



Sustainability Report
2015

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New Luxury

12

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President's Letter

I am pleased to present the second verified Sustainability Report, which portrays the progress made by our company to achieve a model of excellence in the context of social and environmental responsibility. The strong commitment to the environment and to our Stakeholders' satisfaction has increased year after year and has been enriched with even more ambitious objectives.

It is with great pride that we can state that many of these objectives have been achieved, for example, the complete offsetting of the CO₂ emissions, the reduced energy requirement per overnight Guest, the significant cut in paper-based printed material and PVC material and the increased satisfaction of our Staff. All the above together with the economic results which have raised greatly (with a 9% increase in total turnover and an 11% increase of the Operating Margin compared to 2014) and acknowledgements which are now on a global scale. However, we are aware that the rapid change of the international scenario and the constant increase in our Guests' expectations will present our management with challenges which are even more complex and delicate.

Our company immediately realised that the key precondition to satisfy its Guests is, first of all, to satisfy the Staff, who day after day, do their best to provide a service of excellence. I am really pleased to see the constant increase of our personnel and above all the steady decrease in the level of turnover, reflecting the result of an extensive programme of benefits and training that is unique in our industry.

From the very beginning we have pursued the objective of creating a company model orientated towards "sustainability" in a transparent and structured form, obtaining the most prestigious environmental certifications on an international level, for example, the ISO 14001 and Green Globe. In 2015 Lefay SPA obtained the "Being Organic & Ecological SPA" certificate issued by Ecocert, a French certification body that is acknowledged worldwide for the certification of cosmetic products, hence becoming the first SPA in Italy to be certified as organic and ecological. This transparency target is also reinforced in the ways in which this document has been prepared; in fact, the 2015 Sustainability Report complies with the latest protocol (G4) of the Global Reporting Index, the most demanding reporting standard in the world and has been verified by TÜV SÜD, an independent body.

The presentation of our new Sustainability Report once again intends to spread a business culture that is innovative and aware in the hope that it serves to inspire other companies operating in our branch and beyond.

Liliana Leali
President of Lefay Resorts



Our Story

Lefay Resorts was launched in 2006 as a result of the vision of Alcide and Liliana Leali.

After graduating in Business Administration, Alcide Leali joined the family-owned group “Acciaierie e Ferriere Leali Luigi”, becoming involved in the control and management of the financial side of the business. Thanks to the experience he acquired and the continual increase in his responsibilities, Alcide Leali was appointed Managing Director of the Leali Group in 1987 and President in 1995. In 1989 he founded, together with his wife Liliana, an Architecture graduate, the regional airline Air Dolomiti, with the aim of providing businessmen with a quality service and offering flights connecting the main Italian airports with some of the most important European destinations. Alcide Leali took over the Presidency of the airline and thanks to the experience he had acquired in the industrial field, he tackled this delicate industry with scrupulousness and strategic farsightedness, taking Air Dolomiti, right from the start, in a strongly international direction. This approach turned Air Dolomiti into the most important regional airline in Italy and a widely acknowledged company within the European air transport industry. Due to its reputation as a quality airline and its strategic impact on the market of reference, Air Dolomiti soon became the subject of increasing attention from some of the most important operators in the sector: in 1992 it signed a partnership agreement with Crossair, a regional airline pioneer in Europe, and in 1994 with Lufthansa, Germany’s flag carrier. As a result of its agreement with the German airline, Air Dolomiti became part of Star Alliance, the world’s largest airline alliance, which enabled it to sign important agreements with global-reaching airlines such as United and Austrian Airlines. The relationship with Lufthansa was strengthened in 1999 with the entry of the airline into the share capital of Air Dolomiti. In 2001 a new stage of growth began for Air Dolomiti when it became listed on the Stock Market and its fleet was expanded with new regional jets. The successful Air Dolomiti experience ended in March 2003 when Alcide Leali decided to sell the airline to Lufthansa.

After obtaining many international awards with Air Dolomiti, the entrepreneurial couple decided to launch an innovative brand in the area of luxury wellness hospitality by creating a high quality series of accommodation properties characterised by unique locations, low environmental impact, innovative wellness programmes and integrated management of services.

Lefay Resort & SPA Lago di Garda opened in 2008 on the Western shore of Lake Garda and is the first property of the Collection.



Introduction and Scope of the Sustainability Report

Sustainability means developing a business model designed to achieve economic and financial results, while fully respecting the environment and promoting the development of local areas and the professional growth of the company's Staff.

In 2014 we summarised the important results achieved and the improvement objectives expected in the forthcoming years in the first Sustainability Report in order to use it as a management and reporting tool for environmental, social and economic sustainability. The aim was to communicate in a clear and transparent manner the commitment undertaken in relation to our Stakeholders in Italy and abroad.

Therefore, the 2015 Sustainability Report is the second report and the contents have been reviewed, following the new guidelines which are acknowledged at an international level: "Global Reporting Initiative, Sustainability Reporting Framework 4". The level of application of the GRI corresponds to G4, in accordance with CORE, and has been verified by the TÜV Italy certification body.

