hard to study propulsion systems together with certification bodies and engine manufacturers that can gradually replace traditional diesel engines. The transition to alternative propulsion systems, diesel-electric and electric first and foremost, is a challenge that involves not only yacht manufacturers, but the wider system that acts on yacht utilisation, in terms of alternative energy supplies, disposal and end-of-life.



TREATMENT AND DISPOSAL OF WASTE WATER AND POLLUTANTS

A further focus is on the disposal of sewage and pollutants on board, which requires complex systems and adequate crew training to avoid spills at sea or hazards for individuals.



MATERIALS USED

In addition to structural design, the yachting industry is working hard on the research and use of sustainable materials and paints that are not harmful to the marine ecosystem.

¹ The Paris Agreement is an international treaty signed by member states of the United Nations Framework Convention on Climate Change and relates to the reduction of greenhouse gas emissions and finance. It was reached on 12 December 2015 and covers the period starting from 2020, with the long-term goal of keeping the global average temperature increase well below 2°C compared to pre-industrial levels and continuing efforts to limit it to 1.5°C.

² See the 'Note by the International Maritime Organisation to the UNFCCC Talanoa Dialogue - ADOPTION OF THE INITIAL IMO STRATEGY ON REDUCTION OF GHG EMISSIONS FROM SHIPS AND EXISTING IMO ACTIVITY RELATED TO REDUCING GHG EMISSIONS IN THE SHIPPING SECTOR' of April 2018.

³ The European 'Green Deal' is a set of policy initiatives proposed by the European Commission with the overall goal of achieving climate neutrality in Europe by 2050.



MATERIALITY ANALYSIS

The objective of the materiality analysis is to identify and assess the issues that represent the most significant impacts of an organisation on the economy, the environment, people - including impacts on human rights - and reveal its contribution to sustainable development.

As a first step, TISG identified the relevant topics using the provisions of Italian Legislative Decree 254/16 as a reference, which regulates the contents of the Non-Financial Statement (NFS), and the GRI (Global Reporting Initiative) Standards, the international sustainability reporting standards.

TISG then carried out an evaluation of the selected topics in order to prioritise them and describe their impacts. This was achieved through an internal survey involving the heads of all corporate departments and an external analysis involving a selected panel of stakeholders⁴.

DESCRIPTION AND ASSESSMENT OF IMPACTS

The sustainability issues (in order of materiality) and the main positive and negative impacts that TISG can generate on the economy, the environment and people are described below. More specifically, these are potential impacts referring to the probability of certain events occurring.




Positive impacts are those that result from careful management of the issues under consideration: a high level of materiality means that TISG is able to bring significant benefits to the economy, the environment and people through good management practices.



















Good practices themselves lead to the reduction of risks of generating possible negative impacts.










For the assessment of negative impacts, reference was made to both inherent risks, i.e. before mitigation, and residual risks, i.e. after mitigation actions.

The table also summarises the management tools in place for mitigating the risks.

⁴For more information, see the 'Methodological Note'

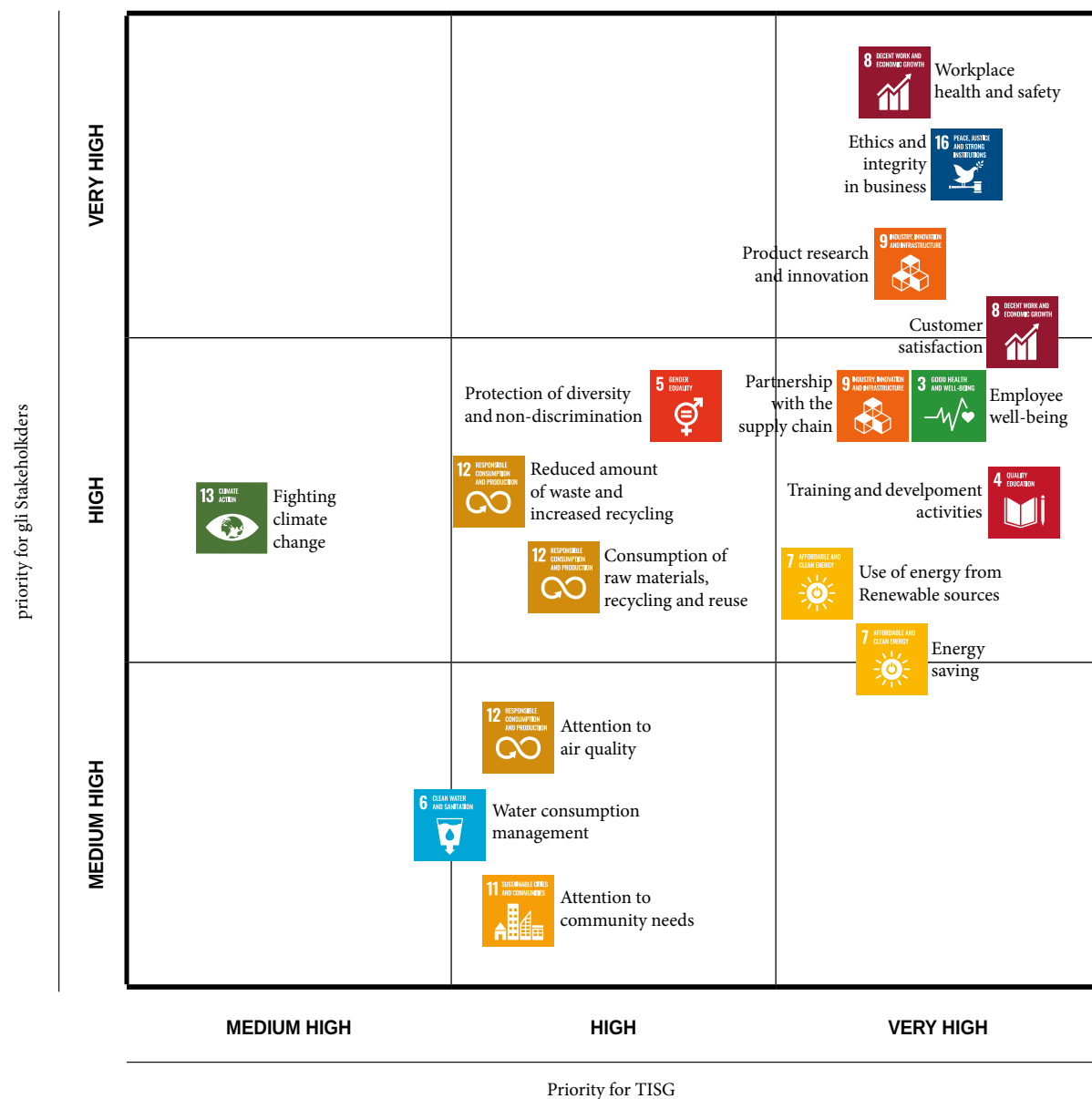
MATERIAL TOPICS IN ORDER OF PRIORITY	MAIN POTENTIAL IMPACTS (POSITIVE / NEGATIVE)	INHERENT RISKS RESIDUAL RISKS	TOOLS ADOPTED TO MITIGATE THE RISKS
1 Ethics and integrity in business 	POSITIVE IMPACT Reduction of offences and violations of rights through the implementation of procedural and organisational safeguards aimed at providing a barrier to the commission of offences and behavioural anomalies.		Organisational, management and control model pursuant to Italian Legislative Decree 231/01. Code of Ethics.
	NEGATIVE IMPACT Economic and reputational damage caused by the commission of offences. Increase in the relevant offences to the detriment of the company and stakeholders. Reputational damage to the relevant business.	INHERENT RISK  RESIDUAL RISK 	
2 Workplace health and safety 	POSITIVE IMPACT Impetus for the implementation of procedural and organisational measures to mitigate workers' health and safety risks; reduction in the number of injuries as well as cases of occupational diseases. Increased organisational well-being. Improved corporate reputation.		Health and Safety Management System certified and compliant with ISO 45001
	NEGATIVE IMPACT Occurrence of accidents, personal injuries and occupational diseases due to the group's specific manufacturing activity, which includes physical and structural work on ships; reduction in hours worked; slowdown in production activity. Risk of delays in orders.	INHERENT RISK  RESIDUAL RISK 	
3 Customer satisfaction 	POSITIVE IMPACT High customer satisfaction; growth in corporate reputation; increase in orders; growth in value produced and distributed to stakeholders		Quality Management System certified and compliant with ISO 9001
	NEGATIVE IMPACT Low customer satisfaction; decrease in product attractiveness; increase in complaints; lower corporate reputation; reduction in orders; decrease in value produced and distributed to stakeholders and industry reputation	INHERENT RISK  INHERENT RISK 	
4 Product research and innovation 	POSITIVE IMPACT Reducing the environmental impacts of ship construction and use in terms of damage from atmospheric emissions and pollution of the marine environment. Increased ability to respond to customer needs.		Investments in R&D. Quality Management System certified and compliant with ISO 9001
	NEGATIVE IMPACT Loss of market share also linked to the possibility of not adequately meeting the need for more sustainable boats expressed by customers belonging to the new generations, to regulations on atmospheric emissions and to GHG reduction targets expressed by international organisations in the sector.	INHERENT RISK  RESIDUAL RISK 	
5 Partnership with the supply chain 	POSITIVE IMPACT Economic-financial support that translates into possible economic growth and greater financial soundness of the production chain with obvious repercussions on the relative socio-economic context; loyal production chain; the possibility of influencing the chain's processes also with a view to achieving the chain's sustainability objectives.		Reverse factoring agreements with leading institutions to give suppliers the opportunity to finance their working capital through immediate access to liquidity
	NEGATIVE IMPACT Economic-financial difficulties of the production chain with negative repercussions on its financial soundness as well as on TISG's ability to meet job order deadlines and maintain the high quality level of the boats produced; repercussions on the ability to influence the machining/supply processes also for the purpose of achieving environmental and social sustainability objectives.	INHERENT RISK  RESIDUAL RISK 	

6	Employee well-being 	POSITIVE IMPACT	Improved company climate and sense of belonging; increased labour productivity. Company favoured in recruitment activities; positive impact on employees' quality of life.	INHERENT RISK  RESIDUAL RISK 	HR policy. Quality Management System certified and compliant with ISO 9001
		NEGATIVE IMPACT	Worsening of the corporate climate and reduction of labour productivity; increased turnover between managers and employees; low attractiveness in recruiting; lowered quality of life for employees, including worsening the response to employees' family needs.		
7	Protection of diversity and non-discrimination 	POSITIVE IMPACT	Protection of people's rights, enhancement of different talents and inclinations; improvement of the corporate climate. Company favoured in recruiting activities; positive social impact due to greater job involvement, career and personal autonomy opportunities of the less represented gender.	INHERENT RISK  RESIDUAL RISK 	Code of Ethics. Diversity and inclusion policy. Policy on the protection of human rights.
		NEGATIVE IMPACT	Violation of rights, deterioration of organisational well-being, loss of reputation; loss of attractiveness in recruiting.		
8	Economic value produced and distributed 	POSITIVE IMPACT	Growth in the economic value produced and distributed to the different stakeholders, with an increase in their financial strength and well-being and maintenance of high-quality relations.	INHERENT RISK  RESIDUAL RISK 	Internal control and management system of market, financial and operational risks. Reverse factoring agreements.
		NEGATIVE IMPACT	Risk of reduction in produced and distributed value - impact from economic and social impoverishment among company stakeholders; deterioration of quality of life.		
9	Attention to air quality 	POSITIVE IMPACT	Compliance with emission limits defined in the Single Environmental Authorisation (SEA); reduction of harmful emissions	INHERENT RISK  RESIDUAL RISK 	Environmental policy. Monitoring air pollution parameters defined in the SEA
		NEGATIVE IMPACT	Non-compliance with authorised limits with the possibility of sanctions; increase in harmful emissions		
10	Employee training and development activities 	POSITIVE IMPACT	Increased corporate know-how, management efficiency and effectiveness, and organisational well-being. Increased employee skills; increased quality of work and business activities with a view to evolutionary progress.	INHERENT RISK  RESIDUAL RISK 	HR policy. Quality Management System certified and compliant with ISO 9001
		NEGATIVE IMPACT	Business skills not adapted to the needs and demands of the market, with risk of loss of competitiveness. Risk of impoverished worker skills and loss of competitiveness in the relevant labour market		
11	Use of energy from renewable sources 	POSITIVE IMPACT	Contribution to the energy transition process; gradual approach to a state of independence with regard to electricity requirements; contribution to the reduction of greenhouse gases required for energy production from non-renewable sources	INHERENT RISK  RESIDUAL RISK 	Environmental policy. Investments in photovoltaics and the purchase of energy from certified renewable sources.
		NEGATIVE IMPACT	Reduced supply of energy from non-renewable sources; contributing to the increase in greenhouse gases required for energy production from non-renewable sources		

12	Energy savings 	POSITIVE IMPACT	Reduction of energy consumption in production and during ship use; reduction of the company's contribution to climate change resulting from the amount of energy consumed	INHERENT RISK  RESIDUAL RISK 	Environmental policy. Absolute consumption and energy intensity monitoring system
		NEGATIVE IMPACT	Continued contribution of the company to climate change resulting from the amount of energy consumed; increased production costs and loss of competitiveness		
13	Fighting climate change 	POSITIVE IMPACT	Limiting global temperature increase and frequency of extreme weather events due to lower direct and indirect greenhouse gas emissions	INHERENT RISK  RESIDUAL RISK 	Environmental policy. Goal of carbon neutrality with respect to Scope 1 and 2 emissions by 2023
		NEGATIVE IMPACT	Contribution to the increase in global temperature and frequency of extreme weather events.		
14	Attention to community needs 	POSITIVE IMPACT	Community-oriented initiatives; increased response to social needs; increased perceived community well-being and corporate reputation	INHERENT RISK  RESIDUAL RISK 	Quality Management System certified and compliant with ISO 9001
		NEGATIVE IMPACT	Deterioration of community relations and corporate reputation		
15	Water consumption management 	POSITIVE IMPACT	Compliance with waste water quality parameters defined within the Single Environmental Authorisation; reduction of marine pollution from industrial processes	INHERENT RISK  RESIDUAL RISK 	Environmental policy. Monitoring water pollution parameters defined in the SEA
		NEGATIVE IMPACT	Non-compliance with authorised limits with the possibility of sanctions; increased marine pollution from industrial processes		
16	Reduced waste and increased recycling 	POSITIVE IMPACT	Contribution to the achievement of a circular economy. Reduction of pollution from industrially produced waste.	INHERENT RISK  RESIDUAL RISK 	Environmental policy. Monitoring system of the fraction of waste sent for recycling
		NEGATIVE IMPACT	Increased pollution from industrially produced waste. Lack of attention to stakeholder expectations; loss of reputation and competitiveness		
17	Consumption of raw materials and recycling 	POSITIVE IMPACT	Contribution to the achievement of a circular economy	INHERENT RISK  RESIDUAL RISK 	Environmental policy. Commitment to tracking the recycled component contained in the raw materials used
		NEGATIVE IMPACT	Failure to reduce the use of raw materials and reduce waste. Scarce attention to stakeholder expectations. Loss of reputation and competitiveness		

PRIORITY MATRIX

Another view of the materiality analysis carried out by TISG is the comparison, depicted in the following matrix, between the priority level of the material topics expressed by external stakeholders and the level of priority found by the company.



THE PILLARS OF THE ITALIAN SEA GROUP'S ESG STRATEGY

TISG's ESG strategy is developed around its materiality matrix and is inspired by corporate best practices. The strategic guidelines below are integrated into all corporate functions and constitute guidelines for management in following macro trends and expectations regarding sustainability on a global level.



EMPLOYEE HEALTH AND SAFETY AND ENGAGEMENT

- Protecting the health, safety and psychophysical integrity of employees
- Enhancement of human resources with training and development plans
- Maintaining an inclusive environment that respects gender diversity



PRODUCT QUALITY AND SUSTAINABLE SUPPLY CHAIN

- Highest quality of raw materials, products and processes
- Implementation of procurement processes based on legality, transparency and anti-corruption practices



REDUCING GREENHOUSE GAS EMISSIONS

- GHG Scope 1 and Scope 2 emission reductions
- Increased use of energy from renewable sources
- Alternative propulsion



GOVERNANCE

- Composition of the Board of Directors, Committees, Policies and Certifications
- Stakeholder engagement and transparency on strategy and quantitative targets
- Short- and long-term remuneration of executives with strategic responsibilities based on the achievement of specific objectives linked to the strategic plan

RESULTS ACHIEVED

To date, TISG has already achieved numerous results in all areas, which have enabled it to devise an ambitious and challenging medium- to long-term ESG strategy:

ENVIRONMENT

- Installation of a photovoltaic system that covers 25% of the Marina di Carrara facilities' consumption and saves 1,208 tonnes of CO2 on an annual basis
- 100% of residual electricity for the Marina di Carrara shipyard purchased from renewable sources
- Delivery of the Kensho 75mt M/Y (2022), benchmark of sustainable mega-yachts

SUSTAINABILITY

- Collaboration with the Universities of Trieste, Genoa and La Spezia to offer courses to employees, suppliers and students
- Reverse Factoring arrangements to offer suppliers liquidity to help them to meet their working capital needs

GOVERNANCE

- Well-structured governance based on best practices
- Presence of an Audit, Risk and Sustainability Committee and a Sustainability Team
- Approval of Policies on Human Rights, Diversity and Inclusion, Environment and Shareholder Engagement.



SUSTAINABILITY PROGRAMME

TISG has planned an ambitious sustainability programme for the next three years. The objectives and related targets for the years 2023, 2024 and 2025 are listed below, broken down by target areas.

