

# 2023



# SUSTAINABILITY



# REPORT

**MASTERCRAFT  
BOAT HOLDINGS INC.**



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# A MESSAGE FROM OUR CEO



## Dear Stakeholders,

At MasterCraft Boat Holdings, we understand the importance of sustainability, because boating is about enjoying the outdoors and doing it with family and friends. We are passionate about boating and seek to instill in others our sense of excitement and exhilaration about being on the water.

In this, our second annual Sustainability Report, I am pleased to share highlights of our progress on and achievements in promoting social and environmental responsibility. Our Company's success is due to the dedicated work of our employees and the loyalty of our customers. We know we have to continue to deliver value to them to support our long-term success.

Some highlights from fiscal year 2023 featured in this report include,

- Significantly expanded our waste recycling program to nearly double the reported waste that is recycled or reused
- Conducted an employee engagement survey to identify and help drive future priorities
- Developed and implemented a Supplier Code of Conduct setting forth our supplier responsibility expectations

- Implemented an Environmental Policy guiding our commitment to safeguard natural resources and protect the environment as part of our daily operations
- Adopted a Human Rights Policy to affirm our long-standing support for protecting basic human rights

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 manufacturing facilities operate in alignment with the ISO 14001 Environmental Management Systems standard, the ISO 9001 Quality Management Systems standard, and the ISO 45001 International Occupational Health and Safety Management System standard. Our largest facility, the MasterCraft brand facility, is certified in all three standards.

Thank you for your interest in MasterCraft Boat Holdings and what we are doing to advance sustainability at our Company and across the industry.

A handwritten signature in black ink, appearing to read "Frederick A. Brightbill". The signature is fluid and cursive, written over a dark background.

**Frederick A. Brightbill**  
CEO and Chairman of the Board

# ABOUT MASTERCRAFT BOAT HOLDINGS, INC.

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

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

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



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

**\$662M**  
2023 revenue

**~1,060**  
employees

**3 LEADING BRANDS:**

MasterCraft  CREST  AVIARA

# WE ARE COMMITTED TO ENSURING A GREAT CONSUMER BOATING EXPERIENCE

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 and build at 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.

## PERFORMANCE SPORTS BOATS

### MasterCraft

MasterCraft brand offers the most extensive solutions for on-the-water fun with 151 MasterCraft brand dealers and 17 models in our lineup. For more than 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.

 **108**  
Dealers in North America

 **158**  
Locations in North America

 **43**  
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 148 dealers across 185 locations in North America, as well as 2 international dealers.

 **148**  
Dealers in  
North America

 **185**  
Locations in  
North America

 **2**  
International  
Dealers

## LUXURY DAY BOATS



The Aviara brand focuses 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 57 locations.

 **1**  
Dealer in  
North America

 **57**  
Locations in  
North America

# OUR APPROACH TO SUSTAINABILITY

Boating means being outdoors and on the water, which is why we have a strong understanding of the importance of environmental and social responsibility. We are committed to reducing our environmental impact, ensuring a healthy and safe workplace for our employees, and to acting as a good corporate citizen in the communities we serve. We believe sustainability means making the best products in the best way possible.

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. 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 (ISO 45001:2018) across production and product-development systems.

As part of our focus on sustainability, we integrate environmental, social, and governance objectives into our decision-making to deliver long-term value for 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 to reduce energy usage at our facilities, minimize our environmental footprint and develop 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, is 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. Every quarter, the

committee 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






## 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, 2023. Performance data for fiscal year 2023 excludes NauticStar following completion of the sale of the business on September 2, 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.

# STAKEHOLDER ENGAGEMENT

As part of our efforts to continuously enhance our ESG program, MasterCraft embraces the opportunity to engage with our stakeholders. This engagement occurs through both formal processes and informal interaction.

