

CO₂ EMISSIONS

Since 2011 Lefay Resorts has dedicated great efforts to the issue of CO₂ emissions. In the same year, on 20th December in Rome, the Company signed a voluntary agreement with the Ministry of the Environment and Protection of Land and Sea for the promotion of common projects aimed at assessing the environmental footprint and, in particular, at calculating the carbon footprint and reducing the greenhouse gas emissions. These projects are taking on an increasingly important role in strengthening the actions envisaged by regulations and government policies within the context of the Kyoto Protocol and the “Energy-Climate Package” adopted by the Council of the European Union in 2008.

This agreement is divided into two stages:

STAGE 1: Definition of the monitoring system of the CO₂ emitted and the respective calculation.

STAGE 2: Definition of the actions to reduce and/or neutralise the CO₂ emitted.

The system of monitoring of emissions and the subsequent definition of the actions needed to neutralise them by 100% led to the launch of the Lefay Total Green project. Lefay Resorts has supplied a series of data to the Ministry referred to both 2011 and 2013 which have enabled the technicians of the industry, appointed directly by the MATTM (Ministry of the Environment and Protection of Land and Sea), to prepare the inventory of CO₂ emissions using a calculation system based on specific software.

From 2015 the Voluntary Agreement with the Ministry of the Environment, although still in force, no longer envisages support to calculate the emissions. However, Lefay Resorts has decided to continue to measure data useful in preparing the inventory of CO₂ emissions relating to the 2015 reference year and to develop an internal calculation system to be able to validate the inventory with an external certification body as in previous years, in accordance with ISO 14064. Therefore, the changes to the methodological system do not allow a linear comparison of the 2015 inventory with previous inventories.

STAGE 1: DEFINITION OF THE MONITORING SYSTEM OF THE CO₂ EMITTED

The main principles followed for defining the carbon footprint monitoring system are: credibility, transparency and uniformity, in compliance with that envisaged by the ISO 14064 standard. Lefay Resorts does not only analyse direct emissions, but has also quantified indirect emissions, focusing its attention, in particular, on emissions from the transport of Guests, which are particularly significant.

The sources of emissions of Lefay Resort & SPA Lago di Garda have been classified according to the following fields:

Scope 1: Direct sources.

Scope 2: Consumption of electricity and heat purchased (indirect source).

Scope 3: Indirect sources.

It is common practice for the majority of companies to select a single year in order to report the greenhouse gas emissions.

For Lefay 2015 is the base year, considering that the calculation method has been reviewed in order to internalise the method. The Resort undertakes to update the emissions calculation once a year instead of every two years starting from 2015, in order to monitor the entity of the emissions and to define possible improvement actions in the industries with the highest emissions. The efficiency of the method used for monitoring CO₂ and the results obtained are validated by the certifying body TÜV SÜD, in full compliance with the provisions of the ISO 14064 standard. In April 2017 an update was made of the calculation of the CO₂ emitted, taking into consideration the data of the year 2016. The increase in 2017 CO₂ emissions (+12%) was mainly due to the increasing trend of international Guests and, as a consequence, to the increase in the distance covered to reach the Resort. Even though transport (air transport in particular) produces a lot of CO₂ emissions and represents a significant portion of the total emissions produced, Lefay has no means of influencing it in order to reduce it.

To a lesser extent, the increase in CO₂ emissions is due also to the replacement of the refrigerant gas. 2017 data shows that CO₂ emissions due to Staff's commute decreased significantly. This year the calculation of this type of emissions was carried out in a more precise and accurate way and took into account only effective working days.

STAGE 2: DEFINITION OF REDUCTION AND/OR NEUTRALISATION ACTIONS OF THE CO₂ EMITTED

After calculating the emissions of CO₂, Lefay Resort & SPA Lago di Garda, by means of the Lefay Total Green project, undertook to offset them by purchasing an equal number of credits on the international market. The first year of compensation was 2013. Compensation is made by discounting the outstanding share of carbon emissions against the purchase of CERs credits recognised by the UN, in compliance with the provisions of the Kyoto protocol to foster the implementation of project aimed cutting CO₂ emissions and other greenhouse gases in both developing and other countries. To compensate the emissions relating to 2017, Lefay Resorts chose to finance four international projects. The first, already chosen for the 2016 emissions compensation, "Metro Delhi, India", aims at improving energy efficiency of the Delhi Metro II Station buildings. The saving on CO₂ emissions associated with this project is based on a reduction in the electricity consumption, allowing the saved energy to be used for other activities, important for the community. In India, electricity demand is constantly growing and, often, the supply needs cannot be met; thus, the project contributes in a concrete manner to meeting the electricity needs of the inhabitants and to improving the quality of their lives.