The complete Assurance Report is published at the end of this document. By engaging its stakeholders, Lefay Resorts has endeavoured to understand their expectations and has identified those on which the activities of the company impact in a significant manner.

The main impact is exercised in the following areas:

- ▶ Satisfaction of the Guest and Staff;
- ▶ Reduction of the environmental impact and development/promotion of the local area;
- ▶ Achievement of one of the highest economic performances of the industry.



For each impact, specific indicators in the Global Reporting Index, described in the document, were selected. Compared to 2014, the sources of data and the rate of collection remained unchanged, and in particular:

- ▶ The 2015 Sustainability Report refers to the period 1st January – 31st December 2015 and subsequently will be published annually.
- ▶ The results of the global satisfaction of the Guest are updated annually on the basis of a monthly analysis of the completed surveys.
- ▶ Energy and water consumption are updated annually on the basis of the monthly measurements made by the maintenance department and refer to Lefay Resort & SPA Lago di Garda; the consumption of the Corporate headquarters are not considered because they are not deemed to be significant.
- ▶ The calculation of CO₂ emissions is updated every two years and validated by TÜV Italia. Monitoring activities began in 2011, while the first year when 100% of emissions were offset was in 2013. When the emissions are calculated, Lefay Resorts purchases CERs, which are required to fully offset of the emissions the each year.
- ▶ The Report also shows the data of the previous years, to provide evidence of past trends, in the event the methods of calculation are the same, and to compare data.

The Sustainability Report can also be consulted on the website www.lefayresorts.com, where a digital version can be downloaded. For any further information, please write to the following e-mail address: marketing@lefayresorts.com.



Key Figures for 2015

49.500

Overnight Guests (+ 4% vs. 2014)

15.410.000

€ turnover (+ 9% vs. 2014)

129

Resort Staff Members

96%

Guests' level of satisfaction

55%

of the Staff is local

-12%

of CO₂ tons produced by the Property

100%

Offset CO₂ emissions

1

New environmental certificate: "Being Organic & Ecological SPA" by Ecocert

9

Awards received among which the World Wellness & SPA Awards:
"Resort SPA of the year - Western Europe & Scandinavia"



New Luxury



There are places where everyone would like to
be born but only a few succeed.

Vision and Mission

Vision

"To create places of our dreams"

Mission

"To become the Italian reference brand in the international market of luxury wellness holidays through the creation of a collection of eco-resorts according to the Italian style and living and the new Lefay concept of luxury."



Corporate Values



New Luxury

We believe that the concept of luxury is being redefined and is becoming more and more focused on aspects such as space, nature, silence, time for oneself, discrete service but still with great attention to detail.



Global Wellbeing

For us wellbeing embraces the entire holiday experience. Wide spaces, both indoors and outdoors, the harmony of the architectural integration, the natural materials used, the "Vital" Mediterranean diet and above all the Lefay SPA Method wellness philosophy are all expressions of Lefay Global Wellbeing.



Sustainability

Sustainability means developing a profitable business model by creating something worthwhile, and that means we take our social and environmental responsibilities very seriously.



People

The real key to our success is the excellence of our Staff, whose satisfaction is as strategic as the satisfaction of our Guests.



Italian Character

We offer a slice of contemporary Italian style, taste and elegance. Everything from the interior design, the Mediterranean cuisine, the friendly service and the wellness offering to the attention to detail are delivered in an authentic and traditional Italian way.

Business Model

Lefay Resorts' business model consists of two integrated business units.

All the strategic functions related to the Brand development actions have been integrated into the Corporate Unit, which is located in San Felice del Benaco. It is also where the operational activities of the accommodation facilities are managed and coordinated.

The first phase of the Lefay Resorts Project envisages the management of 3 luxury wellness Resorts in Italy. The second and third units will be located, respectively, in the mountains (Dolomites) and in the countryside (Tuscany or Umbria).



DEVELOPMENT

Search of the Location

Feasibility Study

Area Acquisition

Executive Design & Engineering

Authorisation Process

Construction Site Management



MANAGEMENT

Integrated Management Model

Unique Concepts:
Lefay SPA Method
& Lefay Vital Gourmet

Eco-Management

Location

- ▶ Destinations of considerable environmental and landscape value
- ▶ Easy accessibility for primary markets
- ▶ Annual opening

Product

- ▶ New or recently built infrastructure
- ▶ 60-100 bedrooms of approximately 50 m² and residences (Villas/Luxury Apartments)
- ▶ Central location of the SPA (min. 2000 m²)