Stakeholders	Communications
<p>INVESTORS</p> 	<ul style="list-style-type: none"><li>• Annual Report and Proxy Statement</li><li>• Sustainability Report</li><li>• Annual Shareholder Meeting</li><li>• Conference Calls</li><li>• Non-Deal Roadshows</li><li>• Conferences</li><li>• <a href="#">Investor Relations Website</a></li></ul>
<p>CUSTOMERS</p> 	<ul style="list-style-type: none"><li>• Social Media</li><li>• Factory Concierge</li><li>• Customer Service Index (CSI) and Net Promoter Score (NPS)</li><li>• Customer and Lead Surveys</li><li>• Brand Website and Managed Community Forum</li></ul>
<p>EMPLOYEES</p> 	<ul style="list-style-type: none"><li>• Trainings</li><li>• Surveys to Monitor Satisfaction and Engagement</li><li>• Formal Reporting Mechanisms for Issues, such as Ethics and Compliance or Harassment</li><li>• Employee Town Halls</li></ul>
<p>SUPPLIERS</p> 	<ul style="list-style-type: none"><li>• Information Sharing Requests through Supplier Profile Form</li><li>• Communications with Suppliers Concerning our Supplier Code of Conduct</li><li>• Surveys Associated with Conflict Minerals Management</li><li>• Supplier Dashboard / Scorecard</li></ul>
<p>COMMUNITIES</p> 	<ul style="list-style-type: none"><li>• Active Volunteer Participation by Our Employees in the Communities where We Operate</li></ul>



# ENVIRONMENT



Mastercraft Boat Holdings is committed to operating sustainably while monitoring our environmental impact. We are guided by our [Environmental Policy](#). It is our policy to comply with both the letter and the spirit of the applicable health, safety, and environmental laws and regulations.

## OUR BOATS

We are committed to designing boats that are safe and efficient. We work with our suppliers to reduce engine and air emissions, in both 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.

We have a long-standing partnership with Ilmor Engineering, our engine supplier, at MasterCraft brand and Aviaara. These engines meet the strictest requirements of not just the Environmental Protection Agency (EPA), but also of the 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 Aviaara and Crest with engine suppliers that share our drive for sustainable practices.

## Crest Current - Eco-Friendly Electric Pontoon Boats

For model year 2023, we launched the Crest Current, a low-voltage, electric outboard-propulsion pontoon boat. The Current offers comfort and innovation leveraged to deliver an electric pontoon that is superior to any other on the market. Direct-drive technology provides customers efficient, clean power while staying maintenance-free.



## Ilmor Supercharged - Highest Emissions-rated Powerboat Engine

For model year 2023, Ilmor and MasterCraft launched the most powerful towboat engine and the highest emissions-rated powerboat engine over 500 horsepower. Exclusive to MasterCraft, the Supercharged 6.2L engine, boasts 630 horsepower, 665 lb.-ft of torque, and was the recipient of the 2022 National Marine Manufacturers Association Innovation Award.





## EHS MANAGEMENT

Our three manufacturing facilities operate an Environmental, Health, and Safety (EHS) management system aligned with both the ISO 14001 Environmental Management Systems standard and the ISO 45001 International Occupational Health and Safety Management System standard. Our largest facility, the MasterCraft brand facility, is ISO 14001- and ISO 45001-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 VP of Operations, who reports directly to the CEO, is responsible for ensuring the existence of appropriate environmental management systems. Our Director of Environmental, Health, and Safety has day-to-day management responsibility for executing our environmental and safety programs.

Our Director of EHS conducts quarterly internal audits at each of our manufacturing facilities to ensure compliance and environmental adherence.

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.

In 2023, led by our Director of Training, we further developed our EHS training programs that provide a range of 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.



### Enhanced Recycling Initiative

During fiscal year 2023, we significantly enhanced our recycling program to reuse and recycle more waste streams. Additionally, we are also doing a better job collecting data on our recycled waste for better reporting on our work. As a result, we recycled 1,091 tons of material in FY 2023 versus 594 tons in our rebased FY 2022, which provides a like-for-like comparison, excluding NauticStar.