E - ENVIRONMENT

TARGET	2023	2024	2025
Obtain ISO 14001 Environmental Certification	Beginning the process	Obtaining certification	Maintaining certification
Increase the % of energy from renewable sources over total consumption	>95%	>95%	>95%
Compensation of Scope 1 & 2 emissions	Carbon Neutral	Carbon Neutral	Carbon Neutral

S - SOCIAL

TARGET	2023	2024	2025
Supplier's analysis, classification and monitoring	Analysis and mapping of Top 25	Mapping of Top 50	Mapping of Top 75
Increase the number of training hours per employee	>6 yearly hours per employees	>7 yearly hours per employees	>8 yearly hours per employees
Increase the % of women in managerial roles	Hire/promote female managers: 25% of total hires/promotions every year		>12%
Reduce employee gender pay-gap	Annually increase the salary of female employees by 1-2% for managers and directors 3% for employees and workers		
Employee Satisfaction Survey	Climate survey	Climate survey + Target definition based on the analysis	Climate survey + Target definition based on the analysis

G - GOVERNANCE

TARGET	2023	2024	2025
Adoption of a Long Term Incentive Plan	Adoption and Allocation	Update and new targets for next cycles	Update and new targets for next cycles
Adhesion to UN Global Compact	Adhesion	Required annual reporting	Required annual reporting
Adoption and publication of a Supplier Code of Conduct and related operating procedures	Adoption Code and Procedures	Implementation and update	Implementation and update
Adoption of a Policy on Conflict of Interest	Policy Adoption and Monitoring	Implementation and update	Implementation and update

STAKEHOLDERS OF TISG

The table below shows the expectations of the different stakeholder categories, the communication tools the company uses according to the specific type of stakeholder and those who are responsible for managing information and dialogue activities in the company.

STAKEHOLDER	EXPECTATIONS	COMMUNICATION TOOLS
SHAREHOLDERS AND INVESTORS	Shareholders are economic/financial stakeholders and expect profitable business management that is sustainable in the long term.	Shareholders' Meeting, presentations and roadshows, conference calls for the presentation of financial results, constant and timely communication of price-sensitive information on the channels set up and approved by Consob and Borsa Italiana (SDIR), meetings and individual calls for in-depth analysis and sharing strategies, website.
EMPLOYEES	Employees not only expect a working relationship characterised by fairness and stability, but also seek their own professional and personal growth. Attention to health and safety issues plays a key role.	Individual meetings with Managers and the HR Department, internal communication via email from Top Management and Management, TISG Academy.
CUSTOMERS	Customers expect a product of absolute excellence, delivered on time. The highest quality must pervade the entire process, from the first contact with the sales area, through the construction phase, to the after-sales and refit phase of the yacht.	Attendance at the most important yacht shows in the industry, preliminary contacts with brokers and TISG sales managers, sharing product information material, site visits and individual meetings with the project team, constant dialogue with project managers, services offered by the 'Village', events at TISG sites, assistance from the after-sales and refit team, website and social channels.
SUPPLIERS	Suppliers expect a solid partner with whom they can build long-term relationships for the creation of mutual value and the achievement of ever higher quality standards.	Ad hoc contacts and meetings with the purchasing department and the heads of the business areas involved, calls, email communications.

CREDIT INSTITUTIONS	Banks are looking for a solid and reliable partner to accompany them on a path of growth marked by transparency and fairness.	Ad hoc meetings and constant exchange of information, constant and punctual communication of price-sensitive information on the channels set up and approved by Consob and Borsa Italiana (SDIR).
COMMUNITY	The community expects The Italian Sea Group's activities to have a positive impact on the local area and the allied industries, guaranteeing employment levels, operating with respect for the environment, safeguarding the health and safety of individuals and supporting the more fragile.	Information disseminated in the press, meetings with local associations, dialogue with trade union representatives.
PUBLIC ADMINISTRATION	The public administration expects fairness in relation to administrative-bureaucratic issues, as well as positive effects for the territory in terms of employment and the well-being of the local community.	Meetings, calls, communications via email.
CONTROL BODIES	The control bodies expect strict compliance with the regulations and legal provisions in force, as well as transparent dialogue with the company for any further investigations deemed appropriate.	Meetings, calls, email communications, constant and punctual communication of price-sensitive information on the channels designated and approved by Consob and Borsa Italiana (SDIR).
LOCAL, NATIONAL AND INTERNATIONAL PRESS	The press expects clear and comprehensive information as well as transparent dialogue with the company.	Interviews, press releases, calls and meetings with journalists.
SCHOOLS AND UNIVERSITIES	The academic world expects a collaboration that can complement scholastic preparation with specific content from the world of work, facilitating the integration of young resources.	TISG Academy, training, internships and university orientation programmes.
TRADE UNION REPRESENTATIVES	Trade union representatives ensure the correct and continuous application of the applicable agreements and the applicable national collective agreement, and seek a transparent interlocutor and open, constant dialogue.	Ad hoc meetings, calls, communications via email.
TRADE ASSOCIATIONS	The expectations of this stakeholder category concern active participation in associations in order to achieve the joint effort of the actors involved, maximise synergies and create sustainable value.	Ad hoc meetings, calls, communications via email.

ECONOMIC VALUE PRODUCED AND DISTRIBUTED TO STAKEHOLDERS

TISG recognises the importance of balancing the distribution of the value generated by its activities to the stakeholders who have directly or indirectly contributed to its creation.

The analysis of economic value generated and distributed highlights the flow of resources produced by the company and directed to its employees, suppliers, shareholders and lenders, public administration and the community, as well as those retained by the company to finance its business and development activities.

ECONOMIC VALUE PRODUCED AND DISTRIBUTED (€/000)	2020	2021	2022
A. Economic value produced	118,294	190,280	298,777
B. Economic value distributed	106,195	165,881	256,363
Operating costs	86,893	140,209	222,115
Salaries and employee benefits	16,881	22,117	29,562
Payments to capital providers	1,963	3,087	4,228
Payments to the Public Administration (including the Port Authority)	380	374	387
Investments in the community	78	94	71
(A-B) Economic value retained	12,099	24,399	42,415

The **economic value produced** in 2022 amounts to Euro 298,777 million, while the **economic value distributed** amounts to approximately Euro 256,363 million.

The **economic value retained**, Euro 42,415 million, is the difference between the value generated and the value distributed.

The economic value distributed in 2022 was divided among the following stakeholders:

- the largest amount, Euro 222,115 million, relates to costs incurred for the purchase of materials and services necessary for business operations;
- approximately Euro 29.115 million was distributed to **employees** for salaries, social security and pension contributions;
- Euro 4.228 million refers to payments to capital providers, **shareholders and lenders**, in the form of profits and interest;
- Euro 387,000 was paid to the **public administration** in the form of taxes;
- Euro 71,000 was invested in the **community**.



TAXONOMY

THE EU ENVIRONMENTAL TAXONOMY REG. (EU) 2020/852: THE REGULATORY FRAMEWORK

In the following section, The Italian Sea Group reports information in compliance with Regulation (EU) 2020/852 as a company subject to Italian Legislative Decree 254/2016 on the obligation to publish a Non-Financial Statement (NFS).

The Taxonomy Regulation identifies uniform, EU-wide criteria for defining environmentally sustainable economic activities in relation to the six environmental objectives:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and reduction;
6. Protection and restoration of biodiversity and ecosystems.

For FY 2022, companies must report on the KPIs of Turnover, CapEx and OpEx, as defined by Delegated Regulation (EU) 2021/2178, associated with activities eligible and aligned with the climate mitigation and adaptation objectives.

Eligible activities correspond to any activity explicitly included in the list of economic activities in Annexes I and II of Delegated Regulation (EU) 2021/2139, regardless of whether that economic activity meets any or all of the technical screening criteria set out in the Delegated Regulation for alignment with the objectives of climate change mitigation or adaptation⁵.

The aligned activities correspond to activities which, in addition to being eligible, are environmentally sustainable under Article 3 of Regulation (EU) 2020/852 and thus jointly meet the following criteria:

- **Substantial contribution** to the achievement of one or more of the environmental objectives;
- lack of significant damage to any of the other environmental objectives (**DNSH principle**⁶);
- compliance with the **Minimum Safeguard Guarantees**.

⁵The lack of coverage by current legislation of all the sustainability targets and economic activities may significantly affect the data collected, which may vary greatly in subsequent years. Ineligible activities include, by difference, any economic activity for which technical screening criteria are not yet available, as the relevant Delegated Regulations have not yet been published by the European Commission.

⁶Do No Significant Harm

THE EUROPEAN ENVIRONMENTAL TAXONOMY FOR THE ITALIAN SEA GROUP

The Italian Sea Group carried out an analysis of all of its business activities, assessing their consistency with both the NACE codes of the companies belonging to the Group and with the descriptions contained in Delegated Regulation (EU) 2021/2139, in relation to its business activities and those related to its business operations.

With reference to the year 2022, TISG identified the business activities and those related to activities which are Taxonomy-eligible and potentially aligned, on which the respective KPIs were calculated.

In particular, in relation to Annex II concerning climate change adaptation, the activities selected by TISG for 2022 were the upgrading of maritime and coastal freight and passenger transport (no. 6.12.). As a result of this assessment, the Taxonomy-eligible economic activities of the organisation were defined.

These activities concern: the replacement of engine groups and alternators to reach Full Conformity TIER III and Marpol Annex 6 - IMO; the installation of lithium batteries for hybrid system propulsion systems; the installation of exhaust purification systems and DPF filters to reduce marine pollution; and the overhaul of the electrical system and the introduction of electric power management systems with customised strategies to improve consumption efficiency in the various yacht configurations.

#	Activities pursuant to Reg. (EU) 2021/2139	Eligible activities for The Italian Sea Group
6.12	Upgrading of maritime and coastal freight and passenger transport	Yacht refit activities

The numerator and denominator of the ratio, defined in order to reach the eligibility percentage, are calculated in accordance with the accounting criteria defined in paragraph 1.1 of Annex I of Delegated Reg. (EU) 2021/2178.

These percentage shares are derived by taking the eligible expenditure or revenues for the specific activity in TISG as the numerator, and the consolidated Group values as the denominator, in compliance with regulatory requirements.

Eligibility KPIs	2022		
	Turnover	CapEx	OpEx
6.12 - Upgrading of maritime and coastal freight and passenger transport	0,53%	-	0,35%
TOTAL	0,53%	-	0,35%

With respect to the individual activities considered, below is a summary of the cost and revenue items included in the numerator of the indicators:

- **6.12 - Redevelopment of maritime and coastal freight and passenger transport:** the revenue refers to 'Refit revenue', while operating expenditure refers to the accounts Miscellaneous external processing, ancillary expenses on purchases, goods purchased, services and various consultancies.

To complete the analysis carried out in compliance with Regulation (EU) 2020/852 and **verify the alignment of the identified eligible activities**, an assessment was completed using the technical screening criteria presented in Delegated Regulation (EU) 2021/2139, which concern, as anticipated, **Substantial Contributions** to one of the climate objectives and the **Do No Significant Harm** principle, i.e. verification through the technical screening criteria that such activity does not negatively affect the achievement of the other five environmental objectives of the Taxonomy Regulation.

Following a conservative and prudential approach, the activities selected were not considered Taxonomy-aligned. The Italian Sea Group will assess the possibility of conducting a robust climate risk analysis for the Group's business-related activities, also taking into consideration the technical screening criteria for the remaining four environmental objectives defined by Regulation (EU) 2020/852, which are not currently available.

Please refer to the annexes of this Non-Financial Statement for a more detailed explanation of the tabular models developed in compliance with Annexes II and XII of Delegated Regulation (EU) 2021/2178.

ANNEXES

TEMPLATES PURSUANT TO ANNEX II OF DELEGATED REGULATION (EU) 2021/2178

TURNOVER

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Criteria for substantial contribution							Criteria for 'Do No Significant Harm'							Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)					
		Euro	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES %																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		- €	0%															0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Upgrading of maritime and coastal freight and passenger transport	6.12	€ 1,564,133.17	0.53%																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 1,564,133.17	0.53%																		
Total (A.1 + A.2)		€ 1,564,133.17	0.53%																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities (B)		€ 293,563,866.83	99.47%																		
Total (A+B)		€ 295,128,000	100%																		

CAPEX

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Criteria for substantial contribution							Criteria for 'Do No Significant Harm'							Taxonomy-aligned proportion of CapEx, year N (18)	Taxonomy-aligned proportion of CapEx, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)					
		Euro	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES %																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		- €	0%															0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		- €	0%																		
Total (A.1 + A.2)		- €	0%																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
CapEx of Taxonomy-non-eligible activities (B)		- €	0%																		
Total (A+B)		- €	0%																		

OPEX

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Criteria for substantial contribution							Criteria for 'Do No Significant Harm'							Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy-aligned proportion of OpEx, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)					
		Euro	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES %																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		- €	0%															0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Upgrading of maritime and coastal freight and passenger transport	6.12	€ 885,966.30	0.35%																		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 885,966.30	0.35%																		
Total (A.1 + A.2)		€ 885,966.30	0.35%																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
OpEx of Taxonomy-non-eligible activities (B)		€ 250,671,034	99.65%																		
Total (A+B)		€ 251,557,000.00	100.00%																		

TEMPLATES PURSUANT TO ANNEX XII OF DELEGATED REGULATION (EU) 2021/2178

Activities related to nuclear energy

1	The company carries out, finances or has exposures to research, development, demonstration and implementation of innovative power generation plants that produce energy from nuclear processes with a minimum amount of fuel cycle waste.	NO
2	The company carries out, finances or has exposures to the construction and safe operation of new nuclear power plants for the generation of electricity or process heat, including for district heating purposes or for industrial processes such as hydrogen production, and improvements in their safety, with the help of the best available technology.	NO
3	The company carries out, finances or has exposures to the safe operation of existing nuclear power plants that generate electricity or process heat, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, and improvements for their safety.	NO

Fossil gas activities

4	The company carries out, finances or has exposures to the construction or operation of power generation plants using gaseous fossil fuels.	NO
5	The company carries out, finances or has exposures to the construction, upgrading and operation of combined heat/cooling and power generation plants using gaseous fossil fuels.	NO
6	The company carries out, finances or has exposures to the construction, upgrading and operation of heat generation plants that produce heat/cooling using gaseous fossil fuels.	NO

As it does not have economic activities referred to in Annexes I and II, Sections 4.26, 4.27, 4.28, 4.29, 4.30 and 4.31 of Delegated Regulation (EU) 2021/2139 (i.e. activities related to nuclear energy or fossil gases), The Italian Sea Group does not submit forms 2,3,4,5 of Annex XII of Delegated Regulation (EU) 2021/2187.



3

GOVERNANCE, ETHICS AND INTEGRITY

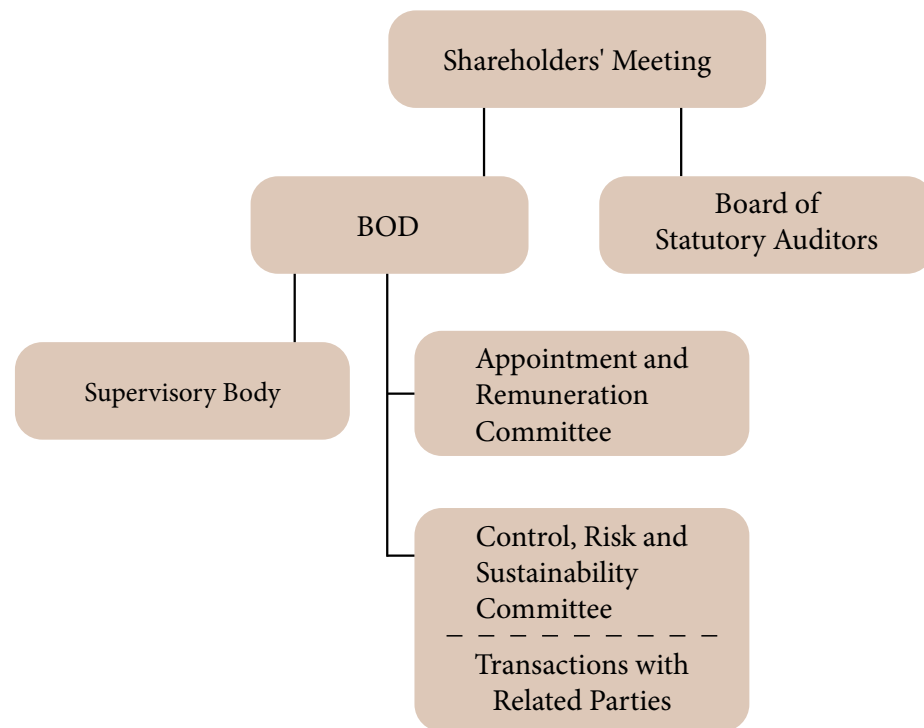
CORPORATE GOVERNANCE

The shares of The Italian Sea Group are traded on the Euronext Milan market, a regulated stock market managed by Borsa Italiana S.p.A..

The Italian Sea Group has developed a governance system oriented towards efficiency, maximising value, control of impacts, maintenance and development of relationships of trust with its stakeholders as well as attention to the environment and the territory for sustainable, supportive development.

Following its listing on the stock market and the new governance structure required by Borsa Italiana's regulations for listed companies, the company was inspired by and integrated many of the recommendations in the Corporate Governance Code approved by Borsa Italiana S.p.A. into its own internal definition of governance.

This made it possible to ensure, among other things, an adequately sized and balanced governing body with the presence of independent directors, in line with what is recommended for companies listed on the regulated market by the Corporate Governance Code⁷, and which includes transversal skills and experience that are important for the company's development.



⁷ Recommendation 5, Corporate Governance Code of Borsa Italiana, 2020.