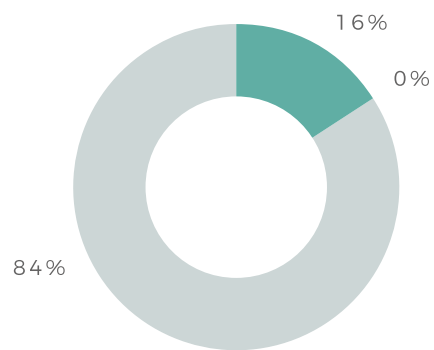
The second project is "Hydro Power Project, Andra Pradesh, India", and has been developed to meet the growing demand for electricity

through the production of energy from renewable sources. Specifically, this project entails the installation and commissioning of six river hydroelectric turbines in the Indian state of Andra Pradesh, helping to make the area less dependent on fossil, exhaustible and highly polluting fuels such as coal.

The third project is "Uganda Borehole Project, Africa" which bears significant social and environmental repercussions. The project meets the highest requirements in terms of sustainability, transparency and positive social effects and it has been certified Gold Standard by the WWF. The project is being developed in one of the poorest areas in Uganda and aims to provide drinking water to hundreds of families in the districts of Alebtong, Dokolo and Otuke. The creation of underground wells and the establishment of a purification process that no longer requires the boiling of water, which involves the use of firewood for the purification process with the consequent production of high levels of CO₂ emissions associated with combustion, have been planned. Furthermore, the project intends to protect local forest ecosystems, reducing the use of firewood and the consequent massive deforestation.

The fourth project was chosen in Europe. The "Saint Nikola Wind farm" is the largest wind farm in Bulgaria. In addition to drastically reducing the CO₂ emissions associated with the combustion process for energy production, the wind farm contributes also to the economic recovery and sustainable development of the

DIVISION OF CO₂ EMISSIONS PER SCOPE



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- Scope 1. Emissions arising from the generation of heat, steam or electric energy by burning fuels;
 - Scope 2: Consumption of electricity and heat purchased (indirect source)
 - Scope 3: Activities associated to the transportation of Guests, transportation of Staff members and transportation of goods purchased etc... The production of goods purchased used for the Resort's activities and services; the management and disposal of waste.

entire region that hosts it. The wind farm has been designed in such a manner that the land on which the blades are located can continue to be used as agricultural land without hindering the cultivation of land and the agricultural production of the area.

Furthermore in 2017, Lefay joined the DHL Co-Green project, which allowed the Group to

neutralize (through certified compensation) CO₂ emissions in the atmosphere generated by the required logistics services. During the same year, the Group's websites have been included in the "CO₂ Emission Zero" programme promoted by Rete Clima and aimed at neutralizing the emissions generated by the site per pageview.

COMPARISON OF EMISSIONS PER SOURCE FOR THE YEARS 2016 AND 2017

SOURCE	YEAR 2016	YEAR 2017	DELTA % 2016 - 2017
	EMISSIONS [T CO ₂ EQ]	EMISSIONS [T CO ₂ EQ]	[%]
Energy	1,333.00	1,433.00	+7.5%
Refrigerant gas	-	17.00	+1,700.0
Company cars	1.00	1.00	-
Staff commute	74.00	45.00	-39.2
Raw materials	508.00	536.00	+5.5
Waste	58.00	40.00	-31.0
RESORT TOTAL CO₂ EMISSIONS	1,974.00	2,072.00	+4.6
Guests' Transport	6,058.00	6,960.00	+14.9
TOTAL CO₂ EMISSIONS	8,032.00	9,032.00	+12.5

In 2017 the emissions of CO₂ increased by 1.000 t. This has been mainly due to the increasing trend of Guests with international origin and, therefore, to the consequential increment in the distance to reach the Resort.