We recycle or reuse:


- Steel
- Single stream waste
- Aluminum
- Cardboard and paper
- Pallets
- Water from water fountains in manufacturing operations

### MasterCraft Brand Resource Conservation

Part of running world-class manufacturing facilities means we have formalized recycling programs for electricity, gasoline, oil, and water, which includes extensive training for all employees and dedicated and coded recycle bins. From the 2023 model year, these efforts have kept approximately 400 tons of material out of local landfills, conserving the resources listed on the right.


### Our MasterCraft Brand Recycling Program Avoided Resource Usage Of:

 **1,300,384**  
kWh electricity

 **2,211,916**  
gallons of water

 **31,919**  
gallons of oil

 **1,110**  
cubic yards of landfill space

 **7,584**  
gallons of gasoline

## 2023 ENVIRONMENTAL PERFORMANCE DISCLOSURE

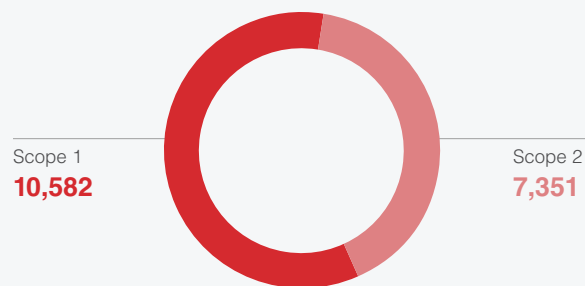
Scope 1 Emissions (mt CO <sub>2</sub> e)	10,582
Scope 2 Emissions (mt CO <sub>2</sub> e)	7,351
Total Scope 1 + 2 (mt CO <sub>2</sub> e)	17,933
Total Electricity (kWh)	13,014,348
Water Usage (gallons)*	2,754,900
Hazardous Waste Total (mt)	96
Hazardous Waste Reused (fuel blender) (mt)	93
Hazardous Waste Incinerated (mt)	0.2
Recycling (tons)	1,091

\*Water data covers MasterCraft brand and Aviara; it does not include Crest, which uses unmetered well water.

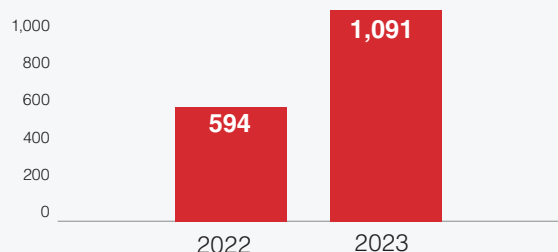
\*\*FY 2023 data reflects divestment of NauticStar and improved data collection.

\*\*\*FY 2022 rebased to exclude NauticStar.

## FY 2023 Greenhouse Gas Emissions (mt CO<sub>2</sub>e)\*\*



## Recycling (tons)\*\*\*



## 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. In 2023, we increased our focus on chemical management, including developing enhanced training programs.

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.

# SOCIAL





## TAKE CARE OF PEOPLE; WORK TOGETHER

We know that our team and our culture are essential to our current and future success. That is why we invest every day in ensuring we offer a culture dedicated to our core principles to “take care of people” and “work together” to create opportunities for our team to excel.

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 three 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 create the highest level of air quality throughout our facilities. In the event an incident does occur in our facilities, we upgraded our facility alert system in 2023 to better notify all workers.