GOVERNANCE AND CONTROL BODIES

SHAREHOLDERS' MEETING

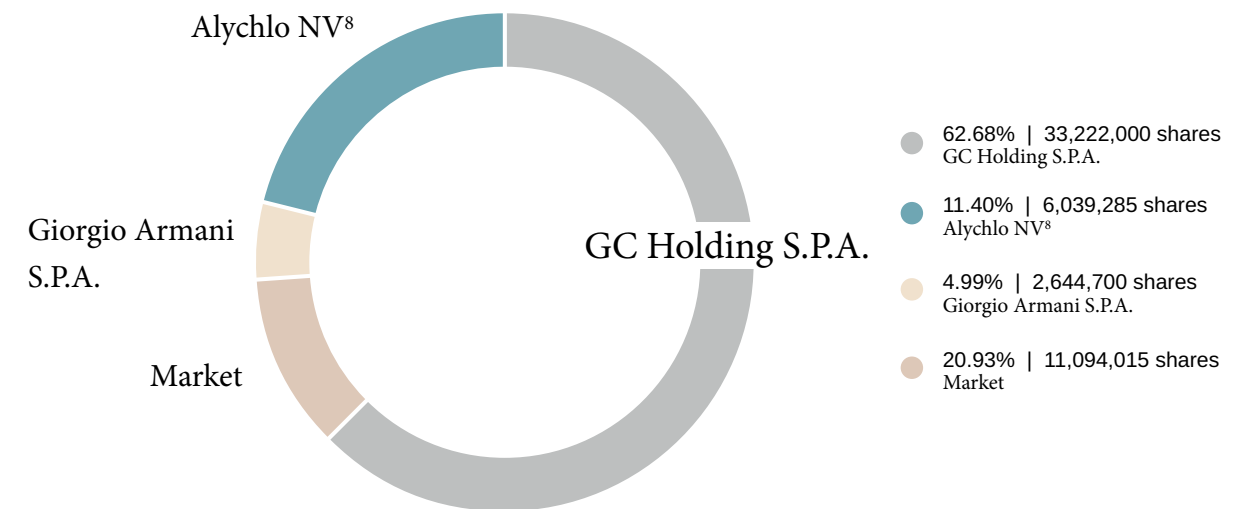
The Group and shareholder structure as at 31/12/2022 is as follows:

- the subscribed and paid-up share capital is Euro 26,500,000, divided into ordinary shares admitted to trading on Euronext Milan on 8 June 2021 with no indication of par value;
- the company's reference Shareholder is GC Holding S.p.A., which holds 33,222,000 shares, equal to 62.68% of the share capital at the date of publication of this document, while the 'free float' shares held by the market is equal to 25.92%.

The reference shareholder, GC Holding S.p.A., is an expression of the group's founder Giovanni Costantino, Chief Executive Officer of The Italian Sea Group, which in turn owns 100%.

The Group's other stable shareholders with relatively significant stakes, both domestic and international, who have invested in the company in order to support and enhance its long-term growth, guaranteeing stability and security to The Italian Sea Group, include Alychlo NV, a family office under the Belgian entrepreneur Marc Coucke, and Giorgio Armani S.p.A., who entered TISG's capital as a cornerstone investor at the IPO.

The Shareholders' Meeting meets to periodically deliberate on matters defined in the Company's Articles of Association and in accordance with the laws in force. The main tasks of the Shareholders' Meeting are the appointment of the Board of Directors, the Board of Statutory Auditors and the approval of the annual financial statements.



⁸ The figure of 11.40% includes shares allocated directly and indirectly to the Belgian entrepreneur Marc Coucke and has been rounded up.

BOARD OF DIRECTORS

Responsibility for company management lies with the Board of Directors, while the supervisory functions, for their respective competences, lie with the Board of Statutory Auditors and the Supervisory Body. The statutory audit of the accounts, as well as auditing, are entrusted to the auditing company appointed by the Board of Directors.

The Board of Directors is appointed by the Shareholders' Meeting on the basis of lists submitted by shareholders who, alone or together with others, hold a total number of shares with voting rights representing a percentage no lower than the percentage established for the company by the regulations in force .

The lists must ensure a balance between genders; moreover, in each list composed of at least seven (7) candidates, at least two (2) candidates - indicated in a position no further than the second and seventh place of each list - must meet the independence requirements envisaged by law as well as the additional requirements of the Corporate Governance Code.

In particular, the Articles of Association specify that, in accordance with legal provisions, the lists that present a number of candidates greater than three must be composed of candidates of both genders, so that at least two fifths (rounded up) of the elected directors belong to the less represented gender and one fifth for the first renewal subsequent to the trading start date, without prejudice to any other legal or regulatory provisions pro tempore in force. Together with each list, exhaustive information on the personal and professional characteristics of the candidates is filed, as well as the declarations submitted by the individual candidates accepting the candidacy and certifying, under their own responsibility, that they meet the requirements prescribed by law and regulations for members of the Board of Directors, and any other document required by law and regulations.

The current Board of Directors is largely composed of members elected prior to the listing on Euronext Milan and will be renewed in April 2023.

As of the approval date of this document, the Board of Directors consists of seven members, three of whom are executive and four non-executive, three of whom are independent. In relation to the presence of the less represented gender, the current composition already includes two members out of seven belonging to the female gender; on the occasion of the renewal in April 2023, The Italian Sea Group will align the composition of the Board of Directors with the recommendations of the Corporate Governance Code with respect to gender equality, increasing the presence of the less represented gender (1/3 of the Board members, instead of the current 28%).

The company's website (<https://www.theitalianseagroup.com/board-of-directors>) lists the role, nationality, appointment date, independence, if any, and Internal Board Committee membership for each director; the curriculum vitae of each director is also available on the same page.

The Corporate Governance Code recommends, among other things, the annual self-evaluation process on the size, composition and actual functioning of the Board of Directors and its Committees. For this reason, the company's Board of Directors deemed it advisable to carry out the Board Evaluation in view of the renewal of corporate offices scheduled with the Shareholders' Meeting to approve the 2022 Financial Statements.

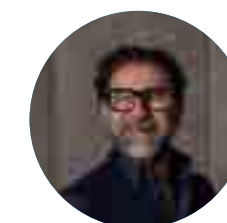
The results of the Board Evaluation conducted for the financial year 2022 were presented to the Board of Directors and documented in the Corporate Governance Report for the financial year 2022.

With reference to the financial year 2022, the Board of Statutory Auditors also carried out its own self-evaluation with reference to the adequacy of the composition of the Board of Statutory Auditors and the professional skills present therein, as well as the functioning of the meetings. The results of the annual self-evaluation of the Board of Statutory Auditors were forwarded to the Board of Directors.

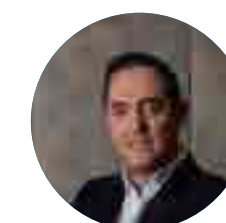
BOARD OF DIRECTORS



Filippo Mencelli
Chairman



Giovanni Costantino
Chief Executive Officer



Giuseppe Taranto¹⁰
Vice Chairman



Gianmaria Costantino¹¹
Director



Massimo Bianchi
Independent Director



Antonella Alfonsi
Independent Director



Fulvia Tesio
Independent Director

NAME	POSITION	PARTICIPATION (2022)
FILIPPO MENCHELLI	CHAIRMAN	100%
GIOVANNI COSTANTINO	CHIEF EXECUTIVE OFFICER	100%
GIUSEPPE TARANTO	VICE CHAIRMAN	93%
GIANMARIA COSTANTINO	DIRECTOR	100%
MASSIMO BIANCHI	INDEPENDENT DIRECTOR	90%
ANTONELLA ALFONSI	INDEPENDENT DIRECTOR	100%
FULVIA TESIO	INDEPENDENT DIRECTOR	100%

⁹ Article 144-quater of the Issuers' Regulations, adopted by Consob Resolution 11971 of 14 May 1999 - updated with the amendments made by Resolutions 21623 and 21625 of 10 December 2020 and 21639 of 15 December 2020.

¹⁰ Vice Chairman Giuseppe Taranto passed away prematurely on 26 February 2023. On 3 March 2023, the Board of Directors co-opted the CFO, Mr Marco Carniani, and assigned him the position of Vice Chairman of the Board of Directors.

¹¹ Director Gianmaria Costantino was co-opted by the Board of Directors on 27 October 2022, following the resignation of Director Giulio Pennacchio, resigned on 12 October 2022.

On 24 January 2023, the Board of Directors of The Italian Sea Group formalised the Policy for managing dialogue with institutional investors and with the generality of shareholders (Shareholder Engagement Policy), which describes dialogue with the generality of shareholders, as recommended in the Corporate Governance Code of Borsa Italiana (January 2020 edition). In its meeting of 24 January 2023 the Board of Directors also approved the Human Rights, Diversity & Inclusion, and Environmental Policies. These policies are available on the Company's website: (<https://theitalianseagroup.com/it/governance/documenti-e-procedure>).

REMUNERATION OF THE CHAIRMAN AND THE MEMBERS OF THE BOARD OF DIRECTORS

The remuneration of the Chairman and Directors is determined pursuant to Article 2389 of the Italian Civil Code.

The remuneration of Directors vested with special offices is established by the Board of Directors, after consulting the Board of Statutory Auditors pursuant to Article 2389 of the Italian Civil Code.

NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The remuneration of Non-executive and Independent Directors consists of a fixed annual remuneration commensurate with the commitment required of each of them, also for participation in the activities of each Internal Board Committee, as members of the same. This remuneration is currently determined to the same extent for all Non-executive and Independent Directors.

More details on the remuneration policy can be found in the Report on 'Remuneration Policy and Compensation Paid'¹² (<https://theitalianseagroup.com/it/governance/assemblea-degli-azionisti>).

INTERNAL BOARD COMMITTEES

The Committees were established with the aim of supporting the Board in the implementation of strategies and to ensure the achievement of results.

In line with the provisions of the regulations on listed companies and the Corporate Governance Code of Borsa Italiana S.p.A., the company has set up two Internal Board Committees: an Appointment and Remuneration Committee and a Control and Risk and Sustainability Committee, which is also responsible for internal board activities concerning transactions with related parties.

The Board of Directors then acknowledged that in January 2020 the Corporate Governance Code noted the need for the board of directors of listed companies to orient their business activities towards the pursuit of 'sustainable success', which according to the Corporate Governance Code is embodied in the 'creation of long-term value for the benefit of shareholders, taking into account the interests of the company's other relevant stakeholders'.

In pursuit of this strategic objective, the Corporate Governance Code also calls for the establishment and support of an Internal Board Committee for the analysis of issues relevant for sustainable success. Consequently, on 24 January 2023, the company's Board of Directors resolved to assign to the existing Control and Risk Committee, in addition to its current duties, also the propositional, advisory and preliminary

functions regarding Sustainability, in order to promote the progressive integration of environmental, social and governance factors in the company's strategy, including, but not limited to, the preliminary investigation and monitoring of sustainability plans and the implementation and updating of the annual Non-Financial Statement. To this end, the name of the committee was changed to 'Control, Risk and Sustainability Committee', confirming the pre-existing composition of the committee

APPOINTMENT AND REMUNERATION COMMITTEE

Pursuant to the Corporate Governance Code, the Board of Directors has identified and set up an internal Appointment and Remuneration Committee with the characteristics of independence indicated in the Code. The Committee is assigned the duties envisaged by the Code. These tasks may be supplemented or modified by resolution of the Board of Directors.

The Committee is allocated adequate financial resources for the fulfilment of its tasks.

The Committee's activities are governed by specific regulations in line with the criteria laid down in the Corporate Governance Code and the resolutions passed by the Board of Directors.

The Committee is made up of three Non-executive Directors, of which at least two are independent, who remain in office until the expiry of the entire Board of Directors. At least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies, as assessed by the Board of Directors at the time of appointment.

On 18 February 2021, the Board of Directors appointed as members of the Appointment and Remuneration Committee:

- Fulvia Tesio (President)
- Antonella Alfonsi
- Massimo Bianchi

The Appointment and Remuneration Committee has the right to access the information and company departments necessary for the performance of its duties, have financial resources and make use of external consultants, within the terms established by the administrative body.

CONTROL, RISK AND SUSTAINABILITY COMMITTEE

The Committee is assigned the duties envisaged by the Corporate Governance Code. These tasks may be supplemented or modified by resolution of the Board of Directors.

The company has also identified the Control and Risk Committee as the committee competent to express its opinion on transactions with related parties pursuant to the 'Procedure for Transactions with Related Parties' approved by the Board of Directors of The Italian Sea Group S.p.A. on 18 February 2021. Therefore, the Committee is vested with the competences envisaged in Consob Regulation 17221 of 12 March 2010, as amended, and in the aforementioned Procedure.

The Committee is allocated adequate financial resources for the fulfilment of its tasks. The Committee's activities are governed by specific Regulations in line with the criteria laid down in the Corporate Governance Code and the resolutions passed by the Board of Directors.

¹² Report on Remuneration and compensation paid - Prepared pursuant to Article 123-ter of Italian Legislative Decree 58/98, as subsequently amended, and to Article 84-quater of Consob Regulation 11971/99, as subsequently amended, as well as to Article 5 of the Corporate Governance Code.

The Committee consists of three Non-executive Directors, at least two of whom are independent. In compliance with its Regulations and the provisions of Article 6 of the Corporate Governance Code, on 18 February 2021 the Board of Directors appointed as members of the Control and Risk Committee:

- Massimo Bianchi (President)
- Antonella Alfonsi
- Fulvia Tesio

The Control and Risk Committee has the right to access the information and company departments necessary for the performance of its duties, have financial resources and make use of external consultants, within the terms established by the administrative body.

The Control and Risk Committee was also given responsibility for 'sustainability' in line with the recommendations of the Corporate Governance Code and the best practices of listed companies. Consequently, the name of the Committee was changed to 'Control, Risk and Sustainability Committee'.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 8/05/2020 and will remain in office until the date of the Shareholders' Meeting convened to approve the financial statements for the year 2022. The Board of Statutory Auditors consists of three Standing Auditors and two Alternate Auditors. All members of the Board of Statutory Auditors meet the requirements of integrity and professionalism required by Article 2399 of the Italian Civil Code.

The Board of Statutory Auditors consists of the following members:

NAME	POSITION	% ATTENDANCE AT BOARD MEETINGS (2022)
FELICE SIMBOLO	PRESIDENT	100%
BARBARA BORTOLOTTI	STANDING AUDITOR	100%
MAURO BORGHESI	STANDING AUDITOR	97%

¹³ By resolution of the Board of Directors of 24 January 2023.





INSTRUMENTS OF GOVERNANCE AND CONTROL

The Internal Control and Risk Management System consists of the set of rules, procedures and organisational structures aimed at allowing - through an adequate process of identification, measurement, management and monitoring of the main risks - a sound, correct and coherent management of the company in accordance with its objectives.

The Board of Directors is responsible for the Internal Control and Risk Management System, defining the system's guidelines, verifying its adequacy, effectiveness and proper functioning, so that the main corporate risks are identified and mitigated. The Chief Executive Officer and the Financial Reporting Officer (for TISG, the CFO) are responsible for the establishment and operational maintenance of the Internal Control System for their respective areas of responsibility.

The Internal Control System is completed with the Organisational Model adopted pursuant to Italian Legislative Decree 231/2001, aimed at preventing the commission of the alleged offences that could abstractly entail the company's liability. In this regard, on 27 October 2022, the TISG Board of Directors adopted the current version of the Organisational Model pursuant to Italian Legislative Decree 231/2001 in order to implement the regulatory changes that had been made in relation to the liability of entities.

The Italian Sea Group's 'Whistleblowing Procedure' governs the process of handling whistleblowing reports concerning the Group, under the responsibility of the Supervisory Body, without prejudice to the responsibility and prerogatives of the Board of Statutory Auditors for reports addressed to them pursuant to Article 2408 of the Italian Civil Code. The procedure is also aimed at implementing Italian Law 179 of 30 November 2017 regulating whistleblowing in the private sector to protect employees who report alleged offences and violations of the Organisational Model. Reports can be made, also anonymously, by anyone who has an interest of their own and/or of third parties or becomes aware of alleged irregularities concerning the Group. Reports can relate to the commission of an offence relevant for the purposes of Italian Legislative Decree 231/2001, or a violation of the Organisational Model and Code of Ethics, or even violations of company procedures and policies.

The Procedure ensures absolute confidentiality of the whistleblower and the reported persons. In this respect it should be reiterated that, pursuant to The Italian Sea Group's Code of Ethics, no negative consequences will derive from anyone who has made a report in good faith, and the confidentiality of the whistleblowers' identity is ensured in accordance with specific internal procedures, without prejudice to legal obligations.

In 2022, no reports were received through the Whistleblowing procedure in Italy or abroad.

In the Report of the Board of Statutory Auditors, the number of reports received by the Board of Statutory Auditors is indicated and an account is given of the investigations carried out by the same.

CODE OF ETHICS

An important part of the Internal Control System is represented by the Code of Ethics implemented by the majority shareholder of The Italian Sea Group, which outlines the fundamental principles and guidelines aimed at inspiring the activities and guiding the behaviour of all Group companies, their employees, and all those with whom the group interacts.

The updated version of the Code of Ethics was approved by the Board of Directors of GC Holding S.p.A. on 27 October 2022 and has become, by explicit declaration of the corporate body, an integral part of The Italian Sea Group's Organisation Model 231/2001.

All the Boards of Directors of GC Holding's Subsidiaries are required to formally accept the Code of Ethics and make it an integral part of how they conduct their business.

With the Code of Ethics, the parent company disseminates at all levels a culture characterised by an awareness of the existence of rules and the assumption of a control-oriented mentality with the aim of:

- managing activities efficiently;
- providing accurate and complete accounting, financial and management data;
- protecting corporate assets;
- ensuring compliance with laws and company procedures;
- managing the risks that are taken in a careful and timely manner;
- generating congruous and adequate profits to support their operations;
- ensuring maximum attention to occupational health and safety profiles;
- encouraging the fight against corruption and money laundering;
- ensuring confidentiality and respect for privacy in all business operations;
- recognising the fundamental importance of environmental issues and considering them in all activities;
- promoting transparency both internally and towards third parties with whom the Group comes into contact, respecting the confidentiality of information;
- managing all tax and fiscal obligations in a transparent and deadline-compliant manner.

ORGANISATION, MANAGEMENT AND CONTROL MODEL

On 22 December 2015, the Board of Directors of TISG approved the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, which was subsequently updated in 2020 and most recently on 27 October 2022 (hereinafter the 'Model'). The Model is aimed at preventing the commission of offences that may entail the company's liability.

The Model was adopted on the basis of the Confindustria Guidelines, pursuant to Article 6 of Italian Legislative Decree 231/2001, which establishes that the Model may be adopted 'on the basis of codes of conduct drawn up by the associations representing the entities'.

The implementation of the Model is a significant improvement of TISG's Internal Control System, in line with best practices, and aims to further strengthen the Internal Control and Risk Management System.

Through the adoption of the Model, the company therefore intends to pursue the following aims:

- A. prohibit conduct that may constitute the offences referred to in Italian Legislative Decree 231/2001;
- B. involve all stakeholders, including employees, customers, suppliers, partners, collaborators etc., so that they respect the ethical principles that inspire the company in the performance of their duties;
- C. identify and assign responsibilities and powers to each organisational unit, bearing in mind respect for the principle of the separation of functions, according to which no individual may carry out an entire management or decision-making process in complete autonomy;
- D. implement a structured and organic system of procedures and activities to implement in order to prevent the commission of the offences envisaged in the Decree.

