

2022 SUSTAINABILITY REPORT



**MASTERCRAFT
BOAT HOLDINGS INC.**



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A MESSAGE FROM OUR CEO



Dear Stakeholders,

At MasterCraft Boat Holdings, we are committed to delivering on our vision of instilling a passion for the boating lifestyle. We strive to engage in operational excellence, including environmental sustainability, promoting the health and safety of our employees, and being good stewards to our consumers and our communities.

We are proud to deliver our Company's inaugural Sustainability Report to share this commitment. We recognize the importance of social and environmental responsibility and global sustainability, and we are committed to making the best products in the best way possible.

We have made significant investments in research and development initiatives to operate and manufacture our products sustainably while minimizing our environmental impact. For example, we have made financial and human-resource commitments to accelerate R&D initiatives in zero-emissions electric boating.

Our current and future success is inextricably linked to our team and culture, which is why we invest every day in ensuring we offer a culture of caring for people first, working together as a team, and creating opportunity for our team members to excel. We take great care to ensure everyone at our Company is empowered to do their best work in a safe and well-managed

environment. This year, to ensure we are able to provide our employees with the skills they need to excel in their careers, we added a Director of Training to expand our focus on employee development at all levels.

Pursuing our mission to deliver the best on-water experience for our consumers, we hold ourselves to the highest level of integrity each and every day. Our four manufacturing facilities operate in alignment with the ISO 14001 Environmental Management Systems standard, the ISO 9001 Quality Management Systems standard, and the OHSAS 18001 International Occupational Health and Safety Management System standard. Our largest facility, the MasterCraft brand facility, is certified in all three standards. We believe we are the only boat manufacturer to achieve all three of these prestigious ISO certifications across production and product-development systems.

With these foundations in place, we look forward to making boating better and keeping our Company at the forefront of the marine industry.

A handwritten signature in black ink, appearing to read "Frederick A. Brightbill". The signature is fluid and cursive.

Frederick A. Brightbill
CEO and Chairman of the Board



ABOUT MASTERCRAFT BOAT HOLDINGS, INC.

MasterCraft Boat Holdings, Inc. (“the Company”) is a leading innovator, designer, manufacturer, and marketer of recreational powerboats through its four brands: MasterCraft, Crest, NauticStar, and Aviaara. Established in 1968, the Company offers perfect on-water solutions for every consumer. Through our four brands, the Company has leading market share positions in three of the fastest growing segments of the powerboat industry—performance sport boats, outboard saltwater fishing, and pontoon boats—while also entering the large, growing luxury day-boat segment.

\$708M
2022 revenue

1,750
employees

4 LEADING BRANDS:



OUR VISION
**TO INSTILL A
PASSION FOR THE
BOATING LIFESTYLE**

OUR MISSION
**DELIVER THE
BEST ON-WATER
EXPERIENCE**

through innovation, high-quality products and services with a relentless focus on the consumer.

ABOUT MASTERCRAFT BOAT HOLDINGS, INC.

PERFORMANCE SPORTS BOATS

MasterCraft

With 153 MasterCraft brand dealers and 14 boats in our lineup, MasterCraft brand offers the most extensive solutions for on-the-water fun.

For 55 years, MasterCraft brand has hand-built its legacy as a pioneer of performance, innovation, comfort, and quality through unwavering dedication to premium craftsmanship and unforgettable on-water experiences.



112

Dealers in North America



152

Locations in North America



41

International Dealers



OUTBOARD SALTWATER FISHING

NauticStar
BOATS

World-renowned for its innovation, design, and manufacture of outboard saltwater fishing boats, NauticStar fulfills a passion for fishing, family, and fun aboard each finely crafted vessel. NauticStar produces an array of models, ranging from 19 to 28 feet, with options that cater to every desire—from tournament and professional fishing to pleasure boating. Our NauticStar products are sold by 110 dealers across 119 locations in North America, as well as 2 international dealers.



110

Dealers in North America



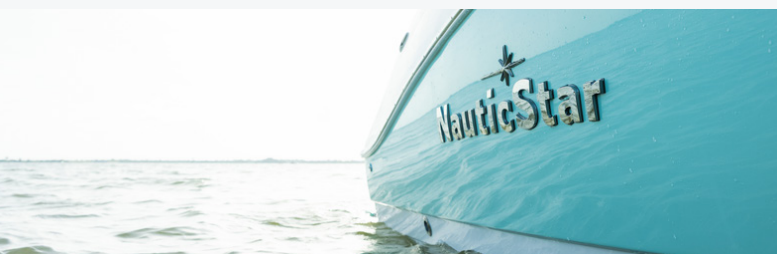
119

Locations in North America



2

International Dealers





PONTOON BOATS



Since 1957, Crest pontoons have delivered an on-water experience unlike anything else. Located in Owosso, Michigan, Crest pushes the boundaries of innovation and holds pontoons and the experiences they can deliver to the highest standard. Crest's construction and reliability are unparalleled in the industry due to their care and dedication to their craft. Our Crest products are sold by 132 dealers across 161 locations in North America, as well as two international dealers.