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

**4M+** safe work hours achieved

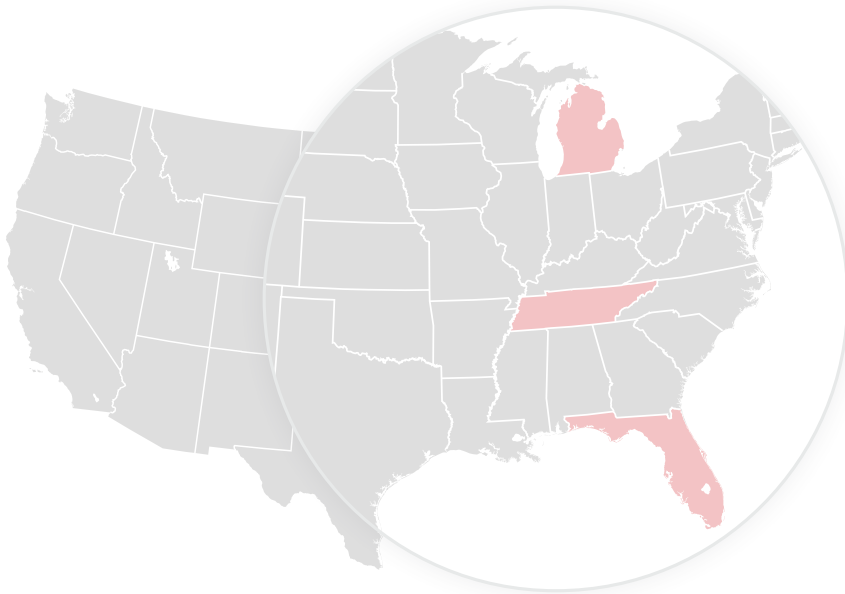
In 2023, we proudly completed a major milestone in workplace safety: over four million safe hours worked without a lost time incident, up from the over two million hours we reported last year. This achievement took 2.5 years, without an incident to attain.

Achieving more than 4 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 boats.

## 2023 SAFETY DISCLOSURE

RECORDABLE INCIDENT RATE	3.31
LOST TIME INCIDENT RATE	0.32
DAYS AWAY RESTRICTED TRANSFER (DART)	1.34
FATALITIES	0

# TALENT AND DEVELOPMENT



**~1,060 EMPLOYEES**

as of June 30, 2023

**260**

Crest facility in Michigan

**560**

MasterCraft facility in Tennessee

**240**

Aviara facility in Florida

## RECRUITMENT

Attracting and retaining the best talent enables us to be a leading innovator, designer, manufacturer, and marketer of recreational powerboats. We remain deeply invested in attracting and developing the next generation of workforce talent to the boating industry. 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 brand partners with local technical colleges donating boats and supplies to provide real-world training opportunities for students seeking a career in the boating sector. Additionally, we have an internship program designed to identify, develop, evaluate, and hire high-potential candidates. This year, we had 15 interns join our Design, Finance, Manufacturing, Marketing, Purchasing, and Quality teams.

## TRAINING AND DEVELOPMENT

We provide a robust training and development program to employees each year. Through the addition of a Director of Training last year, we expanded and formalized our training program, providing greater focus on employee development at all levels. Our training programming spans quality and safety, practical 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, and gel coat repair.
- **Leadership and conduct:** anti-harassment, drug-free workplace and substance abuse, whistleblowing, insider trading, and leadership capabilities.



Last year, we launched the MasterCraft Leadership Academy, allowing new leaders and supervisors to access formal trainings. Topics in our new training programs include, but are not limited to, Unconscious Bias; Diversity, Equity, and Inclusion; Growing Employee Engagement; and Emotional Intelligence. Hourly employees are provided ad-hoc trainings.

As part of our efforts to further develop employee skills and understand gaps in our training program, we partnered with a third party to host an event where employees could share feedback on training topics and skills they wished to achieve. As a response to employee feedback, Mastercraft rolled out new trainings in 2023, including a basic Microsoft Excel training and Excel for Leadership. We plan to further engage employees and use feedback to shape future training programs at MasterCraft.

We also offer employees access to a third-party business-training platform with live, online, and on-demand courses with experts in 20 categories.