An integral part of the Model, pursuant to the provisions of Article 6, paragraphs.2-bis and 2-ter of Italian Legislative Decree 231/2001, is the system for reporting internal violations (Whistleblowing System), which must include several alternative channels for sending reports and the management of confidential reports by the Supervisory Body. Pursuant to the Whistleblowing Procedure, reports may be made by any employee, collaborator, supplier, consultant or third party in business relations with the company.

The Supervisory Body (SB) is responsible for supervising the implementation of and compliance with the principles of the Model. The members of the Supervisory Body are appointed by the Board of Directors by means of a special resolution, in which the remuneration due for the performance of the assigned task is also determined.

The Supervisory Body remains in office for a term of three years, with the possibility of renewal. The current Supervisory Body was appointed on 22 December 2015 and renewed by resolution of the Board of Directors on 24 March 2022, and currently consists of three members (President and two members). As envisaged in the Corporate Governance Code, a member of the company's Control Body has been included in the Supervisory Body in order to ensure coordination between the various parties involved in the Internal Control and Risk Management System.

SUPERVISORY BODY

NAME	POSITION
ANNALISA DE VIVO	PRESIDENT
CARLO DE LUCA	MEMBER
FELICE SIMBOLO	MEMBER

INTERNAL DEALING PROCEDURE

The Procedure¹⁴ was adopted by The Italian Sea Group in order to regulate the performance by Relevant Persons, Relevant Shareholders and Closely Related Persons (as defined by the Procedure accessible on the Company's website: <https://theitalianseagroup.com/it/governance/documenti-e-procedure>), as well as by other persons identified pursuant to the laws in force, of the obligations of information and conduct connected to transactions concerning financial instruments issued by the Company or derivatives or other financial instruments linked thereto.

The Procedure manages transactions involving shares or bonds issued by the company or derivatives or other financial instruments connected thereto ('Relevant Transactions') arranged by Relevant Persons and Persons closely related to Relevant Persons and imposes the obligation to notify the company and Consob.

The Procedure also manages what are known as 'Black-out Periods', whereby Relevant Persons are prohibited from carrying out, on their own behalf or on behalf of third parties, directly or indirectly, Relevant Transactions during certain periods of the year, typically in the 30 (thirty) calendar days prior to the publication of the annual and half-yearly financial reports pursuant to Article 154-ter of the Consolidated Finance Law.

INSIDER REGISTER AND CONFIDENTIAL INFORMATION MANAGEMENT PROCEDURE

The Procedure was adopted by the Board of Directors on 18 February 2021 as an issuer of listed financial instruments, and therefore subject to the obligations set forth in Article 17, paragraph 1 of Regulation (EU) 596/2014 ('MAR'), at the proposal of the Chief Executive Officer to comply with the legal and regulatory provisions, including those of European rank, in force on the subject of insider trading as described below. The Procedure for the Management of Confidential Information regulates (i) the internal management and public disclosure of confidential information concerning The Italian Sea Group S.p.A. and its Subsidiaries in order to ensure the confidentiality and privacy of confidential information and the proper external communication of such information, and (ii) the establishment and updating of the register of persons with access to confidential information (Insider Register).

The Procedure is designed to ensure greater transparency towards the market and adequate preventive measures against market abuse and, in particular, against the abuse of Confidential Information.

The Procedure lays down the process for handling and disclosing Confidential Information as well as the criteria for determining whether conditions for delaying disclosure exist.

PROCEDURE FOR TRANSACTION WITH RELATED PARTIES

The Procedure is drawn up in compliance with Consob Regulation 17221 of 12 March 2010 and the provisions of the European regulations and is available on the company's website (<https://theitalianseagroup.com/it/governance/documenti-e-procedure>). The disclosure of any related party transactions in the reporting period is included in the Annual Financial Report.

¹⁴ The Procedure was adopted by the company in implementation of the regulations contained in Article 19 of Regulation (EU) 596/2014 of the European Parliament and of the Council of the European Union of 16 April 2014 on market abuse (Market Abuse Regulation - 'MAR'), as supplemented by Articles 7 et seq. of Delegated Regulation (EU) 522/2016 of the European Commission of 17 December 2015 and Implementing Regulation (EU) 523/2016 of the European Commission of 10 March 2016, as well as the provisions of Italian Legislative Decree 58/98, as amended ('Consolidated Finance Act') and by the 'Regulation implementing Italian Legislative Decree 58 of 24 February 1998,' approved by Consob with resolution 11971 of 14 May 1999, as amended ('Issuers' Regulation').

ANTI-CORRUPTION

The company has defined the safeguards in place to prevent acts of corruption in its Code of Ethics. These safeguards and values are conveyed to all employees and external staff working with the company, both during recruiting and when entering into supply or sales contracts.

The Organisation Model pursuant to Italian Legislative Decree 231/2001 has mapped out the areas at risk of corruption offences being committed, and has laid down specific principles of conduct to which TISG managers and employees are bound in order to avoid the commission of offences. The Supervisory Body plays an important role in anti-corruption activities by collecting that information and data that can allow it to identify potentially risky conduct, particularly with regard to the Public Administration - not only in Italy - but also with regard to private parties.

In the context of the training organised by TISG on the Organisation Model 231/2001, a large part was devoted to training on corruption offences and the related safeguards. No cases of corruption involving the company and/or its employees have been recorded.

POLICY ON THE PROTECTION OF HUMAN RIGHTS

In line with what is stated in its Code of Ethics and in the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, the Italian Sea Group has adopted a specific policy on the protection of human rights, aware of the benefits of an international and social order in which rights and freedoms are fully realised.

The Italian Sea Group applies the necessary diligence in identifying circumstances and areas in which the risk of human rights violations may be exacerbated, contributing to the promotion and defence of full respect for human rights.

TISG's Human Rights Policy is aimed at combating all forms of discrimination, guaranteeing civil and political, economic, social and cultural rights and rights at work.

The Policy is made available to all employees, collaborators and partners at the beginning of the employment relationship and is available on the company website. The Group is committed to monitoring and updating, if necessary, the systems for ensuring respect for human rights, in line with the evolution of legislation and international principles.

Those who believe there have been violations of the Policy are required to report the incident to the Legal Affairs Department at the e-mail address affarilegali@admiraltecnomar.com, or via the mailbox located near the badge reader in the main office in Marina di Carrara, Viale Cristoforo Colombo, 4.

POLICY ON THE PROTECTION OF DIVERSITY AND INCLUSION

The Group firmly promotes respect for the dignity of others and does not in any way tolerate discrimination of a sexual, ethnic, religious, political, social or any other nature, therefore in accordance with the Group's Code of Ethics, on 24 January 2023 the Board of Directors approved the Policy on the Protection of Diversity and Inclusion.

The Italian Sea Group is committed to the creation of a healthy working environment that aims to promote the physical and psychological well-being and personal growth of the individual under the banner of equal

opportunities and mutual respect. It thus aligns with Convention 111 and the ILO's Philadelphia Declaration, which state that 'all human beings, regardless of race, religion and sex to which they belong, have the right to strive for their material progress and spiritual development in conditions of freedom, dignity, economic security and equal opportunity'.

With this policy, The Italian Sea Group is committed to: a) abolishing all forms of discrimination; b) promoting equal opportunities and reducing the gender pay gap; c) creating an inclusive work environment.

The Policy includes the possibility for those who believe there have been violations of the policy to report the incident to the Legal Affairs Department at the e-mail address affarilegali@admiraltecnomar.com, or via the mailbox located in the main office in Marina di Carrara, Viale Cristoforo Colombo, 4. To date, there have been no cases of discrimination within the company.

SUSTAINABILITY GOVERNANCE

Given the importance of sustainability issues, in order to direct the company's actions along a path integrating sustainability within business processes and manage risk profiles, in addition to the reporting path aimed at the approval and publication of the first Non-Financial Statement, the company has delegated the Chief Executive Officer with the responsibility of implementing the guidelines that will be defined from time to time by the Board of Directors, in its capacity as the body with strategic supervisory functions, in the field of sustainability, and has entrusted the Control, Risk and Sustainability Committee with the investigative and propositional functions in the field of sustainability.

The Board is responsible for approving the Non-Financial Statement and has the task of identifying and providing strategic guidelines on sustainability, while the CEO is responsible for implementing all the initiatives and actions necessary to identify sustainability issues, to collect the necessary data and to report on them according to the methods deemed most appropriate, as well as to implement the activities necessary to achieve the strategic objectives defined by the Board of Directors. The Board then stipulated that the Chief Executive Officer be supported in his sustainability activities by the Sustainability Team.

FUNCTIONS OF THE CONTROL, RISK AND SUSTAINABILITY COMMITTEE

The Committee makes proposals and advises the Board on sustainability issues in order to promote the gradual integration of environmental, social and governance factors in corporate activities, aimed at creating sustainable value for shareholders and other stakeholders in the medium to long term. The Committee assists the Board of Directors, in cooperation with the relevant corporate departments, as follows:

1. it examines the company's business plan in advance, including an analysis of issues relevant to long-term value generation, in coordination with the internal functions overseeing risk control and corporate governance;

2. it formulates proposals for the integration of environmental, social and corporate governance aspects, including climate change issues, into the overall business strategy;
3. it examines, evaluates and makes proposals to the Board of Directors on the Group's environmental and social strategy, including climate change strategies, annual objectives and targets to be achieved, taking into account potential projects on these issues, and monitors their implementation over time;
4. it issues its opinion on the Sustainability Plan aimed at ensuring the creation of value for the generality of stakeholders in the medium to long term, consistent with the principles of sustainable development;
5. it monitors climate change risks and opportunities as well as all initiatives undertaken in this regard;
6. it expresses guidelines on the annual and multi-year sustainability goals to be achieved, on the initiatives and programmes promoted by the company focused on their achievement, on the integration of sustainability in business processes, and periodically monitors their progress;
7. it monitors the company's positioning in the financial markets with regard to sustainability, with particular reference to the company's position in the main sustainability indices;
8. it supports the dissemination of a culture of sustainability among employees, shareholders, and more generally stakeholders;
9. it monitors the preparatory activities for the preparation of the Non-Financial Statement and provides its preliminary opinion on the relative draft for approval by the Board of Directors;
10. it monitors national and international sustainability initiatives and the company's participation in them, as well as regulatory developments and best practices in the field, in order to consolidate the company's reputation for sustainability;
11. it performs any further tasks assigned to it by the Board of Directors.

As far as its competence is concerned, the Committee provides the Board of Directors with its assessments on the suitability of periodic, financial and non-financial information in order to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved, verifying its consistency with the objectives set out in the Sustainability Plan.

THE SUSTAINABILITY TEAM

The Italian Sea Group has set up a Sustainability Team, coordinated by the ESG & Corporate Affairs Manager, with the aim of defining an organisational system that is able to reconcile economic objectives with the social and environmental objectives of the reference territory, in accordance with Italian, European and international standards and regulations.

In particular, the Team has instructive, propositional and operational tasks with regard to social responsibility and sustainability activities, aimed at implementing the Sustainability Plan and preparing the annual Non-Financial Statement. The Sustainability Team's mission also includes checking the consistency of TISG's objectives and management with environmental, social and corporate sustainability criteria, monitoring the

¹⁵The delegation was formalised by a resolution of the Board of Directors on 15 March 2023, which also established the Sustainability Team.

company's social and environmental issues, and identifying sustainability projects and initiatives.

The Sustainability Team will specifically deal with:

- the assessment of risks affecting the sustainability of the company and monitoring relative performance;
- defining the Sustainability Plan, consisting of environmental, social and governance objectives;
- implementing specific policies required by international sustainability assessment standards and organisations;
- defining and coordinating stakeholder listening and engagement activities;
- drafting the Sustainability Report and carrying out related internal and external communication activities.

The Team is permanently composed of representatives of the main corporate departments who are also asked to represent contiguous functions by process, but may gradually be expanded to include other functions serving as an interface vis-a-vis stakeholders or processes that may need to be involved.

The Sustainability Team will also be responsible for promptly reporting to the Board of Directors on the results achieved, the outcomes of monitoring and verification activities and any problems and critical issues that emerge, so that the Board can take the necessary initiatives. Information flows to the Board of Statutory Auditors and to the Auditing Company have also been implemented.

INTEGRATED QUALITY AND SAFETY MANAGEMENT SYSTEM

The Italian Sea Group has adopted an integrated management system for quality and safety at work certified and compliant with UNI EN ISO 9001:2015 and UNI ISO 45001:2018 standards in order to efficiently and effectively support its processes, facilitate the activities necessary to comply with regulatory and other requirements applicable to its activities, and ensure the correct and continuous adoption of the most suitable measures to eliminate or in any case reduce the risks to workers' health and safety as much as possible.





4

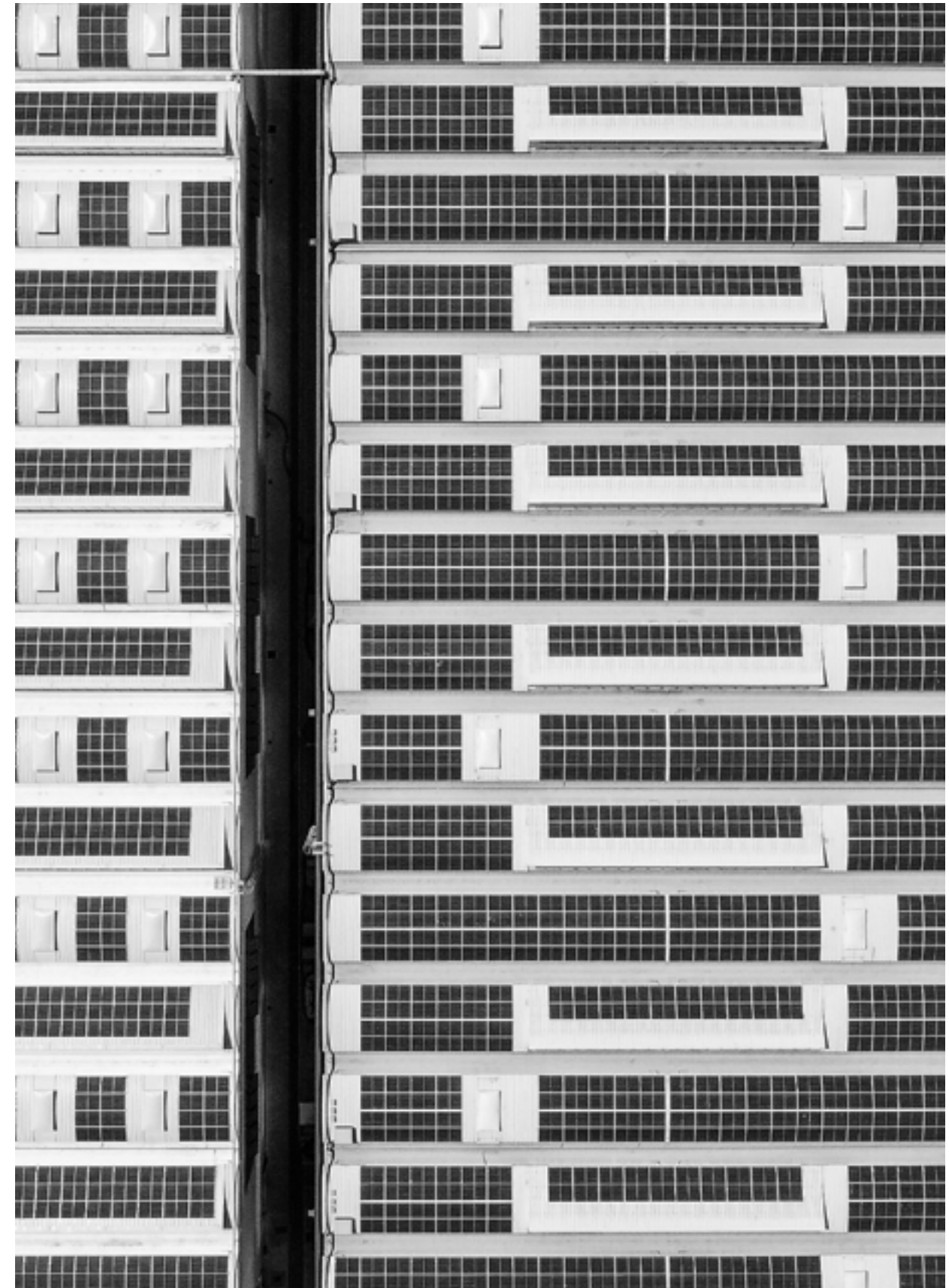
ENVIRONMENT

ENVIRONMENTAL POLICY

The Italian Sea Group considers environmental protection an indispensable aspect of long-term sustainable development and sound business management.

In particular, The Italian Sea Group undertakes to:

- comply with all environmental laws and regulations;
- ensure an effective monitoring system of the environmental aspects related to its production activities and the services provided;
- continuously improve its environmental performance by setting measurable targets;
- efficiently use resources, with particular reference to waste management, energy consumption and raw materials used in production activities;
- monitor atmospheric emissions and water discharges to protect the quality of the air and marine environment;
- progressively reduce direct and indirect greenhouse gas emissions to help slow the phenomenon of climate change;
- take any measures necessary to prevent environmental accidents, with particular attention to spilling hazardous substances;
- raise employee awareness on environmental issues and encourage them to apply good environmental practices;
- raise awareness and monitor suppliers so that they act in full respect of the environment and in accordance with the company's Environmental Policy.



FACILITIES & PRODUCTION PROCESSES

The production capacity of The Italian Sea Group is spread over three shipyards in Italy (Marina di Carrara, La Spezia and Viareggio) and several facilities in Turkey, which are managed by a network of local partners involved in the construction of the hulls and superstructures of the ships and coordinated by the wholly-owned subsidiary TISG Turkey.

In Marina di Carrara (company headquarters), TISG boasts an area of over 100,000 square metres. The shipyard is equipped with two dry docks, 11 separate production areas and a sinking dock with a capacity of up to 3,300 tonnes.