132

Dealers in North America



161

Locations in North America



2

International Dealers

LUXURY DAY BOATS



Aviara is a newly launched brand focused on delivering boats that defy compromise and give forward-thinking boaters what they've wanted: style, control, and luxury on their own terms. Aviara boats draw on the Company's 50-year legacy of quality. Empowered by our engineering expertise and inspired by the brand's four product design principles—Progressive Style, Elevated Control, Modern Comfort, and Quality Details—Aviara is proud to produce the boats that allow our consumers to command excellence. Our luxury day boats are distributed across North America through our dealer's 79 locations.



1

Dealer in North America



79

Locations in North America



We are committed to improving the boating experience of our consumers. This includes utilizing a comprehensive product development process to ensure the introduction of the most relevant products possible, as well as engaging in operational excellence to deploy a flexible and effective production system that ensures we design-in and build the highest level of quality. We are also committed to environmental sustainability, the health and safety of our employees, our role as stewards of the community, and following ethical business practices.

OUR APPROACH TO SUSTAINABILITY

As a company whose products are enjoyed outdoors on the water, we recognize the importance of social and environmental responsibility and global sustainability. We are committed to reducing our environmental impact, ensuring a healthy and safe workplace for our employees, and acting as a good corporate citizen in the communities we serve. We believe sustainability means making the best products in the best way possible.

We believe our MasterCraft brand is the only boat manufacturer in the marine industry to achieve all three prestigious International Organization for Standardization's (ISO) global certifications for quality (9001:2015), environmental (14001:2015), and safety management processes (OHSAS 18001:2007) across production and product-development systems. Note that as of October 2022, OHSAS 18001 will migrate to ISO 45001. This adherence to quality, environmental sustainability, and safety is evident in the boats we build and the comprehensive warranty we offer consumers to support our product craftsmanship.

As part of our focus on sustainability, we integrate environmental, social, and governance objectives into our decision making to deliver long-term value to all our stakeholders. In doing so, we are guided by our stakeholders and third-party frameworks including the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD). We hold ourselves accountable to the highest standards, striving for reductions in energy usage at all of our facilities, minimizing our environmental footprint, developing the safest and most sustainable products in the boating marketplace, all while keeping the safety and well-being of our employees at the forefront of everything we do.

Our senior management, including our CEO, are key in leading and overseeing our environmental, health, and safety programs. Our Nominating and Corporate Governance Committee of the Board of Directors

provides oversight of ESG matters. The committee regularly reviews, assesses, and reports to the full Board of Directors regarding the Company's policies, practices, goals, and programs relating to environmental, sustainability, corporate social responsibility, health, safety, and corporate governance matters.

Commitment to Quality, Safety, and Environmental Sustainability



We believe our MasterCraft brand is the only boat manufacturing facility to achieve compliance with three ISO standards:

- ISO 9001 Quality Management Systems
- ISO 14001 Environmental Management Systems
- ISO 45001 International Occupational Health and Safety Management System (Effective after our October, 2022 onsite audit)

ABOUT THIS REPORT

This report highlights our commitment to sustainability and provides information on our programs, policies, oversight, governance, and performance around the issues material to our company and our stakeholders. Unless otherwise specifically stated, this report covers the Company's performance and disclosures for the fiscal year ending June 30, 2022.

This report was prepared using the Task Force on Climate-related Financial Disclosure (TCFD) and Sustainability Accounting Standards Board's (SASB) Consumer Goods – Toys & Sporting Goods sector standard.

ENVIRONMENT



The Company is committed to operating and manufacturing our products sustainably while monitoring our environmental impact. It is our policy to comply with both the letter and the spirit of the applicable health, safety, and environmental laws and regulations and to attempt to develop a cooperative attitude with government inspection and enforcement officials.

OUR PRODUCTS

We are committed to designing boats that are safe and efficient. We have a long-standing partnership with Ilmor Engineering, our engine supplier at MasterCraft brand and Aviara. These engines meet the strictest requirements of not just the Environmental Protection Agency (EPA), but also California Air Resources Board (CARB) and EU Recreational Craft Directive (EU-RCD) standards. The Ilmor GDI class engine is one of the top 5-star emissions-rated gasoline marine engines in the world. The uniquely designed exhaust system includes new I-pipes, which reduce noise and vibration. Our partnerships with Yamaha and Mercury Marine align Aviara, Crest, and NauticStar with engine suppliers that share our drive for sustainable practices.

We work with all our suppliers to reduce engine and air emissions both in the production of and use of our products. We carefully source materials that have the least environmental impact, minimizing the risk of employee health hazards and maintaining a cleaner environment.