Another way we invest in our employees' 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. Additionally, we 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 RETENTION

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. In 2023, we conducted an employee engagement survey to understand how our employees feel about their experiences with coworkers, supervisors, and their jobs. Employees at all three sites were invited to complete the survey. Survey results were shared with each department to review the results.

We encourage frequent and open conversation between leaders and employees, in the spirit of cooperation, to create environments where people engage in productive dialogue. As a result of the employee engagement survey, MasterCraft managers began hosting quarterly team meetings at each site, where employees can provide feedback. We also have an open-door policy articulated in our Employee Handbook. Additionally, we have an ethics hotline available to all employees.

To help onboard new employees, we launched the Wave Team. Employees from various departments are paired with new employees to welcome them to MasterCraft and make introductions.

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.

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.

### 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

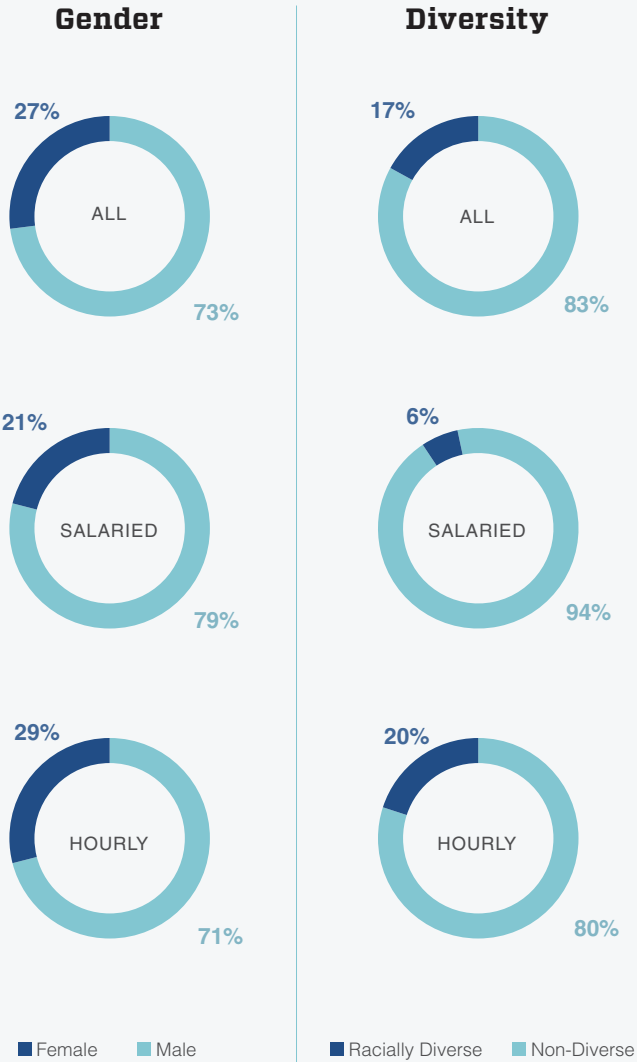
# DIVERSITY, EQUITY, AND INCLUSION

The ability to attract and develop talent with diverse perspectives, experiences, and skills is critical to our success. We are committed to fostering diversity, including gender representation, at the Company, including in executive management. Our Vice President of Human Resources oversees our company-wide commitment to diversity, equity, and inclusion (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.

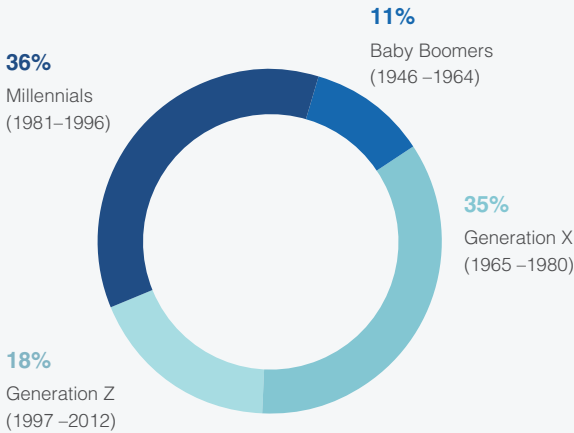
To provide equal employment and advancement opportunities for all individuals employment decisions at the Company are based on merit, qualifications, and abilities. The Company does not discriminate with regard to employment opportunities or practices based on race, color, religion, sex, national origin, 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.

