NEUTRALISATION OF CO_2 EMISSIONS

Since 2011 Lefay Resorts has dedicated great efforts to the issue of CO_2 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 greenhouses gas emissions.

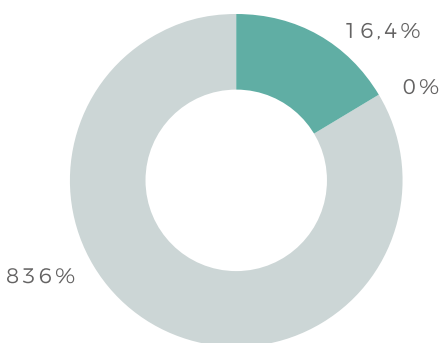
These projects are taking on an increasingly important role in strengthening the actions envisaged by regulations and government policies within the context of the Kyoto Protocol and the "Energy-Climate Package" adopted by the Council of the European Union in 2008. This agreement is divided into 2 stages:

STAGE 1 - Definition of the monitoring system of the CO_2 emitted and the respective calculation.

STAGE 2 - Definition of the actions to reduce and/or neutralise the CO_2 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 CO_2 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 CO_2 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.

DIVISION OF CO_2 EMISSIONS PER FIELD 2016



- Field 1: emissions arising from the generation of heat, steam or electrical energy by burning fuels;
- Field 2: consumption of electricity and heat purchased (indirect source);
- Field 3: activities associated to the transport of Guests, transport of staff and transport of goods purchased etc...; the production of goods purchased used for the Resort's activities and services; the management and disposal of waste.

COMPARISON OF EMISSIONS PER SOURCE FOR THE YEARS 2015 AND 2016
DATA CERTIFIED BY TÜV ITALIA ACCORDING TO ISO 14064

SOURCE OF EMISSION	YEAR 2015	YEAR 2016	DELTA % 2016 VS 2015
Energy	1.295	**1.334**	**+ 3 %**
Staff Mobility	73	**74**	**+ 0,7 %**
Guests' Transport	6.322	**6.058**	**-4,2 %**
Raw Materials	494	**508**	**+ 3 %**
Waste	60	**58**	**-3,3 %**
Tonnes of CO_2	8.244	**8.032**	**-2,6 %**

In 2016, the emission of CO_2 dropped by about 3%. This was also due to activities implemented to reduce consumption, minimise waste production and increase in the number of local suppliers.

STAGE 1: DEFINITION OF THE MONITORING SYSTEM OF THE CO_2 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:

Field 1 - Direct sources.
Field 2 - Consumption of electricity and heat purchased (indirect source).
Field 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 will be 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 CO_2 and the results obtained are validated by the certifying body TÜV Italia, in full compliance with the provisions of the ISO 14064 standard. In April 2017 an update was made of the calculation of the CO_2 emitted, taking into consideration the data of the year 2016.

This update shows a reduction of 211 tonnes of CO_{2eq} compared to 2015. The reason for such drop is mainly due to a number of good practices which have been introduced, as well as to outside temperatures which above all affect consumption.

STAGE 2: DEFINITION OF REDUCTION AND/OR NEUTRALISATION ACTIONS OF THE CO_2 EMITTED

After calculating the emissions of CO_2, Lefay Resort & SPA Lago di Garda, by means of the Lefay Total Green project, undertook to offset this 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 UNO, in compliance with the provisions of the Kyoto protocol to help implement projects which allow cutting the emissions of CO_2 and other greenhouse gases in both developing and other countries. To compensate the emissions relating to 2016, Lefay Resorts chose to finance three international projects. The first, "Metro Delhi, India", aims at building a rapid and efficient public transport system called Mass Rapid Transit System (MRTS) in the city of Delhi, which has a population of around 14 million and is experiencing strong growth with regards to the number of motor vehicles and a major increase in the demand for transport. The saving on emissions associated with the project – considering that this means of transport will be used by over one million people every day – is based on a reduction in the use of traditional means of transport (cars) and is due to a change in the level of city jams and journey times. Considering that the largest share of emissions of Lefay Resorts comes from transport, we thought it only right to compensate with a project in the same field, and add another in the energy sector: the "Santo Antonio Hydropower Project" developed to satisfy Brazil's growing thirst for energy through renewable energy sources. This project does in fact use hydroelectric energy produced by the river Madeira near the city of Ponte Velho, in the State of Rondonia, to reduce the emissions of greenhouse gas caused by the production of electricity using coal. Furthermore, the project is in line with the "Equators Principles" standards because it ensures social development and the environmental sustainability of the populations and of the territory in which it has been developed.

The last project, "Improved Cookstoves in Chamanculo C, Maputo" was embraced in Africa and has strong repercussions of an environmental and social nature, as well as cutting carbon dioxide emissions. It is certified Gold Standard by the WWF: this means the project satisfies the highest requirements in terms of sustainability, transparency and positive social effects. It is being developed in one of the poorest neighbourhoods of Maputo, in Mozambique and envisages the replacement of current coal stoves, which are also very dangerous for human health, with stoves among the most efficient in the world which make it possible to promote energy efficiency, preserve natural resources and upgrade the living conditions of 5,000 families.