Zero-Emissions Boating

While currently in its infancy, we recognize the future opportunity of silent, zero-emissions electric boating. We are committed to establishing ourselves at the forefront of electric propulsion technology and related consumer trends. We strongly believe that as electric vehicle adoption in the automotive industry continues to increase, demand for electric boating products will also increase. As such, we have made financial and human-resource commitments to accelerate related R&D initiatives.

In the short term, we are launching a Crest low-voltage outboard propulsion boat for model year 2023 (July 1, 2023), called Crest Current. Following that, we expect to partner with a high-voltage battery and systems supplier to research future applications across our portfolio. Although we are committed to adapting to potentially shifting demands, we believe there is still a need for continued advancements in battery technology to bring forward a commercially viable product. Our goal is to be prepared to progress quickly once the requisite battery technology has been achieved.



EHS MANAGEMENT

Our four manufacturing facilities operate an Environmental, Health, and Safety (EHS) management system aligned with both the ISO 14001 Environmental Management Systems standard and the OHSAS 18001 International Occupational Health and Safety Management System standard. Our largest facility, the MasterCraft brand facility, is ISO 14001- and OHSAS 18001-certified.

We are committed to complying with all regulations and guidelines and, where applicable, exceeding them. Our EHS management includes policies and programs for identifying and minimizing environmental hazards. Our CEO and senior management discuss and address risks and opportunities related to environmental issues, as well as how to apply policies and strategies to address those in each aspect of the business. Our Director of Environmental, Health, and Safety has day-to-day management responsibility for executing our environmental and safety programs.

We are committed to continuously monitoring our environmental performance; efficiently using natural resources, including energy and water; reducing our emissions; consulting with stakeholders on environmental issues; and advocating environmental awareness.


We utilize our EHS policies to guide our environmental performance, including Standard Operating Procedures (SOPs) for Emergency Response, Spill Prevention, Chemical Management, Hazardous Waste Disposal, Air Pollution Control, and Hazard and Risk Assessments. We also actively monitor visible emissions, particulate matter, volatile organic compounds (VOC), and hazardous air pollutants (HAP) as part of our Title V permit requirements. Our Director of Environmental, Health, and Safety and our Nominating and Corporate Governance Committee oversee our EHS programs, with ultimate oversight residing with the Board of Directors.

We provide a range of EHS safety training on topics including spills, emergency response, hazardous materials, and machine guarding. As part of our safety training, all employees are provided with the personal protective equipment necessary to perform their job in a safe manner. Equipment such as respirators, protective clothing, gloves, hearing protection, hard hats, and safety glasses with side shields is issued according to the requirements of the job. In certain areas and on certain jobs, the wearing of protective equipment is mandatory.


MasterCraft Brand Resource Conservation

Part of operating world-class manufacturing facilities means we have formalized energy savings and recycling programs, which include extensive training for all employees and dedicated and coded recycle bins. Since the 2022 model year, these efforts have kept more than 262 tons of material out of local landfills.


Resources saved:

 **1,035,437**
kWh electricity

 **1,723,106**
gallons of water

 **24,998**
gallons of oil

 **895**
cubic yards of landfill space

 **5,910**
gallons of gasoline



2022 ENVIRONMENTAL PERFORMANCE DISCLOSURE

Scope 1 Carbon Emissions (mt CO ₂ e)	7,308
Scope 2 Carbon Emissions (mt CO ₂ e)	5,721
Total Electricity (kWh)	16,210,914
Water Usage (gallons)*	3,355,260
Hazardous Waste Total (mt)	201
Hazardous Waste Reused (fuel blender) (mt)	108
Hazardous Waste Incinerated (mt)	93
Recycling (tons)	844

*Water data covers MasterCraft brand, NauticStar, and Aviara; it does not include Crest.

CHEMICAL MANAGEMENT

The Company uses chemicals in the production of boats. As such, all relevant employees need to be knowledgeable about the chemicals used and stored on-site. Improper management of chemicals can lead to accidents, regulatory noncompliance, and unnecessary operational costs. Additionally, chemical usage affects the final manufactured product, which can have consequences if consumers expectations and product certification requirements are not met. As part of our chemical management program, we reduced acetone usage in our manufacturing process in favor of more environmentally friendly, water-based options.

Our chemical management system guides us to meet regulatory and consumer requirements, such as recordkeeping and reporting, proper storage and use, proper disposal, and product certification for chemicals introduced to our facilities. Economic benefits can also be realized through effective chemical management in the form of decreased liabilities (both present and future), as well as waste reduction.

Our Chemical Management System includes the following four elements:

- **Chemical inventory:** The Company maintains a complete inventory of the chemicals used at its facilities.
- **New chemical evaluation and approval process:** Proper chemical management begins before a new chemical is purchased for use at each facility. All new chemicals are reviewed and evaluated for regulatory and consumer requirements. Only after a thorough review and after approval is granted is any new chemical allowed on the facility property.
- **Procedures related to chemical storage, handling, and disposal:** Operating procedures are developed and implemented to address proper storage, handling/use, and disposal of chemicals and waste materials.
- **Compliance plan:** The Company maintains and assures ongoing compliance with applicable regulatory and permit requirements triggered by the storage, use, and disposal of chemicals used at its facilities.