## 2023 WORKFORCE DIVERSITY



## WORKFORCE AGE



# STEWARDS OF OUR COMMUNITY

At MasterCraft, 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.

Mastercraft's lead program, "Let Her Rip", supports the on-going push to inspire and empower women to have confidence in their abilities in and behind the boat and to challenge others to do the same, both in the water sports industry and beyond.

## Douglas-Cherokee Economic Authority

MasterCraft Boat Company donated over four wagons of non-perishable food items to the local Douglas-Cherokee Economic Authority. Douglas-Cherokee provides resources, tools, and opportunities to low-income families in need.

## Monroe County's Isaiah House 117

MasterCraft held a spring car show that raised more than \$16,000 for Monroe County's Isaiah House 117. More than 100 cars participated in the car show, where we also had concessions, face painting and vendors. Spectators came out and voted for their favorite vehicle by putting money in donation boxes placed in the front of the car. Isaiah House 117's mission is to reduce the trauma for children awaiting placement into foster care. Isaiah House 117 provides a safe, comforting home with friendly volunteers for children who are removed from their homes out of concern for their safety.

## Angel Tree Program Collaboration

MasterCraft Boat Company partners with the Angel Tree Program because we believe that every child deserves to feel the joy of Christmas. The Angel Tree program provides new clothing and toys to more than one million children in need every year. Last year MasterCraft employees donated and fulfilled more than 50 Christmas wish lists. The Angel Tree, in conjunction with Monroe County's United Way, distributed the gifts to the families in need for Christmas morning.



## Organizations Supported

- Isaiah House
- 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
- St. Jude Children's Research Hospital



MasterCraft's Let Her Rip is about empowering confidence in and behind the boat and on and off the water. Since 2021, Let Her Rip has continued to grow 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.



## Surf to Save Lives Campaign

In May 2023, MasterCraft launched the Surf to Save Lives campaign as part of the Company's new partnership with St. Jude Children's Research Hospital®. The goal of the campaign is to bring together the boating community to raise awareness and support the work of St. Jude in researching and treating childhood cancer and other catastrophic pediatric diseases. The campaign allows any boat owner from anywhere in the country to raise funds while enjoying their favorite tow sports, such as wakeboarding, water-skiing, or wakesurfing. From the launch of the campaign on May 10, 2023, to October 1, 2023, MasterCraft will donate \$1 for every minute of on-water activity logged on the MasterCraft app, with a maximum donation of \$75,000.



Additionally, MasterCraft employees can make a pledge to St. Jude through an Employee Giving Program. We also hosted St. Jude Surf to Save Lives activations around the American Century Celebrity (ACC) Golf Tournament in Lake Tahoe, California, in July, as well as on-water demo days, providing consumers an opportunity to partake in the campaign.

# INTEGRITY





## COMPLIANCE AND ETHICS

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 nonviolence policy, that applies to all employees.

To help assure compliance, our Company requires at hire and annually thereafter a review and sign-off of the Code of Conduct by all employees. We offer a rotation of HR trainings, which includes ethics topics, such as anti-corruption, as well as holding regular “lunch and learns” on various ethical issues for employees, including management. Monthly cybersecurity trainings also include ethics topics, such as bribery.

As fraud is an important concern, we undertake many initiatives to mitigate the risk. We hold a quarterly meeting with our Chief Information Officer, Chief Financial Officer, and Chief Revenue Officer on potential risks and how to mitigate them. 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 to our employees, as well as externally to others including suppliers and customers. The hotline is communicated to all employees upon hiring, and it 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.