The shipyard can accommodate 12 shipbuilding orders at the same time: six job orders from 75 metres to 80 metres, four job orders from 40 metres to 70 metres and two job orders from 90 metres. In addition, the facilities can accommodate 25 refit orders of up to 140 metres.

The production site in La Spezia resulting from the acquisition of Perini Navi covers an area of over 30,000 square metres and is equipped with an 820-tonne travel lift.

The yard has three sheds that can simultaneously accommodate three shipbuilding orders up to 60 metres and 14 refit orders of around 60 metres.

In addition, the facility houses the entire production chain for the construction of Tecnomar for Lamborghini 63 brand speedboats.

The Viareggio shipyard covers an area of 18,000 square metres and has three sheds that can accommodate three shipbuilding orders of up to 60 metres at the same time.

Investments in the production sites have enabled TISG to reach an annual production capacity of over Euro 500 million at full capacity, also leveraging operational and financial synergies resulting from the optimal combination of the two main divisions: Shipbuilding and Refit.

Production begins exclusively upon signing the contract with the final customer (Ultimate Beneficial Owner - UBO) and consists of several months of technical design. The company has an in-house Style Centre, consisting of some 30 specialised architects who interpret the customer's wishes in terms of specifications, layout and design.

At this stage, should the client request it, the company often collaborates with internationally renowned 'archistars'.

The hull and superstructure of the ships are produced in Turkey through a network of local partners, and then reach the Italian production sites, where the outfitting activities (installations and furnishings) are managed before launch and delivery.

In order to have greater control over the quality and timing of production orders, over the years The Italian Sea Group has internalised some of the most value-added activities of the production chain, such as: the Steelworks, an in-house workshop where all the steel finishes that will then be assembled on the yachts under construction are made; Upholstery, a division that makes all the leather and fabric upholstery and all the upholstery details of projects in progress; and Outfitting Carpentry, dedicated to the assembly of technical elements on board.



ENVIRONMENTAL PERFORMANCE

In order to improve its performance, The Italian Sea Group monitors the significant environmental impacts arising from its activities, identified with the materiality analysis and assessed by the Single Environmental Authorisations issued to the shipyards.

For the construction of its yacht hulls and superstructures, the Group uses mostly steel and aluminium, 100% recyclable materials, while the use of fibreglass is limited to a small percentage of production, dedicated to the fast yachts of the 'Tecnomar for Lamborghini 63' line.

The following table shows the main raw materials and materials used. Their values refer to gross purchases, i.e., including quantities of scrap and production waste, which are made when orders are signed. The high steel figure for 2021 reflects the acquisition of new orders, which in that year related to large yachts.

RAW MATERIALS USED	UoM	2020	2021	2022
Steel	t	435.1	962.8	756.8
Aluminium	t	128.5	227.1	319.4
Plastic	t	9.9	9.9	9.9
TOTAL RAW MATERIALS FOR PRODUCTION	t	573.5	1,199.8	1,086.1

MAIN CHEMICALS USED	UoM	2020	2021	2022
Paints	ML	-	17.2	9.2
Oils and greases	ML	2.9	2.8	1.2
TOTAL CHEMICALS	ML	2.9	20.0	10.4

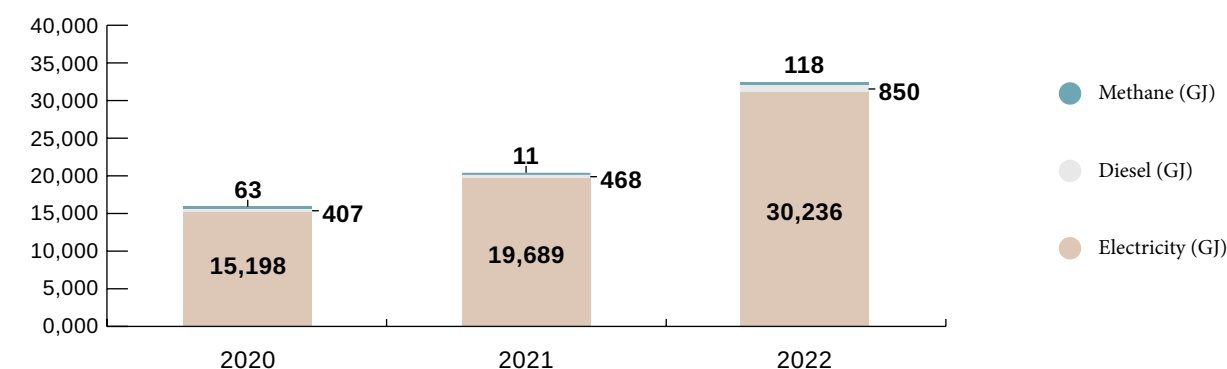
PAPER CONSUMPTION (Recycled)	UoM	2020	2021	2022
A4 paper	t	3.8	3.5	4.6
A3 paper	t	0.9	1.1	1.8
Plotter paper	t	0.8	0.8	1.1
TOTAL PAPER CONSUMPTION	t	5.5	5.4	7.5

ENERGY CONSUMPTION AND RENEWABLE SOURCES

TISG's energy consumption is determined by electricity, diesel used to power the forklifts in the construction sites, and methane for heat generation.

The growth of energy consumption in absolute terms over the three-year period is due to the constant increase in production activity.

TOTAL ENERGY CONSUMPTION (GJ)



ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES

	UoM	2020	2021	2022
Electricity drawn from the grid	GJ	13,424	17,088	2,951
Diesel for internal movements	GJ	407	468	850
Methane for heat generation	GJ	63	11	118
TOTAL	GJ	13,894	17,568	3,919

TISG's attention to the environment starts from the innovations made to its sites.

The Group has recently started an energy efficiency project at its facilities, through the installation of photovoltaic plants on its 22,000 square metre warehouses, where 5,375 panels have been installed for a total production capacity of 2,571 MWh/year.

The project also includes the construction of 22kW electric columns that will power the charging of six parking spaces.

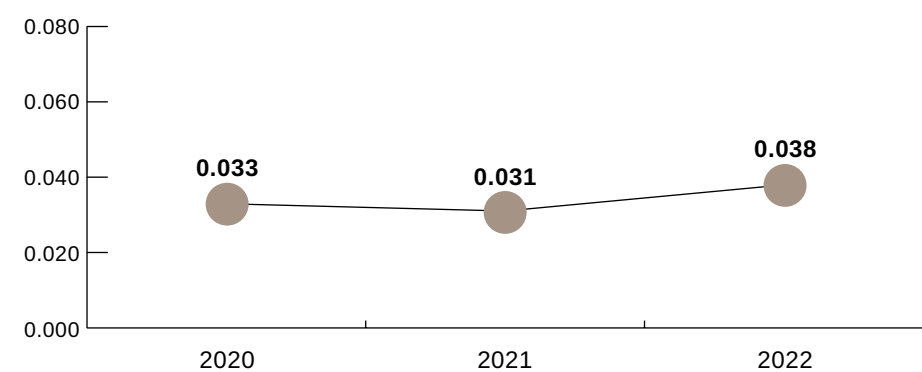
The production of energy from the photovoltaic plant at the Marina di Carrara site, which has been in operation since June, and the purchase of electricity for the same site certified as 100% renewable by the supplier, led TISG's electricity consumption from renewable sources to reach 87.6% of total consumption in 2022, and 84.3% when considering the entire energy consumption.

ENERGY CONSUMPTION FROM RENEWABLE SOURCES	UoM	2020	2021	2022
Electricity drawn from the grid	GJ	1,774	2,601	24,960
Electricity produced by photovoltaic plant	GJ	0	0	2,325
TOTAL	GJ	1,774	2,601	27,285

KPI - Percentage of electricity consumed from renewable sources	11.7%	13.2%	82.0%
KPI - Percentage, of total energy consumed, from renewable sources	11.3%	12.9%	87.1%

The energy intensity index, calculated as total energy consumption per hour worked, increased slightly in 2022. The reason for this is the reorganisation and expansion of the production areas that will allow the Group to increase its production capacity and the size of yachts that can be built simultaneously within the shipyards.

KPI - TOTAL ENERGY INTENSITY INDEX (GJ/h)



WATER WITHDRAWAL

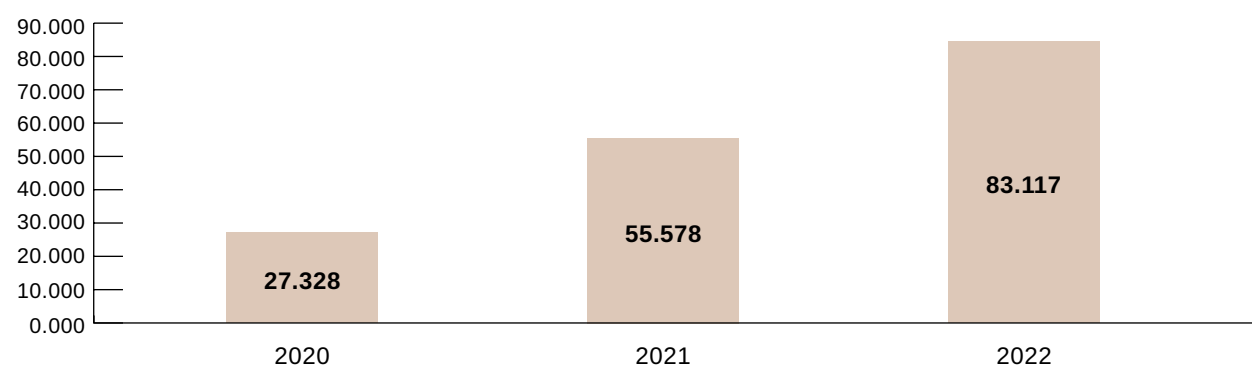
TISG has a very waste-conscious corporate philosophy when it comes to water consumption as well. It therefore optimises the use of seawater in place of fresh water where the type of activity makes it possible. The fire-fighting system at the Marina di Carrara shipyard is noteworthy in that it uses only seawater, as do the cooling of the yachts' systems and the watertightness tests of the yachts' bodies.

The trend in water withdrawals was also determined by the increase in production activities.

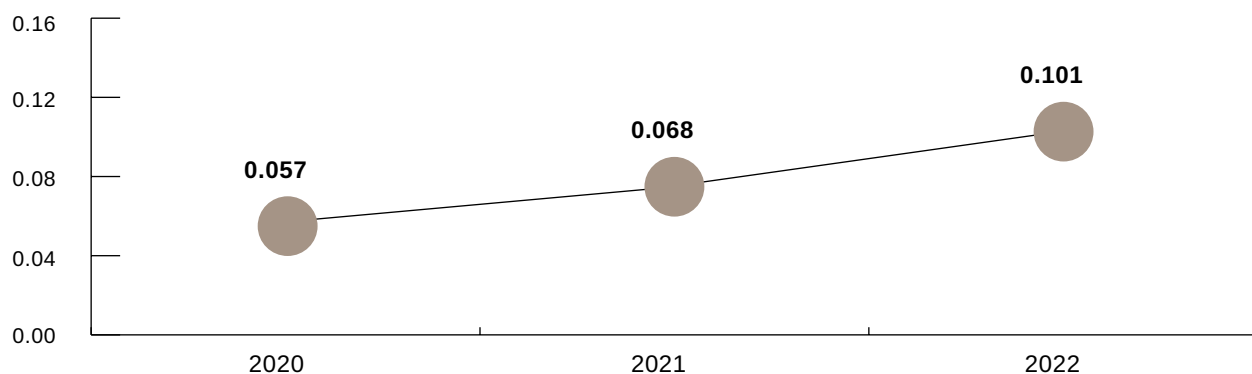
WATER WITHDRAWAL			2020		2021		2022	
TYPE			All areas	Water-stressed areas	All areas	Water-stressed areas	All areas	Water-stressed areas
WATER WITHDRAWAL BY SOURCE	Water resources withdrawn from the aqueduct (ML)	Fresh water (≤ 1000 mg/L total dissolved solids) (ML)	27.328	-	55.578	-	83.117	-
		Other water types (>1,000 mg/l of total dissolved solids) (ML)	-	-	-	-	-	-
TOTAL WATER DISCHARGES (ML)			27.328	-	55.578	-	83.117	

The water resources withdrawn all come from aqueducts; furthermore, the Group's sites are not located in water-stressed areas.

WATER WITHDRAWAL (ML)



KPI - WATER WITHDRAWAL (mc/h)



WATER DISCHARGES

Water discharges are channelled into the sewerage system and have followed the same upward trend as water withdrawals due to increased production activities.

WATER DISCHARGES			2020		2021		2022	
TYPE			All areas	Water-stressed areas	All areas	Water-stressed areas	All areas	Water-stressed areas
WATER DISCHARGES BY DESTINATION	Industrial water conveyed to sewer (ML)	Fresh water (≤ 1000 mg/L total dissolved solids) (ML)	27.328	-	55.578	-	83.117	-
		Other water types (>1,000 mg/l of total dissolved solids) (ML)	-	-	-	-	-	-
TOTAL WATER DISCHARGES (ML)			2.328	-	55.578	-	83.117	

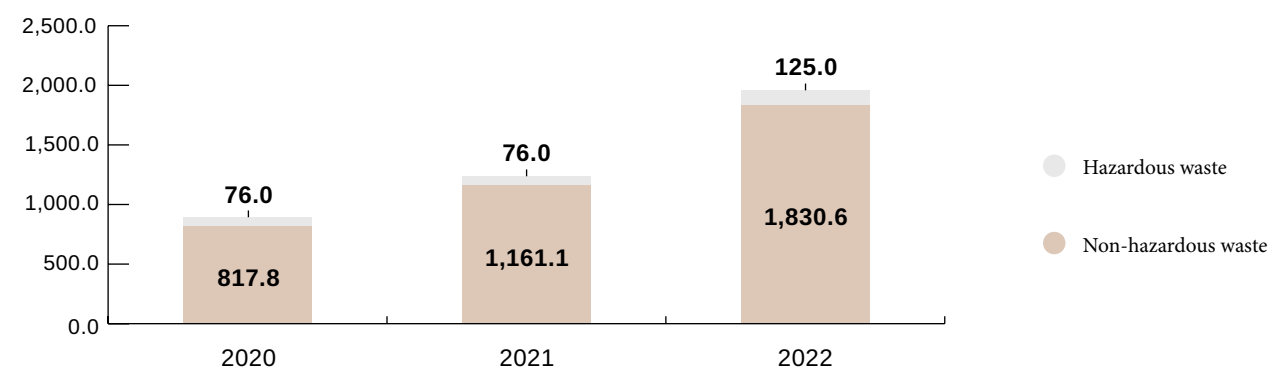
WASTE MANAGEMENT

The Italian Sea Group uses an advanced waste management system consisting of a dedicated ecological oasis, with individual disposal islands catalogued by material and strict internal controls during the storage phase.

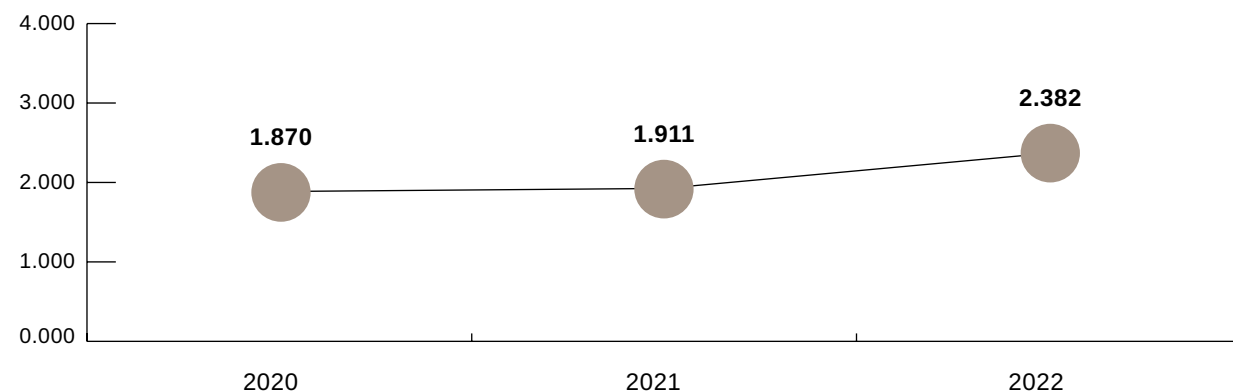
TOTAL WASTE PRODUCED	UoM	2020	2021	2022
Non-hazardous waste	t	817.8	1,161.1	1,830.6
Hazardous waste	t	76.0	76.0	125.0
TOTAL WASTE	t	893.8	1,237.1	1,955.6

More than 93% of the waste produced is non-hazardous.

TOTAL WASTE (t)



KPI - KG TOTAL WASTE PER HOUR WORKED (Kg/h)

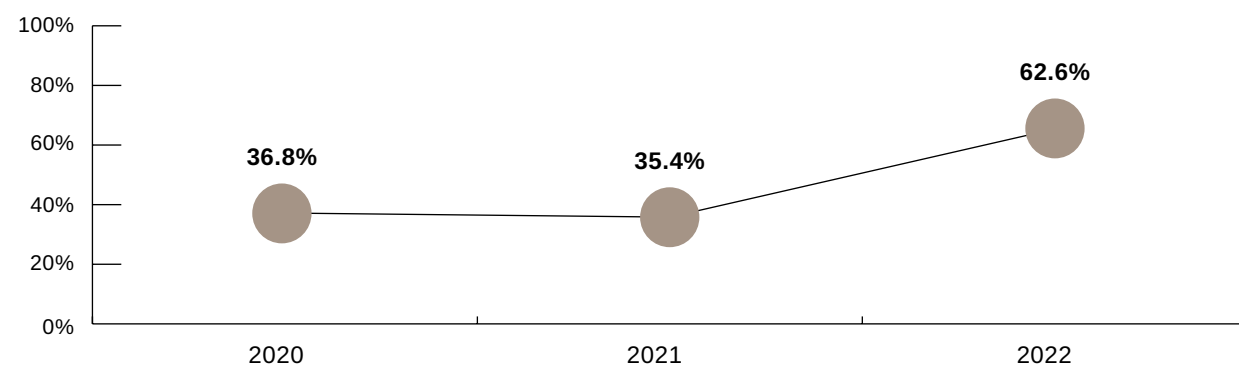


WASTE FOR RECOVERY	UoM	2020	2021	2022
Non-hazardous waste	t	277.7	382.3	1,183.9
Hazardous waste	t	51.6	55.9	39.4
TOTAL WASTE FOR RECOVERY	t	329.3	438.2	1,223.2

WASTE FOR DISPOSAL	UoM	2020	2021	2022
Landfill	t	564.5	799.0	671.3
Non-hazardous waste	t	540.1	778.9	628.7
Hazardous waste	t	24.4	20.1	42.6
Energy recovery	t	0.0	0.0	61.1
Non-hazardous waste	t	0.0	0.0	18.0
Hazardous waste	t	0.0	0.0	43.1
TOTAL WASTE FOR DISPOSAL	t	564.5	799.0	732.4

The percentage of waste destined for recovery reached over 60% in 2022.