SUGAR



TAKE CARE OF PEOPLE; WORK TOGETHER

“Take Care of People” and “Work Together” are core to our principles. We know that our team and our culture are essential to current and future success. That is why we invest every day in ensuring we offer a culture of caring for people first, working together as a team, and creating opportunity for our team to excel.

A SAFE WORKPLACE

We are focused on improving and innovating when it comes to the well-being of our dedicated workforce across our portfolio of brands. We take great care to ensure everyone at our Company is empowered to do their best work in a safe and well-managed environment. Closely connected to our ISO certifications, we drive this by maintaining our rigorous 5S+1 Program, a workplace organization process focused on housekeeping and safety.

In the past two years, our Job Hazard Assessment program has averaged 100 improvements to maintain a clean, safe, and healthy workplace. In addition, our ongoing industrial hygiene sampling and air ventilation equipment ensure the highest level of air quality throughout our facilities.

A vigorous training program ensures our team maintains professional safety standards, including documented lockout-tagout and machine-guarding programs.

We have also created a Kaizen (Japanese for improvement) Projects program and have completed more than 40 projects in the past two years.

OUR COMMITMENT TO SAFETY

2M +  safe work hours achieved

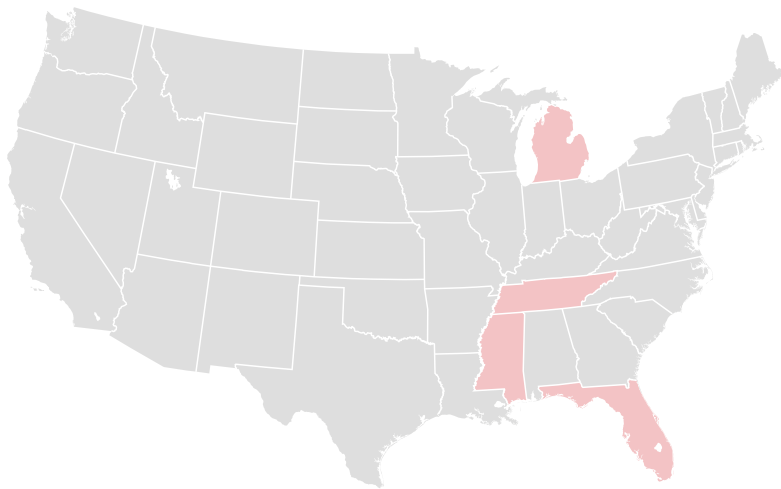
In 2022, we proudly completed a major milestone in workplace safety: over two million safe hours worked without a lost time incident, which continues to accumulate. This achievement took over 450 calendar days, or well over 1 year, without an incident to attain.

Achieving 2 million safe hours worked without a lost time incident showcases the Company’s continuous commitment to safety, an essential element of the Company’s core values in delivering world-class tow boats.

2022 SAFETY DISCLOSURE

RECORDABLE INCIDENT RATE	4.12
LOST TIME INCIDENT RATE	0.92
DAYS AWAY RESTRICTED TRANSFER (DART)	2.0

TALENT AND DEVELOPMENT



1,750 EMPLOYEES

as of June 30, 2022

360

Crest facility
in Michigan

785

MasterCraft facility
in Tennessee

375

NauticStar facility
in Mississippi

230

Aviara facility in
Florida

RECRUITMENT

We are deeply invested in attracting and developing the next generation of workforce talent to the boating industry. Attracting and retaining the best talent enables us to be a leading innovator, designer, manufacturer, and marketer of recreational powerboats. Annually, in sync with our fiscal year planning, leaders across the organization articulate staffing needs, which informs our training and development, as well as recruitment planning. Open roles are communicated broadly to help ensure a diverse candidate pool.

We have partnered with a range of educational institutions to foster future talent. For instance, our Crest and NauticStar brands partner with local technical colleges donating boats and supplies to provide real-world training opportunities for students seeking a career in the boating sector.

TRAINING AND DEVELOPMENT

We provide a robust training and development program to employees each year. This year, we added a Director of Training to expand focus on employee development at all levels. Our training programming spans quality and safety, skills, leadership and conduct and includes on-the-job, classroom, and online learning opportunities. Examples of topics addressed include:

- **Safety training:** spills, emergency response, hazardous materials, and machine guarding.
- **Skills training:** gel coating, ISO 9001, and quality systems.
- **Leadership and Conduct:** anti-harassment, drug-free workplace and substance abuse, whistleblowing, insider trading, and leadership capabilities.