If a report is made, we follow our incident investigation process. The report is logged into our 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. The report is tracked until resolved, including any corrective actions taken. We monitor internal compliance with our Code of Conduct and the resolution of each hotline report and report this information to the Audit Committee of the Board of Directors on a quarterly basis.

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

Our high-quality boats provide an exceptional on-water experience across our brands. We practice rigorous and consumer-centric attention to detail in the design and manufacturing of our products. Our dedication to quality and safety 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. Every year, our senior executive team presents findings from the Customer Satisfaction Index (CSI) of all brands and presents observations and solutions to improve any issues, if needed, to the Board.

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. The Company's goal is for all its brands to achieve the CSI Award every year. Our MasterCraft brand has won the award for 15 of the last 19 years. The Crest brand has won the award for four years in a row, every year since being acquired by the Company.

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. Across all brands, we set high standards for product quality and safety: zero buybacks, zero safety incidents, and a 100% CSI score.

Our Company's VP, Chief Financial Officer, Treasurer, and Secretary 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 our manufacturing facilities are ISO 9001 compliant, and the MasterCraft brand facility is ISO 9001 certified. All our boats are also certified by the National Marine Manufacturer's Association (NMMA) and the U.S. Coast Guard. As part of the ISO 9001 certification process, an internal audit is conducted once every three years. Annual safety audits are conducted at all three brands, as part of the NMMA certification. Additionally, the Company uses a third party to evaluate items for product safety and audits the owners' manuals to make sure that the language remains accurate and precise for all customers.

Guided by the American Boat and Yacht Council (ABYC), NMMA, and the U.S. Coast Guard, we conduct a series of safety and quality tests with every new model of boat. In 2023, we enhanced our product quality tests. For example, we increased the length of time all new boats are tested on water from 20 minutes to 90 minutes. We also expanded the tests that are conducted to ensure that all boats match customer and dealer needs, including examining the wakes of waves.

### 90 Days of Summer

The days between Memorial Day and Labor Day are some of the busiest days for boating during the year. To make sure we are prepared to respond to incidents (issues) and minimize time off the water for our customers, we created an initiative called the "90 Days of Summer." During those 90 days, we elevate all safety, mobility, and major function issues to ensure they are responded to and addressed quickly. There are also weekly meetings to discuss any tracked occurrences so we can take actions, if needed, to minimize other boaters experiencing one of the issues.





## SUPPLY CHAIN MANAGEMENT

Our commitment to integrity extends to our supply base. We are focused on working with our supply-chain partners to enable world-class quality, continuous product innovation, and cost improvement. The Company's approach to supply chain management allows us to successfully introduce new products that meet consumer expectations. 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.

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.

To outline our expectations and robust quality standards of our suppliers, in 2023, we developed a [Supplier Code of Conduct](#). We communicated the Supplier Code of Conduct to existing MasterCraft suppliers and set a goal to document acknowledgements from the top 80% of spend. More than 93% of suppliers (on a spend basis) acknowledged Supplier Code of Conduct by June 30, 2023. For all new suppliers, we provide the Supplier Code of Conduct during the onboarding process. While tracking acknowledgement from our supply base, we will meet with any suppliers that do not respond positively to encourage their acknowledgement.

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. 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. Before conducting business with a new supplier, all suppliers must complete a profile form. In 2023, we included new standards to consider suppliers, such as diversity status and the status of an ESG program. We also have a supplier-selection matrix that can be used during our decision process. In addition to ranking suppliers on cost, quality, delivery, and design capability, we also consider the degree to which a potential supplier demonstrates a commitment to ensuring the sustainability of our operations and supply chain.

When we start doing business with a new supplier, we often conduct a site visit to ensure our quality standards and expectations are clearly communicated. We purchase NMMA-certified parts if applicable, and we conduct supplier quality audits on a case-by-case basis. We maintain a supplier dashboard 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.