KPI - WASTE DESTINED FOR RECOVERY (%)



EMISSIONS INTO THE ATMOSPHERE

The production activity of TIGS generates atmospheric emissions based on how the pollutants are expelled outside. The emissions relate to:

- different stages of production processes;
- the methane gas heating plants.

EMISSIONS FROM PRODUCTION PROCESSES	UoM	2020	2021	2022
VOC	Kg	221.0	307.0	419.0
Dust	Kg	95.0	66.0	81.0
EMISSIONS FROM THERMAL POWER PLANT	UoM	2020	2021	2022
CO (Carbon Monoxide)	Kg	1.9	0.3	3.5
NOx (Nitrogen Oxides)	Kg	4.6	0.8	10.8

With regard to emissions from production processes, the values reported are an annual projection of real data with pollutant concentrations measured over one hour of operation at peak load. It is therefore overestimated, as it takes into account a continuous operation of all chimneys at the same time and under the same maximum load conditions for eight hours per day, 240 days per year.

GREENHOUSE GAS EMISSIONS

TIGS monitors direct and indirect greenhouse gas emissions according to the Greenhouse Gas Protocol, distinguishing emissions into categories or Scopes.

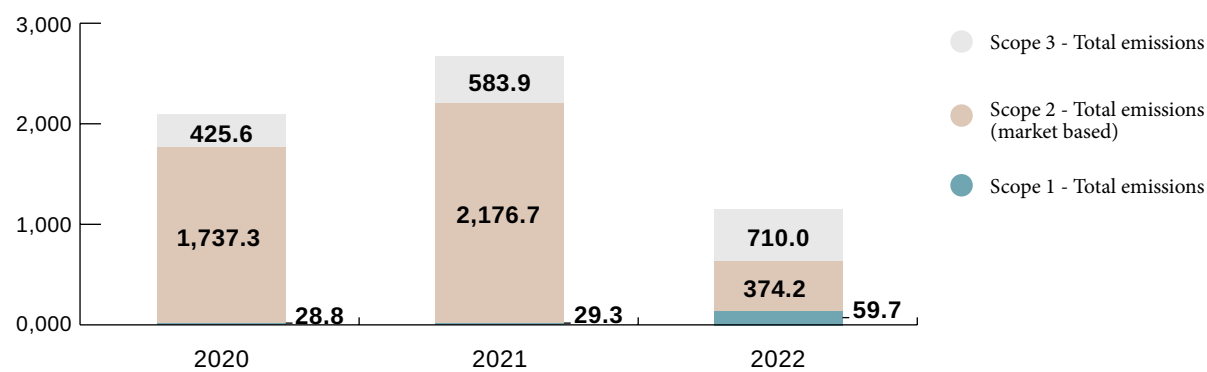
- Scope 1: direct emissions from sources owned and controlled by the organisation. In the case of TIGS, this means those due to the production of heat from methane gas-fired power plants and emissions due to internal site movements;
- Scope 2: indirect emissions resulting from the production of electricity drawn from the grid and consumed by the organisation;
- Scope 3: altre emissioni indirette. TIGS in questo primo report, ha valutato le emissioni dovute all'estrazione e trasporto del metano e gasolio utilizzato, allo smaltimento dei rifiuti prodotti, ai consumi idrici (prelievo da acquedotto e trattamenti), ai business travel e alla carta consumata.

SCOPE 1	UoM	2020	2021	2022
Emissions from thermal plants for methane combustion	tCO2e	3.6	0.7	6.7
Emissions for internal movements	tCO2e	25.3	28.7	53.0
TOTAL SCOPE 1 EMISSIONS	tCO2e	28.9	29.4	59.7
SCOPE 2 - MARKET BASED	UoM	2020	2021	2022
Electricity consumption emissions - location based	tCO2e	1,223.8	1,585.5	2,178.1
Electricity consumption emissions - market based	tCO2e	1,737.3	2,176.7	374.2
TOTAL SCOPE 2 EMISSIONS - MARKET BASED	tCO2e	1,737.3	2,176.7	374.2

SCOPE 3	UoM	2020	2021	2022
Methane	tCO2e	0.5	0.1	1.2
Diesel	tCO2e	6.0	7.0	12.6
FUELS USED - extraction and transport	tCO2e	6.5	7.1	13.8
Disposed waste	tCO2e	258.6	373.2	342.0
Recovered waste	tCO2e	7.0	9.3	26.0
WASTE PRODUCED - disposed and recovered	tCO2e	265.7	382.5	368.0
Water drawn from aqueduct	tCO2e	9.4	8.3	12.4
Treated waste water	tCO2e	19.3	15.1	22.6
WATER CONSUMPTION - withdrawal from aqueduct and treatments	tCO2e	28.7	23.4	35.0
Air travel	tCO2e	15.7	41.0	103.9
Train travel	tCO2e	0,3	0,2	0,5
Travel by ship	tCO2e	0.1	0.1	0.2
Travel by car	tCO2e	103.5	124.6	181.7
BUSINESS TRAVEL	tCO2e	119.6	165.9	286.3
Paper consumption	tCO2e	5.1	5.0	6.9
MATERIALS	tCO2e	5.1	5.0	6.9
TOTAL SCOPE 3 EMISSIONS	tCO2e	425.6	583.8	710.0
TOTAL SCOPE 1 + SCOPE 2 (MARKET BASED)	tCO2e	1,766.1	2,206.0	433.9
TOTAL SCOPE 1 + SCOPE 2 (MARKET BASED) + SCOPE 3	tCO2e	2,191.8	2,789.9	1,143.9

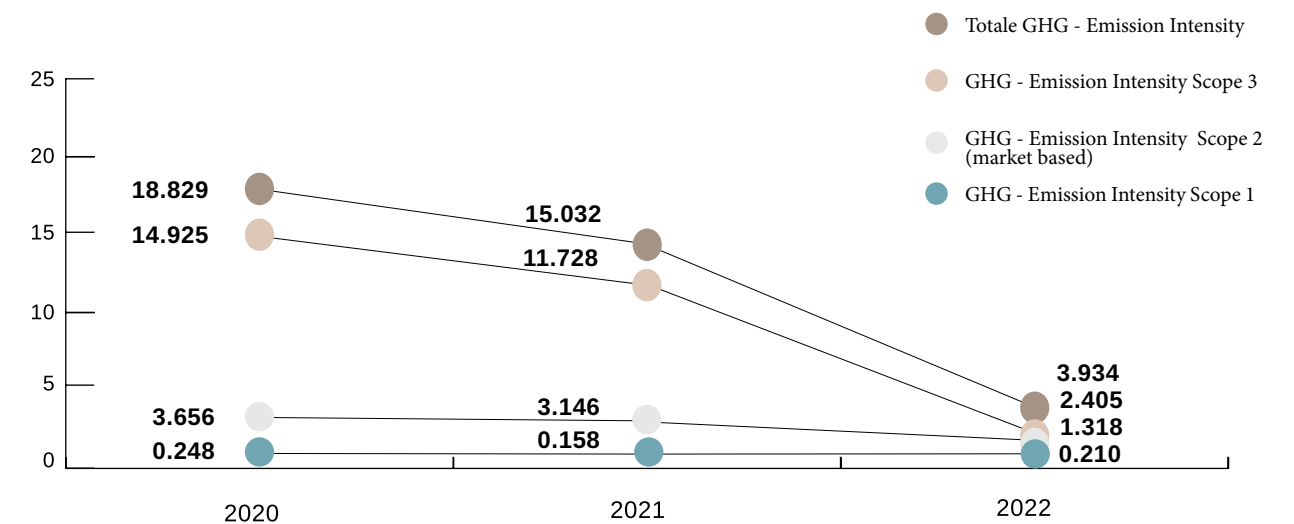
The total greenhouse gas emissions in 2022 were 1,116.5 tCO2e. Compared to the previous year, they decreased by 60.0% due to the over-tenfold increase in the use of electricity from renewable sources.

GHG EMISSIONS (tCO2e)



The total greenhouse gas emission intensity indicator, which measures the tonnes of greenhouse gases emitted per million in revenue, decreased due to both the decrease in absolute emissions and the increase in revenues. The same applies to the indicator of indirect Scope 2 emissions from electricity consumption. The indicator for indirect Scope 3 emissions also decreased due to an increase in revenues that was more than proportional to the small increase in these emissions. The indicator of direct Scope 1 emissions increased due to the more than proportional increase in direct emissions compared to the increase in revenue.

GHG EMISSIONS INTENSITY (tCO2e / € Ricavi ML)





5

OUR PEOPLE

STAFF MANAGEMENT POLICY

The staff management policy of The Italian Sea Group is functional to the pursuit of corporate objectives and sustainable success and the creation of value for all Group stakeholders. Aware that people are its most valuable asset, TISG is committed to attracting, retaining and motivating its resources, fostering their professional and personal growth and providing incentive systems at all levels.

TISG is committed to stimulating actions and behaviours in line with the Group's values, respecting the principles of inclusion and diversity, equal opportunity, meritocracy and fairness, as set out in the Group's Code of Ethics.

In the philosophy of The Italian Sea Group, work is not only the application of a person's physical and intellectual faculties for the production of a good or a product; work is also a tool, a guarantee of possibilities, a set of values; it is the path along which the individual can achieve their goals of professional and personal growth.

As at 31 December 2022, 510 people work for the Group, with various nationalities represented. Their number has steadily increased over time, both for men and women, as shown in the tables below. Women account for about 15% of the total number of people, and belong, like men, mostly to the office staff category and to the 30-50 age group.

With regard to the employment contracts of its employees, the group applies the National Collective Bargaining Agreement for Industrial Metalworkers and the National Collective Bargaining Agreement for Trade and Services for a small number of employees working in the hospitality sector of the Village.

STAFF COMPOSITION

As at 31 December 2022, the total number of Group employees amounted to 510, a significant increase compared to previous years; of these, the vast majority are employed with a full-time, permanent contract. In addition, there are 28 people with different types of contracts, namely apprenticeship (7), project-based (6), on-call (1) and traineeships (14).

The analysis of the company population by gender shows a clear majority of employees of the male gender,

also resulting from the characteristics of the nautical construction sector, especially with regard to manual workers, while the difference between the genders is smaller among office staff (employees belonging to the least represented gender are about 24.5% of the total). There is again a predominance of the male gender in terms of managers; however, the 2022 figure indicates a positive sign, showing how from 2020 to 2023, women in executive positions rose from 0 to 2 out of a total of 23, or 9% of the total category; there are currently 3 women in managerial positions out of 38, or 8% of the total.

PROFESSIONAL CATEGORIES	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
EXECUTIVES	18	0	18	19	0	19	21	2	23
MIDDLE MANAGERS	22	3	25	23	3	26	35	3	38
OFFICE STAFF	104	26	130	150	39	189	211	68	279
MANUAL WORKERS	124	1	125	135	4	139	166	4	170
TOTAL	268	30	298	327	46	373	433	77	510

EMPLOYEES BY AGE GROUP	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< 30	43	5	48	52	18	70	73	26	99
30 - 50	150	22	172	191	25	216	251	46	297
> 50	75	3	78	84	3	87	109	5	114
TOTAL	268	30	298	327	46	373	433	77	510

Moreover, the company population is evenly distributed among the main age groups, with the largest increase recorded over the three-year period in the age group ranging between 30 and 50 years, which grew by about 70%, going from 172 in 2020 to 297 in 2022.

CONTRACT TYPE

CONTRACT TYPE	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
PERMANENT EMPLOYEES	225	11	236	263	32	295	375	56	431
FIXED-TERM EMPLOYEES	43	19	62	64	14	78	58	21	79
TOTAL EMPLOYEES	268	30	298	327	46	373	433	77	510

FULL TIME / PART TIME	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
FULL TIME EMPLOYEES	268	26	294	327	41	368	432	70	502
PART TIME EMPLOYEES	0	4	4	0	5	5	1	7	8
TOTAL EMPLOYEES	268	30	298	327	46	373	433	77	510

OTHER CONTRACT TYPES	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
EMPLOYEES APPRENTICESHIP	3	3	6	4	6	10	3	4	7
EMPLOYEES OUTSOURCED	0	0	0	0	0	0	0	0	0
PROJECT BASED EMPLOYEES ¹⁶	3	1	4	4	1	5	5	1	6
EMPLOYEES ON CALL	0	0	0	0	0	0	1	0	1
EMPLOYEES IN TRAINEESHIPS	0	0	0	8	5	13	10	4	14
TOTAL	6	4	10	16	12	28	19	9	28

The Group's activities are not subject to seasonal variations, so changes in the workforce are correctly represented by annual dynamics.

¹⁶ The one-off project employees consist of outsourced employees and administrators.

RECRUITING ACTIVITIES

In the interest of the best performance in all areas of the company, TISG is committed to structuring a resource recruitment process based on the objective assessment of professional skills, potential and personal characteristics, in order to guarantee the best possible placement and future growth of the resource.

During the process of searching for, selecting and hiring new resources, guidelines based on objectivity, respect for the candidate and their personal data, the valorisation and integrity of the person and the prohibition of any form of discrimination must be observed; these guidelines resume and better specify the guidelines contained in the Human Resources Management Process Procedure (ISO 9001 - ISO 45001) 621, rev. N issued on 30 October 2021 and within the Group Code of Ethics.

The persons involved in the selection process, which concerns employees of any classification and job description, apprentices, collaborators, trainees and interns, are the Human Resources (HR) Department, the Head and Director of the department where the new resource is to be employed and the Chief Executive Officer for the final authorisation of recruitment.

PROCESS STEPS

The process starts with a need analysis of each company department, which is followed by a labour cost budget proposal for the following year, to be submitted to the Board of Directors for approval. Once the open positions have been identified and the curricular and personal characteristics of the resource to be inserted have been defined, in agreement with the head of the department concerned, a preliminary internal check is carried out to encourage job rotation and staff retention, accepting requests for professional growth where possible. If the internal search does not identify profiles in line with the open positions, applications sent by candidates or in response to advertisements posted on the most functional online and offline recruitment channels are screened.

The shortlist of candidates participates in a series of individual interviews, both with the HR Department and with the area of reference, in order to further motivation for the placement, technical skills and personal characteristics. At the end of the process, the candidate will receive an employment offer from the HR Department, which will include all the necessary formalities and support the employee in the induction process, which includes onboarding.

During 2022, TISG increased its workforce due to increased production activity and an increased need for professionals in all departments.

The new hires mainly belong to the age groups 30-50 and under 30.

For further details on staff costs, please refer to the note 'Staff costs' note in the Group Consolidated Financial Statements.

THE TISG ACADEMY



The TISG Academy was established with the aim of making the Group's skills and know-how available to all employees through training courses on a voluntary basis. Prestigious Italian universities, such as the Faculties of Naval Engineering of Federico II University of Naples and the University of Trieste, and the Faculties of Naval and Nautical Engineering of the Universities of Genoa and La Spezia immediately joined the project, making their teaching staff available and opening the courses to students, who are awarded academic credits.

Organised into semesters, the programme features a full agenda of sessions on technical topics related to the yachting world, such as safety, design, painting, plant engineering and, depending on the topic, the choice of speakers ranges from university professors to TISG managers.

The Academy's training activity plays a key role in exploring specific topics according to business

needs and cultivating a pool of talent that will become the new yachting professionals in the near future. The relationship between the Group and universities also facilitates the integration of young talents into the world of work, thanks to a greater awareness of areas of interest and personal aptitudes, through a progressive knowledge of the activities and the company.

In addition to the training provided on a voluntary basis, TISG is very scrupulous in planning Workplace Health and Safety training in order to meet business needs, in cooperation with the designated PPSM, for workers, Supervisors, RLS, Managers, Fire-fighting and First Aid Officers. TISG considers Safety training an absolute priority and a must, as it seeks to make workers aware of the possible consequences of their actions on the Health and Safety of all employees through the application of regulations and scrupulous compliance with company procedures.

TRAINING AND CAREER DEVELOPMENT

The Italian Sea Group considers the training of its resources a priority, both to foster their professional development and personal growth, and to provide them with the necessary knowledge to achieve the expected performance.

The process jointly involves the HR department and all other areas of the company and consists of the following steps:

- needs analysis of the individual departments
- design of the intervention through the definition of content and teaching methods
- training delivery
- evaluation of results

In order to guarantee optimal management of training programmes and ensure the highest level of quality, the Group established the TISG Academy in 2021.

TRAINING HOURS	2021			2022		
	Men	Women	AVERAGE HOURS CATEGORY	Men	Women	AVERAGE HOURS CATEGORY
EXECUTIVES	9	/	0.4	4.5	/	0.2
MIDDLE MANAGERS	57	3	1.4	103.5	/	2.7
OFFICE STAFF	990	186	4.8	1,207.5	291	5.4
MANUAL WORKERS	64.5	/	0.4	45.0	/	0.3
AVERAGE HOURS BY GENDER	2.7	3		3.2	3.8	

HOURS OF COMPULSORY TRAINING	2020			2021			2022		
	Men	Women	TOTAL HOURS	Men	Women	TOTAL HOURS	Men	Women	TOTAL HOURS
	116	32	148	1523	32	1,555	121	49	170

The topics covered in the training courses conducted by the TISG Academy are listed below.