In 2021, we began offering employees access to a third-party business training platform with live, online, and on-demand courses with experts in 20 categories.



Given the initial success of this partnership, we renewed the partnership and will formalize this offering in our broader training program going forward.

Another way we invest in our employee’s growth is by providing opportunities for developmental assignments. Employees are encouraged to share their goals with leaders, and leaders seek out opportunities to match employees with business needs while enhancing employees’ skillsets. We also provide reimbursement to employees to maintain business-relevant professional certifications.

Hourly employees in leadership roles are invited to join “lunch and learn” sessions tailored to fostering leadership skills, creating opportunity for mentorship, and preparing them for future leadership positions with the Company.

We invest in our leaders by providing access to leadership certification at the University of Tennessee.

Salaried employees receive annual reviews with individual development plans to articulate their career goals and how they and the company can work together to support their long-term success.

EMPLOYEE SATISFACTION AND TURNOVER






Our “Take Care of People” and “Work Together” operating principles are fundamental to our ability to provide a great place to work for all employees and to retain our team. We encourage frequent and open conversation between leaders and employees, with a spirit, of cooperation to create environments where

people engage in productive dialogue. We have an open-door policy articulated in our Employee Handbook. Additionally, we have an ethics hotline available to all employees. We monitor employee turnover and look for ways, informed by the data, to continuously improve retention. The data is reported monthly to senior leadership and regularly reviewed by our Board of Directors.

COMPENSATION AND BENEFITS

We provide competitive pay and a range of benefits designed to help our employees live healthy and well. Each year, we take time to review our benefits and vendors to ensure our team has the best choices at the best prices. Employees are eligible for benefits if they work at least 30 hours per week.

Benefits available to all full-time employees include:

-  Medical, dental, and vision insurance
-  Paid time off
-  401(k) retirement plan with company match
-  Life insurance and AD&D coverage
-  Discounts for a range of health and financial well-being services

Certain salaried employees are provided the opportunity for hybrid working arrangements that include remote work. MasterCraft-brand salaried employees are provided the opportunity to use new models of MasterCraft brand’s product lineup in their free time.

DIVERSITY, EQUITY, AND INCLUSION

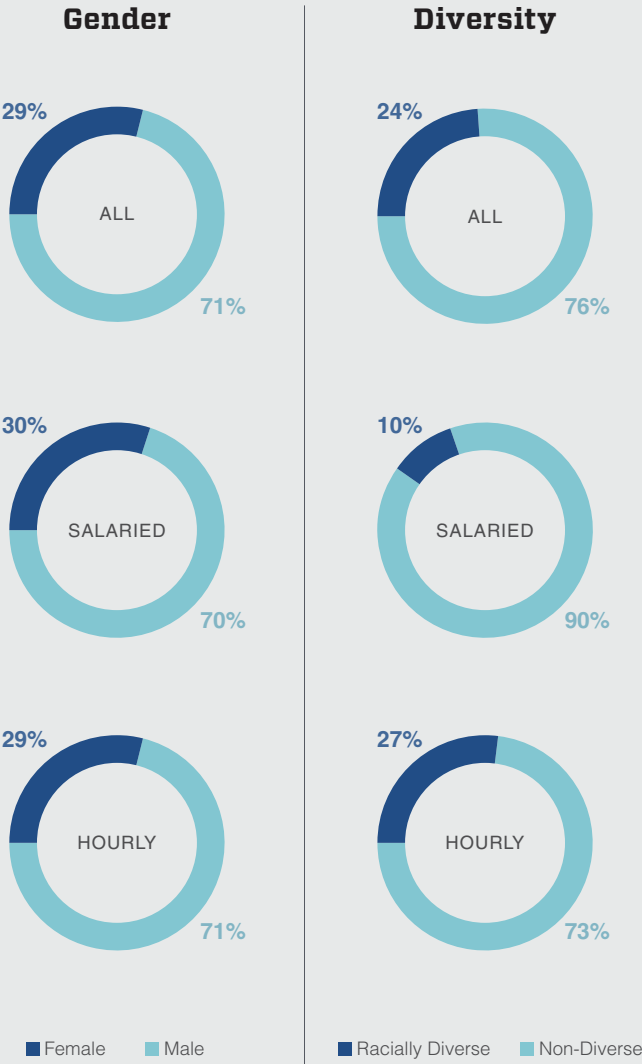


Diversity, Equity, and Inclusion (DEI) is critical to our success and is a commitment across our businesses. Our Vice President of Human Resources oversees our company-wide commitment to DEI and serves on the Company’s ESG Committee, which provides progress reports regularly to the Board of Directors. To ensure we foster and maintain a safe workplace, we provide annual anti-harassment training to all employees.

To provide equal employment and advancement opportunities for all individuals, employment decisions at the Company are based on merit, qualifications, and abilities. The Company does not discriminate with regard to employment opportunities or practices based on race, color, religion, sex, national origin, age, disability, genetic information, sexual orientation, gender identity, or any other legally protected statuses under applicable federal or state law.