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 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.

## HUMAN RIGHTS

We are committed to maintaining high standards for human rights. As part of our commitment, in 2023, we implemented a [Human Rights Policy](#) that outlines our support for protecting basic human rights in our relationships with our employees, contractors, vendors, manufacturers, suppliers, and other important business relationships. All employees are required to complete annual training on the policy. To identify and prevent risks, all third-party vendors, customers, and business partners are encouraged to file an anonymous report without fear of retaliation. The adoption of this policy, employee training, and engagement with our supplier and vendor partners are designed to prevent and mitigate risks posed to human rights.

## POLITICAL AND TAX TRANSPARENCY

MasterCraft does not make political contributions of any kind and does not have a Political Action Committee (PAC). Our employees may make personal contributions on their own time and with their own resources; however, the reimbursement of such political contributions by the company is strictly prohibited.

We support policies that advance our business interests focused on advocating and promoting access to the boating lifestyle. Our Chief Financial Officer oversees lobbying activities, communications with public officials, and memberships with trade associations and other tax-exempt organizations. We comply with all laws governing our employees' interactions with government officials in accordance with our Code of Conduct.

We pay annual dues to the National Association of Marine Manufacturers (NMMA). In FY 2023, we paid \$146,460 for our dues payment. Our dues invoice stated that due to NMMA's political lobbying activity, 25% of this amount was non-deductible for tax purposes.

We adhere to the letter and spirit of the law on our tax payments. Our sources of earnings before income taxes are primarily derived in the U.S. Earnings in jurisdictions outside of the U.S. were not significant during of the 2023 tax year. Taxes paid are reported in the 10-K annual report.



## 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 that 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

ACCOUNTING METRIC	CODE	DISCLOSURE
<b>Chemical &amp; Safety Hazards of Products</b>		
Number of (1) recalls and (2) total units recalled	CG-TS-250a.1	(1) 3 recalls for our MasterCraft brand boats; 1 recall for our Aviara boats (2) MasterCraft brand: 4,231 units Aviara: 195 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 <a href="#">Chemical Management</a> section of this report
<b>Labor Conditions in the Supply Chain</b>		
Number of facilities audited to a social responsibility code of conduct	CG-TS-430a.1	See the <a href="#">Supply Chain Management</a> section of this report for more information on our supplier responsibility programs
Direct suppliers' social responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances	CG-TS-430a.2	See the <a href="#">Supply Chain Management</a> section of this report for more information on our supplier responsibility programs
<b>Activity Metric</b>		
Annual production	CG-TS-000.A	<b>Fiscal 2023 Unit Sales</b> <ul style="list-style-type: none"> <li>MasterCraft brand: 3,407</li> <li>Crest: 2,836</li> <li>Aviara: 134</li> </ul>
Number of manufacturing facilities, percentage outsourced	CG-TS-000.B	<b>Three manufacturing facilities, 0% outsourced:</b> <ul style="list-style-type: none"> <li>MasterCraft brand boats and trailers are manufactured and lake-tested at our 310,000-square-foot facility located in Vonore, Tennessee.</li> <li>Crest boats are manufactured at our 270,000-square-foot facility located in Owosso, Michigan.</li> <li>Aviara boats are manufactured at our 130,000-square-foot facility in Merritt Island, Florida.</li> </ul>

## 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. Every quarter, 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 discuss risks and opportunities including those related to environmental issues, as well as 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: 10,582 mt CO<sub>2</sub>e

Scope 2: 7,351 mt CO<sub>2</sub>e

MasterCraft Boat Holdings, Inc.  
100 Cherokee Cove Drive  
Vonore, TN 37885

If you have any questions regarding this  
Sustainability Report, please contact us at  
[investorrelations@mastercraft.com](mailto:investorrelations@mastercraft.com).

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