- | 2021 | 2022 |
|--|--|
| <ul style="list-style-type: none"> • Legislation • Quality • Electrical and tubing • Vibration and sound insulation • Corrosion • Painting • HVAC System • Furnishings • Fire-fighting system | <ul style="list-style-type: none"> • Electrical and tubing • Hybrid-electric propulsion • Hydrogen propulsion • Furnishings • Fire-fighting system • Painting • Emissions and pollution • Thermodynamics • Safety |

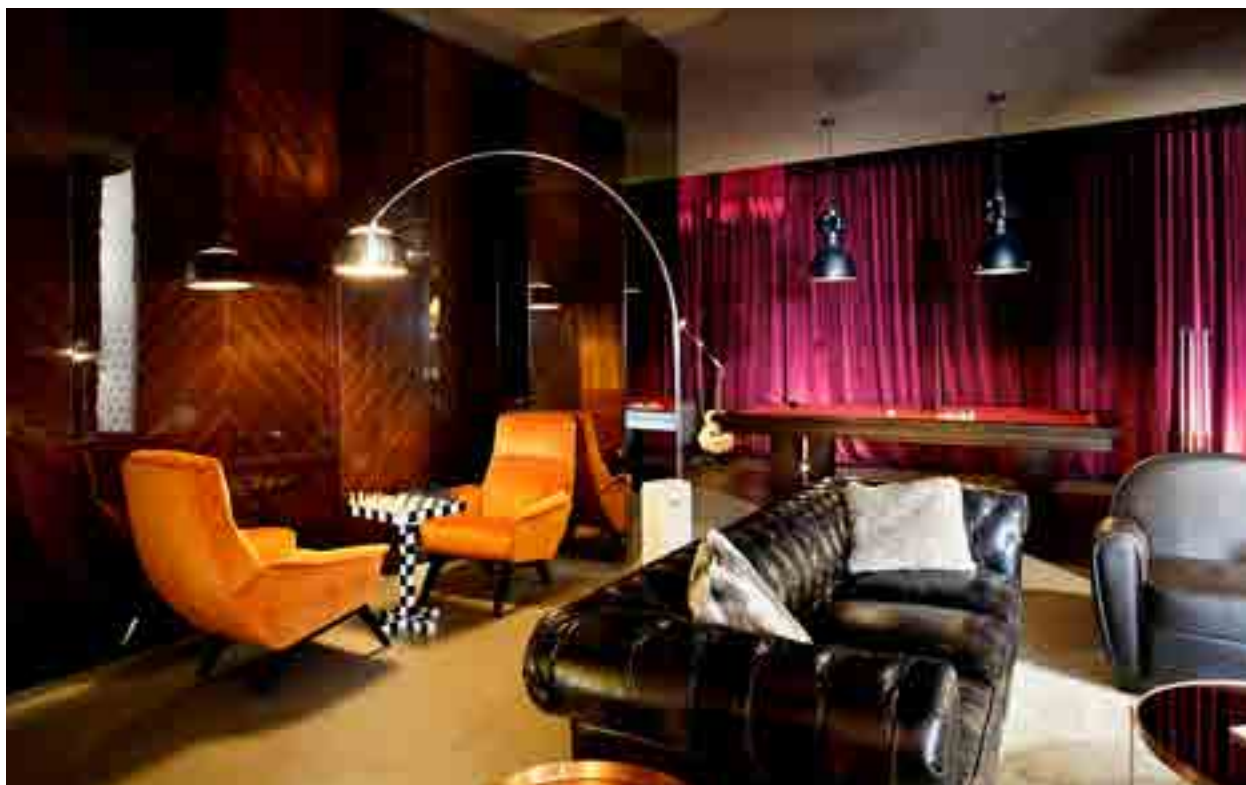
EMPLOYEE WELL-BEING

CORPORATE WELFARE

In the full knowledge that the well-being and quality of life of employees inside and outside the company positively influences productivity as well as retention, TISG offers its people an extremely elegant and comfortable working environment with state-of-the-art facilities.

Inside its headquarters in Marina di Carrara, the Group has created the 'Village', a centre that offers employees, as well as crews and VIP card holders, a Gourmet Restaurant and a well-equipped gym and spa, both free of charge.

In addition, to ensure good work-life balance and easy management of family needs, TISG encourages parental leave for both men and women.



EQUAL OPPORTUNITY

TISG sees diversity as an opportunity to draw new stimuli and culturally enrich the company: it rejects any form of discrimination or harassment and actively strives to develop and maintain an inclusive working environment and a corporate climate of tolerance and respect for human dignity.

RATIO OF BASIC SALARY WOMEN/ MEN PER CATEGORY ¹⁷	2020	2021	2022
	W / M	W / M	W / M
EXECUTIVES	0	0	0.95
MIDDLE MANAGERS	0.97	1.36	0.94
OFFICE STAFF	0.81	0.96	0.90
MANUAL WORKERS	0.87	0.88	0.80

PARENTAL LEAVE

PARENTAL LEAVE	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Number of employees entitled to parental leave	268	30	327	46	433	77
Number of employees who took parental leave	2	-	6	2	7	2
Total number of employees to return to work after parental leave in the reference period	2	-	6	2	7	2
Total number of employees to return to work after parental leave	2	-	6	2	7	2
Number of employees to return to work at the end of parental leave and still employed 12 months after return	2	-	6	2		
Return to work rate	100%	-	100%	100%	100%	100%
Retention rate	100%	-	100%	100%		

The return-to-work rate is calculated as the total number of employees who actually returned to work after parental leave divided by the total number of employees who should have returned to work after taking parental leave.

The retention rate is calculated as the total number of employees still employed 12 months after returning to work following parental leave divided by the total number of employees who returned to work following parental leave in the previous reporting period.

¹⁷ The data shown in the table do not consider the employees of TISG Turkey and high-ranking Directors.

WORKPLACE HEALTH AND SAFETY

Safety management follows what is envisaged in TISG's certification according to ISO 45001. Top Management is involved in monitoring accident and occupational disease trends and is made aware of any corrective actions taken by the company.

POLICY

The company takes great care to ensure that suitable health and safety conditions are constantly maintained in the workplace. To this end, TISG is committed to:

- complying with applicable laws, regulations and all applicable requirements in order to prevent accidents in the workplace;
- periodically evaluating the risks to health and safety in the workplace with the consequent elimination of the risks identified or, where this is not possible, their reduction to a minimum in relation to the knowledge acquired and technical progress;
- maintaining the Integrated Quality and Safety Management System, compliant with international standards UNI EN ISO 9001 and ISO 45001, for the control of workplace health and safety aspects and the continuous improvement of the system.
- making both internal staff and contract staff individually responsible for workplace safety through their respective employers, to achieve a model of widespread responsibility and intelligence;
- maintaining active dialogue and collaborations with workers' representatives, civil society, local authorities, trade associations, supervisory authorities and any other interested party, in order to make the company's approach to Workers' Health and Safety clear and transparent.

Therefore, the company's objectives are to:

- increase the culture of safety by involving all internal and external human resources (suppliers and contractors) through training and making use of the specialist knowledge and information possessed;
- improve the dissemination and quality of communication regarding safety and company work procedures both within the company and externally;
- adapt risk assessment to the progress of assessment techniques and technical-scientific research, and improve the time and manner in which it is updated to support the dynamics of production and staff deployment;
- maintain appropriate procedures for identifying and resolving emergency situations

Company management has decided to make its policy widely known. This dissemination is implemented through:

- publication of the policy on the company website;
- carrying out initiatives that illustrate the proper conduct of business processes in the current evolving context of safety.

SAFETY ORGANISATION

The prevention and protection service has been organised within the company and is carried out by a Prevention and Protection Service Manager (PPSM) who has a university degree and 20 years' experience in the field of occupational safety and hygiene.

The workers' representative (RLS) is elected within the trade union representation. The RLS is guaranteed training, access to company documents and the working environment. The RLS is trained by a training body not connected to the PPSM in order to ensure full independence of judgement.

The emergency service consists of in-house staff. The structure includes dedicated fire-fighting staff with training in first aid aspects as well. The organisation of fire-fighting staff is assigned to the plant manager. In the logic of improving intervention times, the company's aim is to spread fire and first aid training to an increasing number of production workers.

ACCIDENT RISK ASSESSMENT

The company assesses accidents on a monthly basis by means of special indicators in the 'company dashboard' codified in the safety management system.

In the event of an accident, the internal report is forwarded to the prevention and protection service, which is called upon to carry out an initial investigation and issue corrective actions, if necessary. In some cases, documents are issued in the form of safety notes in order to disseminate information and recommended mitigation actions in the appropriate circles.

The company's quality system indicators also include the Injury Frequency Index (IFI), Injury Severity Index (IGI) and Injury Index (total hours injured/total hours worked) (II), which are monitored on a monthly basis so as to keep accident trends under control and trigger appropriate corrective actions after each event.

STAFF TRAINING

TISG has provided training courses for workplace risks to all employees, distinguishing between general and specific risk training.

For managers, a dedicated training course is carried out that fully replaces the general training of workers, while for supervisors, a supplementary course is carried out.

Every year, the HR Department draws up a training plan, also based on the indications received from the PPSM and company managers.

INJURIES AND OCCUPATIONAL DISEASES

In 2022, the number of workplace injuries decreased compared to the previous year, while the number of hours worked increased by 26.8%, resulting in an injury rate reduction of 38.3%.

INJURIES ¹⁸	2020	2021	2022
Total no. work-related injuries	12	23	18
No. of injuries with serious consequences ¹⁹	-	-	-
Total hours worked	478,060	647,231	820,902
Rate of work-related injuries	25.1%	35.5%	21.9%
Rate of work-related injuries with serious consequences	-	-	-

The main types of injuries are caused by impacts in the working environment (on board vessels), manual handling activities (mainly on board in environments not served by mechanical systems) or caused by a foreign body (typical of grinding).

No injuries with serious consequences were recorded during the three-year period.

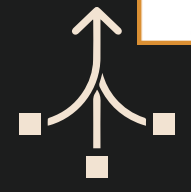
OCCUPATIONAL DISEASES	2020	2021	2022
No. of deaths caused by occupational diseases	-	-	-
No. of cases of occupational diseases	3	6	5

The main types of occupational diseases recorded are hearing loss, diseases resulting from the manual handling of loads or exposure of the upper limbs (hand and arm) to vibrations.



¹⁸ The data referring to injuries and hours worked are for the parent company TISG SpA.

¹⁹ Injuries with serious consequences: work-related injuries that lead to death or injury from which the worker cannot recover, does not recover or it is unrealistic to expect him or her to fully recover to the state of health prior to the accident within six months.



VALUE CHAIN MANAGEMENT

ETHICAL SUPPLY CHAIN MANAGEMENT

In the execution of orders, TISG purchases raw materials and services from its own suppliers or indirectly from subcontractors.

The main types of supplies include:

- hulls and carpentry
- engines, machinery and handling
- electrical, tubing and HVAC systems
- exterior and interior painting
- fittings
- insulation

SUPPORT FOR THE PRODUCTION CHAIN

In 2022, there were 421 active suppliers of raw materials and services, 72.2% of which (304) are companies in Italy. Of these, 153 (36.3%) are located in the regions of Tuscany and Liguria, where one of Italy's most important nautical districts is located.

ORIGIN	NUMBER	% OF TOTAL
UE	61	14.5%
NON EU	56	13.3%
ITALY	304	72.2%
of which Tuscany and Liguria	153	36.3%
TOTAL	421	100%

TISG's commitment focuses on small local businesses and suppliers that are an integral part of the nautical supply chain.

Starting from the active participation in Confindustria Nautica, up to the organisation of periodic meetings with suppliers for technical discussions and updates, The Italian Sea Group is able to participate in the decisions about the development of the territory and to assist all the entities involved in the local nautical sector.

The Group began entering into Reverse Factoring agreements with several institutions²⁰ in 2021 in order to give suppliers the possibility of financing their working capital through easy and immediate access to liquidity.

This agreement allows the supplier to enter into a contract with factoring institution and directly transfer its invoices to The Italian Sea Group. On the due date of these invoices or in advance, if requested,

²⁰ TISG has factoring agreements with the following institutions: Unicredit, IFIS, SACE, Cashme-Lemonway, Aosta Factor, Eurofactor, BPM, White-Lemonway.

the supplier receives the payment, while TISG reimburses the institute, which in turn offers the option of extending the payment terms.

As at 31 December 2022, the total ceiling made available to TISG's supply chain amounted to Euro 42,500,000.

At the moment of writing this Statement, TISG had also entered into a Reverse Factoring agreement with Banca Ifis, which makes a plafond of Euro 20 million without recourse to TISG's suppliers, with the aim of optimising their working capital through easier access to liquidity.

SUPPLIER SELECTION AND QUALIFICATION

The company's objective is to select suppliers who become reliable partners capable of continuously supporting the company's business, thus enabling it to fully satisfy the end customer.

All suppliers must be aware of and comply with the TISG Code of Ethics.

The TISG Quality Manual also stipulates that suppliers are assessed on their ability to provide products and services that comply with the requirements defined by the company. In addition, the company has decided to formalise an Integrated Management System for Workplace Quality and Safety in accordance with UNI EN ISO 9001:2015 (ISO 9001) and UNI ISO 45001:2018 (ISO 45001).

All the controls envisaged by Italian Legislative Decree 81/ 2008 on workplace health and safety are applied to the supply chain. More generally, the following are assessed: the legal and corporate situation, economic-financial stability, production capacity, the ability to comply with legal and TISG requirements on workplace health and safety and compliance with current legislation on social ethics and environmental safety. Suppliers that are positively evaluated are included in the company's Pool of Suppliers. Supplier performance is subsequently monitored in relation to on-time delivery, production capacity and product conformity.

In order to allow its own staff and that of contractors to correctly perform all the phases of product production and delivery, the company has defined and made available, as an integral part of the Integrated Management System for Workplace Quality and Safety, a set of work documents (Specifications, Drawings, Work Instructions, Test Memoranda) that describe the specific activities for the creation and control of the product and the relative equipment to be used.

The company implements a Purchasing Policy with its suppliers such as to achieve:

- relationships based on mutual cooperation, oriented towards continuous improvement;
- supply quality measurements;
- constant control of supply quality based on data obtained from purchased product quality surveys; the performance of the services provided at the construction site; c) any second party inspections at the suppliers' production plants.

Service providers are selected following a request from the head of the requesting department, taking into account the requirements set out in the Code of Ethics and the Passive Cycle Procedure.

CUSTOMER SATISFACTION

Customer satisfaction is one of the pillars on which TISG's business is founded and the goal to which every activity is aimed throughout a yacht's construction, up to After Sales and Refit. From first contact to delivery, TISG strives to ensure that the yacht building process is an exciting journey that fulfils customer satisfaction in every detail. In addition, the satisfied customer returns to the site for refit activities in the years following delivery.

Maximum availability, technical expertise, absolute quality of materials and workmanship: this is what the customer experiences on the way to obtaining the yacht of their dreams.

To contribute to their utmost satisfaction, TISG upholds a corporate and production philosophy based on the 'credo' Zero remarks, zero delays aimed at achieving the best result at the time of delivery: the goal of every construction is to have not a single day's delay and zero remarks.



QUALITY MANAGEMENT SYSTEM

To meet the ever-increasing need for product control and verification, and to guarantee the most efficient support system for the customer even after delivery, The Italian Sea Group has decided to adopt a computerised control system to monitor every single design, production and after-sales activity.

Our technical departments, production department, quality area and after-sales department, at any time and from any Internet access point - via PC, tablet or smartphone - can monitor and interact with all companies and people involved in construction.

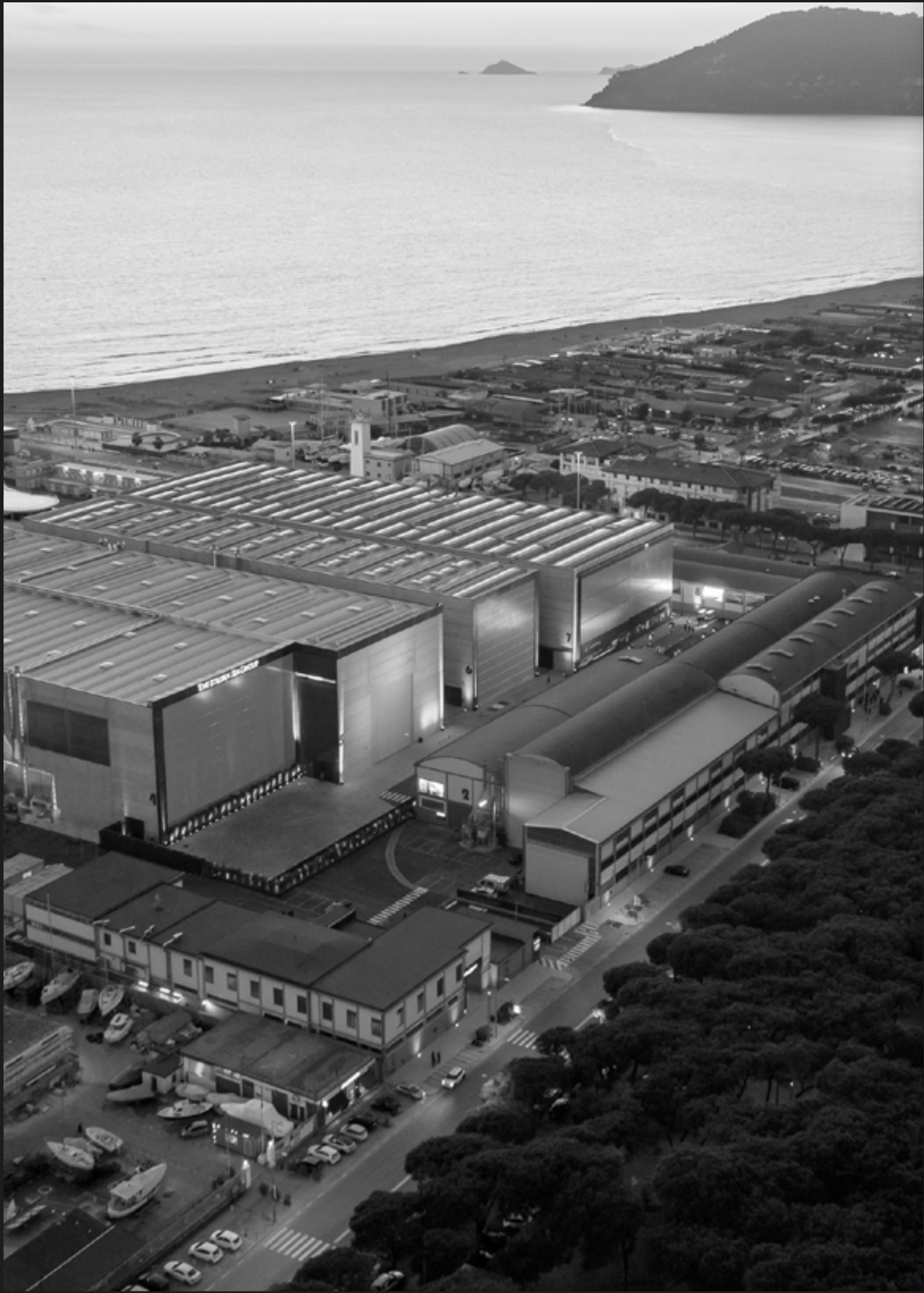
The software can be accessed at various user interface levels and allows any technical and production information to be uploaded and direct contact to be established.