The Company will make reasonable accommodations for qualified individuals with known disabilities who need accommodations to perform the essential functions of their job, unless doing so would impose an undue hardship on the Company. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

2022 WORKFORCE DIVERSITY





Stewards of Our Community

Our passion for excellence extends beyond the walls of our facilities. Our hope is to improve the trajectory of our communities and instill strong values by collaborating with organizations that help make our world better. Our brands sponsor boating safety and awareness events worldwide, and we are proud of sponsoring local youth sports teams throughout the communities we serve. Additionally, we are honored to sponsor a local chapter of the National Court Appointed Special Advocates Association supporting abused or neglected children.

Crest Boat Donation

Crest hosted its fifth annual Pontoon Raffle, benefitting the Owosso Career & Technical Education Fund with proceeds.

Aviara Toy Drive

During Christmas, Aviara hosted its first annual toy drive for the children of Brevard County.



Let Her Rip is about empowering confidence in and behind the boat and on and off the water. Building on the momentum from its inaugural year in 2021, Let Her Rip has grown to include even more exceptional female athletes and leaders, as well as women-led brands and MasterCraft brand partners. Let Her Rip is about sharing stories of inspirational women who relentlessly chase their goals while encouraging others to do the same. Now in its second year, MasterCraft brand is hitting the road and hosting six clinics across the United States to help build camaraderie and confidence while driving, riding, or learning new tricks.

LET HER RIP IS SUPPORTED BY:



NOMADIX



LIQUID FORCE



Organizations Supported

- Boys & Girls Clubs of America
- Court Appointed Special Advocates for Children
- Family Resource Center
- Kiwanis International
- Lions Clubs International
- Loaves & Fishes
- Local Schools and Athletic Teams
- Making Arts Come Alive
- Local Parks and Recreation
- StraightWay Ministry
- Toys for Tots
- United Way

INTEGRITY



COMPLIANCE AND ETHICS

At our Company, we adhere to strict ethical business practices across our entire organization. Our CFO has primary oversight of these practices, but all employees are responsible for assuring compliance. Ultimate oversight is the responsibility of our Board of Directors, which is briefed on any significant compliance issues and concerns at every board meeting.

All directors and employees, including our executive and financial officers must adhere to our [Code of Ethics and Conduct](#) (“the Code of Conduct”), which covers topics such as conflicts of interest, insider trading, gifts and favors, political contributions, discrimination and harassment, and environmental protection. We also have a separate sexual harassment policy, as well as a non-violence policy, that applies to all employees.

To help assure compliance, our Company requires an annual review and sign-off of the Code of Conduct by all employees, as well as holds regular “lunch and learns” on various ethical issues for employees. As fraud is an important concern, we undertake many initiatives to mitigate the risk. Senior managers must complete quarterly surveys proactively asking them about any possible fraud and, yearly, management participates in an assessment of potential fraud risks and the mitigation measures in place. We also have extensive surveillance systems around all facilities to help deter unethical behaviors.

Whistleblower Program

As we promote ethical behavior at all times, we encourage anyone that has a concern to talk to their supervisor, manager, or any other appropriate personnel, including any executive. The Company has a 24/7 hotline and email portal hosted by a third-party and is available in the local language of all areas in which

we operate. The existence of these is communicated to all employees upon hiring, and is also part of the annual Code of Conduct training. There are also posters prominently displayed throughout our facilities with the contact information. Through these means, reports can be made anonymously and, if requested, confidentiality can be maintained.

Once a report is made, it goes into a database and is emailed to the Chair of the Audit Committee of the Board of Directors. The Chair then determines the appropriate persons to investigate the report, and it is tracked until resolved. The company does not tolerate retaliation for reports made in good faith. Retaliation or retribution against anyone for a report made in good faith is cause for appropriate disciplinary action.

PRODUCT QUALITY AND SAFETY

We practice rigorous and consumer-centric attention to detail in the design and manufacturing of our products. Our high-quality boats provide an exceptional on-water experience across our brands. Our dedication to quality allows our consumers to enjoy our products with confidence. The Company is dedicated to consumer satisfaction by providing products and services that exceed expectations. The core fundamentals for achieving our commitment include the following:

- A clear understanding of consumer expectations, requirements, and desires for ultimate satisfaction.
- Compliance with statutory, regulatory, and industry requirements.
- Continuous improvement of our Quality Management System.
- Enabling every employee to do their job right the first time, every time.



Our product quality and safety practices are overseen by our Vice President of Quality, as well as our chief engineers. Our Chief Risk Officer also has oversight over any safety labels and manuals. All employees are, at a minimum, trained annually on all safety and quality procedures. All relevant employees are also trained as new models are developed and/or changes are made to existing models.

Our Company's VP, Chief Financial Officer, Treasurer and Secretary, Tim Oxley, represents the Company and serves on the Boating Industry Risk Management Council, a National Marine Manufacturer Association committee dedicated to promoting boating safety through product integrity and accident prevention. He also serves on the Water Sports Industry Association (WSIA).

Our quality management systems at all of our manufacturing facilities are ISO 9001 compliant, and the MasterCraft brand facility is ISO 9001 certified. All of our boats are also certified by the National Marine Manufacturer's Association (NMMA) and the U.S. Coast Guard.

Our agreements with our top strategic suppliers outline our quality expectations, and we provide a detailed quality manual to ensure our high standards are thoroughly communicated. When we begin doing business with a new supplier, we often conduct a site visit to ensure our quality standards and expectations are clearly communicated. We only purchase NMMA-certified parts, and we conduct supplier quality audits on a case-by-case basis. We maintain a supplier scorecard with key metrics and intervene if a supplier does not meet our standards. We will work together with them to address challenges and will place a moratorium on incremental business with a supplier if successful resolution is not achieved in a reasonable timeframe.

Customer Satisfaction Index (CSI) Award

- The CSI Award was developed by the National Marine Manufacturers Association (NMMA) with the intent to create a program that would raise the bar for boat-owner satisfaction, improving the overall consumer experience to ultimately support long-term growth opportunities for the industry. The CSI Award sends surveys to new boat owners during the first year of ownership, and an independent third party provides data collection and reporting on behalf of the NMMA. Boats must average a score of 90 or above (on a 100 point scale) on Overall Satisfaction on all consumer surveys during the calendar year to qualify for the annual award.
- The Company's goal is for all its brands to achieve the CSI award every year. Our MasterCraft brand has won the award for **11 consecutive years** and 15 out of the last 18 years. The Crest brand has **won the award for three years in a row**, every year since being acquired by the Company.



11 consecutive years
MASTERCRAFT BRAND

3 consecutive years
CREST BRAND



SUPPLY CHAIN MANAGEMENT

The Company's approach to supply chain management allows us to successfully introduce new products that meet consumer expectations. We are focused on working with our supply chain partners to enable world-class quality, continuous product innovation, and cost improvement. We purchase a wide variety of raw materials from our supplier base, including resins, fiberglass, aluminum, lumber, and steel, as well as product parts and components such as engines and electronic controls. We maintain long-term contracts with strategic suppliers who understand our commitment to world-class quality and innovation, as well as our values. We expect all suppliers to engage in lawful and ethical business practices. Over the last several years, we have strengthened our Supply Chain team by nearly doubling headcount, including the addition of many industry veterans. This has allowed us to not only expertly navigate through the recently challenging supply chain environment but also to focus on closer relationships and greater collaboration with our key supply chain partners. The people and capabilities we have added through these investments allow us to ensure we partner with outstanding suppliers that share our values and meet our high expectations for performance and integrity.

Supply chain oversight is led by our Vice President of Supply Chain, who works closely with our Vice President of Quality, Chief Product Officer, Chief Financial Officer, and Chief Executive Officer to improve process and cost, mitigate risk, ensure quality, and on-time delivery. Our board of directors receives quarterly reporting on supply chain performance.

CONFLICT MINERALS

We are dedicated to eliminating the use of conflict minerals (tantalum, tin, tungsten, and gold) that originate from mines controlled by non-governmental groups in the Democratic Republic of Congo or adjoining countries that contribute to human rights abuses including human trafficking, inhumane treatment, forced labor, child labor, war crimes, or crimes against humanity.

We annually survey our suppliers to determine their compliance with the Conflict Minerals Rule, using accepted due diligence reporting processes. Our suppliers are expected to extend this requirement to their supply chains and request their compliance with the Conflict Minerals Rule. We will endeavor to identify suppliers who do not properly assess the sources of conflict minerals in their supply chains and will take appropriate corrective actions, which may include discontinuation of business. Non-compliance with this policy is a factor influencing future sourcing decisions in our desire to source materials from socially responsible suppliers.