This information is always accessible and progressively archived in order to be able to track every single job developed within our shipyard.

Every access on board is constantly monitored by special turnstiles and monitors that mark the countdown to launch on a daily basis, an unavoidable goal that dictates production rhythms and allows alignment in the event of delays.

Once the yacht has been delivered, the After-Sales Department can monitor and efficiently handle any problems or requests made by the Owner and his crew in real time..





7

SUSTAINABILITY FOR THE TERRITORY

PROMOSTUDI

Through the TISG Academy, The Italian Sea Group supports Promostudi La Spezia, a participatory foundation that has coordinated and managed the La Spezia University Campus since 2002, home to three-year and master's degree courses of the University of Genoa.

Set up on the initiative of the main local institutions, Promostudi represents an important example of a public-private collaboration and counts among its founding members the Municipality of La Spezia, the Carispezia Foundation, the Riviera di Liguria Chamber of Commerce, Confindustria La Spezia, the Port Authority of the Eastern Ligurian Sea and the University of Genoa.

Approximately 1,000 students from all over Italy and abroad are currently enrolled at the La Spezia University Hub and around 300 new enrolments are recorded annually.

TISG collaborates with the University Campus to offer students highly specialised courses of study that are consistent with the demands of the labour market and facilitate their insertion into the world of work.

The current educational offering of the La Spezia University Campus features four three-year degree courses and three master's degree courses highly specialised in economics, engineering and nautical design and responding to the needs of the local industrial fabric.

In 2021 and 2022, TISG donated more than Euro 80,000 to Promostudi for the education of young students and future professionals.

UNA VELA PER LA RINASCITA

In 2021, TISG was among the supporters of 'Una vela per la rinascita' (A Sail for Rebirth), the project of ASD MAD - 'Mure a Dritta' to support women who have undergone surgery and treatment for neoplasms and other diseases or who have been victims of abuse.

The project stems from an awareness of 'sailing therapy' as a tool for healing and rebirth and of the boat as a place of sharing, a home on the sea that welcomes and protects.

'Una vela per la rinascita' organises days out sailing, proposing a multidisciplinary approach and involving different professional figures from time to time, from psychologists and physiotherapists specialising in post-operative rehabilitation, to nutritionists specialising in cancer patients.





FOOD VOUCHERS FOR FAMILIES IN NEED

In 2020, TISG donated Esselunga vouchers to the Municipality of Carrara to be distributed to families experiencing economic hardships, especially following the Covid-19 emergency.

ICE SKATING RINK

In 2020, TISG financed the construction of an ice skating rink in the municipality of Marina di Carrara, providing children, youth and families with sport-filled, light-hearted moments during the Christmas holidays.

DONATIONS AND CONTRIBUTIONS

	2020	2021	2022
Esselunga	-	20,000 €	-
Promostudi	-	33,332 €	50,000 €
Confindustria	29,667 €	35,725 €	20,500 €
Carrarese	20,000 €	-	-
Vela per la rinascita	-	5,000 €	-
Municipality of Carrara - Ice skating rink	28,304 €	-	-
TOTAL	77,971 €	94,057 €	70,500 €

METHODOLOGICAL NOTE

This first edition of the Consolidated Non-Financial Statement (NFS) was prepared according to the Global Reporting Initiative's 'GRI Sustainability Reporting Standards', using the 'with reference to' reporting option.

To define the contents and quality of reporting, The Italian Sea Group followed the principles set out in the GRI Standards, which provide a set of criteria for selecting the information to be included in the report and for the manner in which it is presented.

Accuracy. The economic data refer to the audited Consolidated Financial Statements, while the accuracy of environmental, health and safety data is derived from the existence of ISO 9001 and ISO 45001 certified management systems. The social data are mainly extracted from the TISG operating systems. Estimated data are indicated in the text.

The emission factors used to calculate greenhouse gases are as follows:

- Direct Scope 1 emissions: Defra - Department for Environment, Food & Rural Affairs - UK Government conversion factors for company reporting of greenhouse gas emissions (2022);
- Indirect Scope 2 emissions (location based): Ispra Report 317/2020 - Table A1.19 - Greenhouse gas emission factor from the electricity sector for electricity production (gCO₂eq / kWh);
- Indirect Scope 2 emissions (market based): energy mix reported by the energy producer/supplier;
- Indirect Scope 3 emissions: Defra - Department for Environment, Food & Rural Affairs - UK Government conversion factors for company reporting of greenhouse gas emissions (2022)

For the calculation of atmospheric emissions (CO and NO_x) related to the thermal power plants, the factors of the Air Pollutant Emission Inventory Guidebook 2019 of EMEP/EEA (table 1.A.4.a.i Commercial / institutional: stationary) were considered.

Clarity. The structure of the NFS was defined to make the information contained therein easy to identify by stakeholders. The document opens with a letter from the Chief Executive Officer, and consists of six sections: The Italian Sea Group; TISG Sustainability; Ethical Governance and Integrity; Environment; Our People; Value Chain Management; Sustainability for the Territory. The document closes with the Methodological Note, the GRI Content Index and the limited assurance review by an independent third party.

The level of detail of the information was chosen so as to make the NFS understandable, accessible and usable by the different stakeholders

Comparability. To enable stakeholders to analyse changes in the company's performance, the NFS presents data for the three-year period 31.12.20 - 31.12.22. The information related to events after 31.12.22 has been indicated to the reader in the text and with footnotes. Furthermore, internationally accepted units of measurement were used, consistency was maintained in the methods used to calculate the three-year data, and absolute values, percentages and normalised data were reported to allow comparisons.

Completeness. The NFS is designed to allow stakeholders to have a complete picture of the company's activities.

The information contained herein refers to the entire Group: the parent company The Italian Sea Group SpA - with its three owned shipyards in Marina di Carrara, Viareggio and La Spezia - and the wholly owned companies TISG Turkey Yat Tersanecilik Anonim Sirketi and Perini USA.

In Turkey, TIGS uses six shipyards, four of which are exclusively leased: the activities of these shipyards do not fall within the reporting scope of this NFS.

For the sake of completeness, the following table lists the topics of the NFS - as identified by the Italian Legislative Decree 254/16 - alongside the topics reported by TISG, the GRI Standards indicators used at the topic impact perimeter and the reporting limitations on the perimeter.

Topics (Italian Legislative Decree)	Topics reported by TISG	GRI Standards	Scope of impact of the topic		Reporting limits on the scope	
			Internal	External	Internal	External
Environmental	Reduction of energy consumption	GRI 302 - Energy	TISG	Suppliers		Reporting not extended to suppliers
	Use of energy from renewable sources	GRI 302 - Energy	TISG	-		-
	Fighting climate change	GRI 305 - Emissions	TISG	-	Reporting not extended to TISG Turkey and Perini USA because the environmental impacts are insignificant	-
	Water consumption management	GRI 303 Water and effluents	TISG	-		-
	Reducing waste and increasing recycling	GRI 306 - Waste	TISG	Suppliers		Reporting not extended to suppliers
	Consumption of raw materials and recycling	GRI 301- Materials	TISG	-		-
	Attention to air quality	GRI 305 - Emissions	TISG	-		-
Social	Direct economic value produced and distributed	GRI 201 - Economic Performance	TISG	-	-	-
	Product research and innovation	-	TISG	-	-	-
	Partnership with the supply chain	-	TISG	-	-	-
	Customer satisfaction	GRI 418: Customer privacy	TISG	-	-	-
	Attention to community needs	GRI 413: Local Communities	TISG	-	-	-
Related to staff	Management of labour relations	GRI 402: Relations between workers and management	TISG			
	Employee Well-being	GRI 401: Employment	TISG	-	-	-
	Protecting workers' health and safety	GRI 403: Occupational health and safety	TISG	Suppliers/contractors		Reporting not extended to suppliers / contractors
	Employee training and development activities	GRI 404: Training and education	TISG	-	-	-
Human Rights	Protection of diversity and non-discrimination	GRI 405: Diversity and equal opportunity	TISG	Suppliers/Contractors		Reporting not yet extended to suppliers / contractors
		GRI 406: Non-discrimination	TISG	Suppliers/Contractors		Reporting not yet extended to suppliers / contractors
		GRI 407: Freedom of association and collective bargaining	TISG	Suppliers/Contractors		Reporting not yet extended to suppliers / contractors
Anti-corruption	Ethics and integrity in business	GRI 205: Anti-corruption	TISG	-	-	-

Context of sustainability. At the beginning of the chapter 'TISG Sustainability', the yachting industry context was defined with particular reference to environmental sustainability. TISG then performed the impact analysis by aggregating the following information sources with equal weights:

- the survey conducted internally by the Sustainability Team;
- the external survey involving the following stakeholders: 6 suppliers, 3 financial analysts, 3 investors, 2 universities and 1 shareholder;
- internal document analysis with particular reference to quality, safety and OMC systems;
- guidance from SASB (Sustainability Accounting Standards Board) on the Marine Transportation sector.

Timeliness. The NFS is published annually and in alignment with the timelines defined for financial reporting. The information contained within the document refers to the time period between 1 January 2022 and 31 December 2022. The same quantitative information for the previous two years is also included in the document.

Verifiability. The company has established internal controls and organised documentation to prepare for the assurance activity. The NFS was audited by an independent third party (BDO Italia S.p.A) in accordance with the principles and indications contained in the International Standard on Assurance Engagements 3000 - Assurance Engagement other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) of the International Auditing and Assurance Standard Board (IAASB).

GRI CONTENT INDEX

DECLARATION OF USE

The Italian Sea Group reported the information mentioned in this 'GRI Content index' for the period 01/01/2022 – 31/12/2022 with reference to the GRI Standards.

GRI 1 USED

GRI 1: Foundation 2021

GRI STANDARD

INFORMATION	LOCATION
GRI 2: General Disclosures 2021	
2-1 Organisational Details	Group Structure
2-2 Entities included in the organisation's sustainability reporting	Methodological Note - Completeness
2-3 Reporting period, frequency and contact point	Methodological Note – back cover
2-5 External assurance	Independent Auditor's Report
2-6 Activities, value chain and other business relationships	The Italian Sea Group; Brands; Strategy and Business Model; Facilities and Production Processes
2-7 Employees	Staff Composition
2-8 Workers who are not employees	Contract Type; Ethical Supply Chain Management
2-9 Governance structure and composition	Governance and Control Bodies
2-10 Nomination and selection of the highest governance body	Shareholders' Meeting
2-11 Chair of the highest governance body	Board of Directors
2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance
2-13 Delegation of responsibility for managing impacts	Sustainability Governance
2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance
2-15 Conflicts of interest	Procedures: Internal Dealing; Insider Register and Confidential Information Management; Related Parties
2-16 Communication of critical concerns	Governance and Control Bodies
2-17 Collective knowledge of the highest governance body	Sustainability Governance
2-19 Remuneration policies	Remuneration of the Chairman and the Members of the Board of Directors
2-20 Process to determine remuneration	Remuneration of the Chairman and the Members of the Board of Directors
2-22 Statement on sustainable development strategy	Letter from the CEO
2-23 Policy commitments	Sustainability Programme
2-25 Processes to remediate negative impacts	Governance and Control Bodies; Organization, Management and Control Model; Policies: Human Rights; Diversity & Inclusion; Supplier Selection and Qualification; Customer Satisfaction
2-26 Mechanisms for seeking advice and raising concerns	Governance and Control Bodies; Organization, Management and Control Model; Policies: Human Rights; Diversity & Inclusion;
2-27 Compliance with laws and regulations	During the reporting period, there were no significant cases of non-compliance to laws and regulations
2-29 Approach to stakeholder engagement	Stakeholders of The Italian Sea Group

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis; Methodological Note – Context of Sustainability
	3-2 List of material topics	Materiality Analysis; Methodological Note – completeness
	3-3 Management of material topics	Description and assessment of impacts
GRI 201: Economic Performance 2016 GRI 205: Anti-corruption 2016	201-1 Direct economic value generated and distributed	Economic Value Produced and Distributed
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	During the reporting period there were no accidents related to corruption
GRI 301: Materials 2016	301-1 materials used by weight or volume	Environmental Performance
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy Consumption and Renewable Sources
	302-3 Energy intensity	Energy Consumption and Renewable Sources
GRI 303: Water and tributaries	303-2 Management of water discharge-related impacts	Environmental Policy;
	303-3 Water withdrawal	Water Withdrawal
	303-4 Water discharge	Water Discharges
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions
	305-3 Other indirect (Scope 3) GHG emissions	Greenhouse Gas Emissions
	305-4 GHG emissions intensity	Greenhouse Gas Emissions
	305-5 Reduction of GHG emissions	Greenhouse Gas Emissions
GRI 306: Waste 2020	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Emissions into the atmosphere
	306-3 Waste generated	Waste Management
	306-4 Waste diverted from disposal	Waste Management
	306-5 Waste directed to disposal	Waste Management
GRI 401: Employment 2016	401-3 Parental leave	Parental Leave
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Workplace Health and Safety
	403-2 Hazard identification, risk assessment and incident investigation	Accident Risk Assessment; Injuries and Occupational Diseases
	403-3 Occupational health services	Safety Organization
	403-4 Worker participation, consultation, and communication on occupational health and safety	Workplace Health and Safety – Policy
	403-5 Worker training on occupational health and safety	Staff Training
	403-6 Promotion of worker health	Workplace Health and Safety – Policy
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workplace Health and Safety – Policy
	403-8 Workers covered by an occupational health and safety management system	All TISG employees are covered by the Health and Safety Management System
	403-9 Work-related injuries	Injuries and Occupational Diseases
	403-10 Work-related ill health	Injuries and Occupational Diseases

GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training and Career Development
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Training and Career Development
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Board of Directors; Staff Composition
	405-2 Ratio of basic salary and remuneration of women to men	Equal Opportunity
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	During the reporting period there were no discrimination cases
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programmes	Sustainability for the Territory
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the reporting period there were no clients' claims for privacy violation or data loss

Please, address any information request on The Italian Sea Group's sustainability and the content of this Non Financial Statement to: sustainability@admiraltecnomar.com

The Italian Sea Group S.p.A.

Independent Auditors' Report on the consolidated non-financial statement pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016 and of article 5 of CONSOB Regulation n. 20267 of January 18, 2018

December 31, 2022

This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Independent Auditors' Report

on the consolidated non-financial statement pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016 and of article 5 of CONSOB Regulation n. 20267 of January 18, 2018

To the Board of Directors of The Italian Sea Group S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 ("Decree") and to article 5 of the CONSOB Regulation n. 20267 of January 18, 2018, we have been engaged to perform a limited assurance engagement on the Consolidated Non-Financial Statement of The Italian Sea Group S.p.A. and its subsidiaries (the "Group") as at December 31, 2022 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on March 21, 2023 (hereinafter the "NFS").

The limited assurance engagement performed by us does not extend to the data contained in paragraph "Taxonomy" of the NFS, required by article 8 of the European Regulation 2020/852.

Directors' and Board of Statutory Auditors' responsibility for the NFS

The Directors are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the Decree and "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative, identified as a reporting standard.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for the identification of the content of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the Group' business and characteristics, to the extent necessary to ensure an understanding of the Group's business, performance, results and the related impacts.

Finally, the Directors are responsible to design a business management model for the organisation of the Group's activities, as well as, with reference to the topics identified and reported in the NFS, for the policies for the identification and management of the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, compliance with the provisions set out in the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

Our audit firm applies the International Standards on Quality Control 1 (ISQC Italia 1) and, consequently, maintains a quality control system that includes documented policies and procedures, regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the requirements of the Decree and the GRI Standards. We carried out our work in accordance with the criteria established in the *International Standard on Assurance Engagements 3000 (Revised) ~ Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised")*, issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence, as appropriate.

Specifically, we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the process in place for the selection process in the light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance to the Decree.
3. If applicable: comparison of data and financial economic disclosures presented in the NFS with those included in the Group's consolidated financial statements.
4. Understanding of the following matters:
 - Business management model of the Group's activity, with reference to the management of the topics set out in article 3 of the Decree;
 - Policies adopted by the entity in connection with the topics set out in article 3 of the Decree, achieved results and related key performance indicators;
 - Main risks generated and/or undertaken, in connection with the topics set out in article 3 of the Decree.

With reference to these matters, we compared them with the disclosures presented in the NFS and carried out the procedures described in point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of significant qualitative and quantitative information disclosed in the NFS.

Specifically, we carried out interviews and discussions with the management of The Italian Sea Group S.p.A. and we also performed limited documentary verifications, in order to gather information on the processes and procedures supporting the collection, aggregation, processing and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, with respect to significant information, taking into consideration the Group's business and characteristics:

- at parent company's level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business model, policies applied and main risks, we carried out interviews and gathered supporting documentation to check for consistency with available evidence.
 - b) with regards to quantitative information, we carried out both analytical and limited procedures to ensure, on a sample basis, the correct aggregation of data.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of The Italian Sea Group as of December 31, 2022 has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the Decree and selected GRI Standards.

Our conclusions on the NFS of The Italian Sea Group do not extend to the data contained in paragraph “*Taxonomy*” thereof, required by article 8 of the European Regulation 2020/852.

Milano, April 05, 2023

Signed by
BDO Italia S.p.A.

Andrea Meneghel
Partner