APPENDIX

SUSTAINABILITY ACCOUNTING STANDARDS BOARD'S CONSUMER GOODS - TOYS & SPORTING GOODS STANDARD INDEX

ACCOUNTING METRIC	CODE	DISCLOSURE
Chemical & Safety Hazards of Products		
Number of (1) recalls and (2) total units recalled	CG-TS-250a.1	(1) 1 recall, related to an installed supplier component on our MasterCraft Brand and Aviaara boats. (2) MasterCraft brand: 3,995 units Aviaara: 9 units
Number of Letters of Advice (LOA) received	CG-TS-250a.2	No Letters of Advice (LOA) received
Total amount of monetary losses as a result of legal proceedings associated with product safety	CG-TS-250a.3	No material losses
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-TS-250a.4	See the Chemicals Management section of this report
Activity Metric		
Annual production	CG-TS-000.A	Fiscal 2022 Unit Sales <ul style="list-style-type: none"> • MasterCraft brand: 3,596 • Crest: 3,156 • NauticStar: 1,365 • Aviaara: 100
Number of manufacturing facilities, percentage outsourced	CG-TS-000.B	Four manufacturing facilities, 0% outsourced: <ul style="list-style-type: none"> • MasterCraft brand boats and trailers are manufactured and lake-tested at our 285,000-square-foot facility located in Vonore, Tennessee. • Crest boats are manufactured at our 150,000-square-foot facility located in Owosso, Michigan. • NauticStar boats are manufactured at our 225,000-square-foot facility located in Amory, Mississippi. • Aviaara boats are manufactured at our 140,000-square-foot facility in Merritt Island, Florida.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES INDEX

The Company's approach to our disclosure of climate-related risks and opportunities is aligned with the TCFD recommendations. The TCFD provides a framework of recommended disclosures for companies like the Company. The TCFD framework allows us to assess and communicate to our stakeholders how we believe our product portfolio might be impacted by an energy transition using different assumptions over time.

CLIMATE CHANGE GOVERNANCE

a) Board Oversight

Our Board of Directors oversees an enterprise-wide approach and the long-term success of our business, including the Company's strategy, mission, and risk profile. ESG risks, including those related to climate and environmental performance, are a top priority of the Board and are reviewed by the Board collectively. Our Board designates two or more of its members to constitute our Nominating and Corporate Governance Committee and designates one of the members as Committee Chair. The Nominating and Corporate Governance Committee reviews, assesses, and reports to the Board regularly regarding the Company's policies, practices, goals, and programs relating to environmental, sustainability, corporate social responsibility, health, safety, and corporate governance matters.

b) Management Role

Our senior management, including our Director of Environmental, Health, and Safety and our CEO, regularly discusses risks and opportunities including those related to environmental issues, and how to apply policies and strategies to address those in each aspect of the business. Our senior management reports to the Board regarding its assessment of climate-related risks that could have a significant impact on the Company and possible mitigating strategies.

STRATEGY

The Company considers potential climate-related risks across its operational strategy and planning. The nature of these risks depends on the physical aspects of climate change, market regulations, and investor and societal pressure to reduce our carbon footprint and our ability to understand and respond to rapidly evolving developments. Our identified risks include the following:

Transitional Risks: An increase in energy costs might materially adversely affect our business, financial condition, and results of operations. Higher energy costs result in increases in operating expenses at our manufacturing facilities and in the expense of shipping products to our dealers. In addition, increases in energy costs might adversely affect the pricing and availability of petroleum-based raw materials, such as resins and foams that are used in our products. Higher fuel prices may also have an adverse effect on demand for our boats, as they increase the cost of boat ownership and possibly affect product use.

Acute Physical Risks: The Company considers acute physical risks (including floods, tornadoes, and hurricanes) in our risk assessments. Changes in seasonal weather conditions can have a significant effect on our operating and financial results. Sales of our boats are typically stronger just before and during spring and summer, and favorable weather during these months generally has had a positive effect on consumer demand. Conversely,

unseasonably cool weather, excessive rainfall, or drought conditions during these periods can reduce or change the timing of demand. Climate change could have an impact on longer-term natural weather trends, resulting in environmental changes including, but not limited to, increases in severe weather; changing sea levels; changes in sea, land, and air temperatures; poor water conditions; or reduced access to water, could disrupt or negatively affect our business.

To manage our climate-related risks, our executive leadership and our Board of Directors monitor changing consumer demand, regulatory requirements and other impacts to our business. We are focused on addressing our identified climate change-related risks.

RISK MANAGEMENT

Our process for integrating risk management throughout the business includes identifying, evaluating, and addressing ESG risks and opportunities on a regular basis. The risks and impacts associated with our business require effective collaboration among departments, business units, and external stakeholders.

Our company leadership, board of directors, and Chief Risk Officer are focused on managing and mitigating various risks to our business and financial performance, including climate change-related risks. Additionally, the Audit Committee regularly discusses with management and independent and internal auditors the Company's major risk exposure and control such exposure, including the Company's risk assessment and risk management policies. This would include (but would not be limited to) reviewing and providing oversight to the Company's enterprise risk management program and climate-related risks. Such risk-management topics are reviewed and discussed on a regular basis among our leadership team across the entire organization. Consideration of such risks is implemented as part of operating and investment decision-making process, in all aspects of the business as part of our standard risk-management approach.

METRICS AND TARGETS

Our Efficiency: We monitor our energy use and efficiency. As a light manufacturing company, energy use is our principal source of emissions.

Metrics

Scope 1: 7,308 mt CO₂e

Scope 2: 5,721 mt CO₂e

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If you have any questions regarding this
Sustainability Report, please contact us at
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BOAT HOLDINGS INC.***