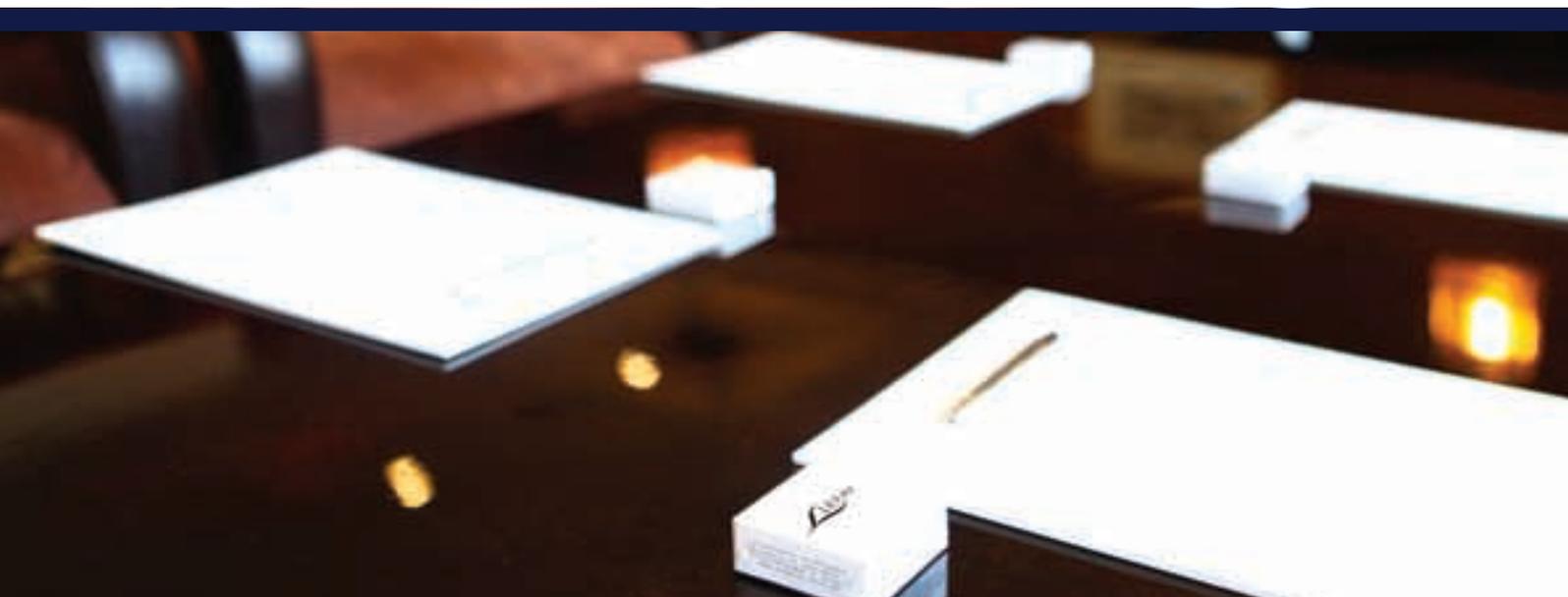
Environmental Sustainability

- ▶ Environmental certifications acknowledged at an international level
- ▶ At least 60% of energy produced by renewables sources
- ▶ Use of cutting-edge technologies to minimise energy and heat dispersion.

Management

- ▶ Direct Management through coordinating the Corporate Unit.

Lefay Resort & SPA Lago di Garda is the first Resort in the collection and was inaugurated on 8th August 2008.



Stakeholders

Lefay Resorts immediately directed its strategies towards a business model that was sustainable, and therefore, able to determine competitive advantages for the company, by integrating economic and income objectives with social and environmental aspects.

Relations with its stakeholders were established in order to achieve this result with a view to creating a shared value, considered as a combination of operating policies and practices which strengthen the company's competitiveness, while at the same time improving the economic and social conditions of the community in which the company operates and of its stakeholders.

Stakeholders' Map



The detailed mapping of the stakeholders and the activation of communication channels which focus on listening and dialogue enable Lefay Resorts to identify and analyse the expectations of these parties, to always define new improvement objectives and strive to achieve the excellence of the service offered.

Various communication channels are used in order to remain constantly in contact with them:



Guests

Lefay Resorts pays the utmost attention to protecting the privacy of its Guests, and at the same time, from the very start, it has identified various instruments, such as post-stay satisfaction surveys to ensure a continuous dialogue in a fully transparent manner.



Affiliations and Partners

Lefay Resorts' relationships with affiliations such as Small Luxury Hotels of the World and Healing Hotels of the World, are managed by the Marketing Department. In addition, the Marketing Department manages the relationships with tour operators, travel agencies and companies which choose the facility as a location for their corporate conventions. The transparent communication with Partners is based on specific documents prepared in full compliance with the reference legislation and validated by third-party certification bodies.



Staff

The Staff's expectations and level of satisfaction are monitored via annually specific surveys and during the annual performance assessment meeting.



Suppliers

The relationship with suppliers is governed by the principles detailed in the company's procurement policy and Lefay Resorts undertakes to verify daily that they are put into practice.



Media

Lefay Resorts manages the relationship with the Media directly via the Marketing Department and by availing itself of the collaboration of international PR Agencies.



Local Community

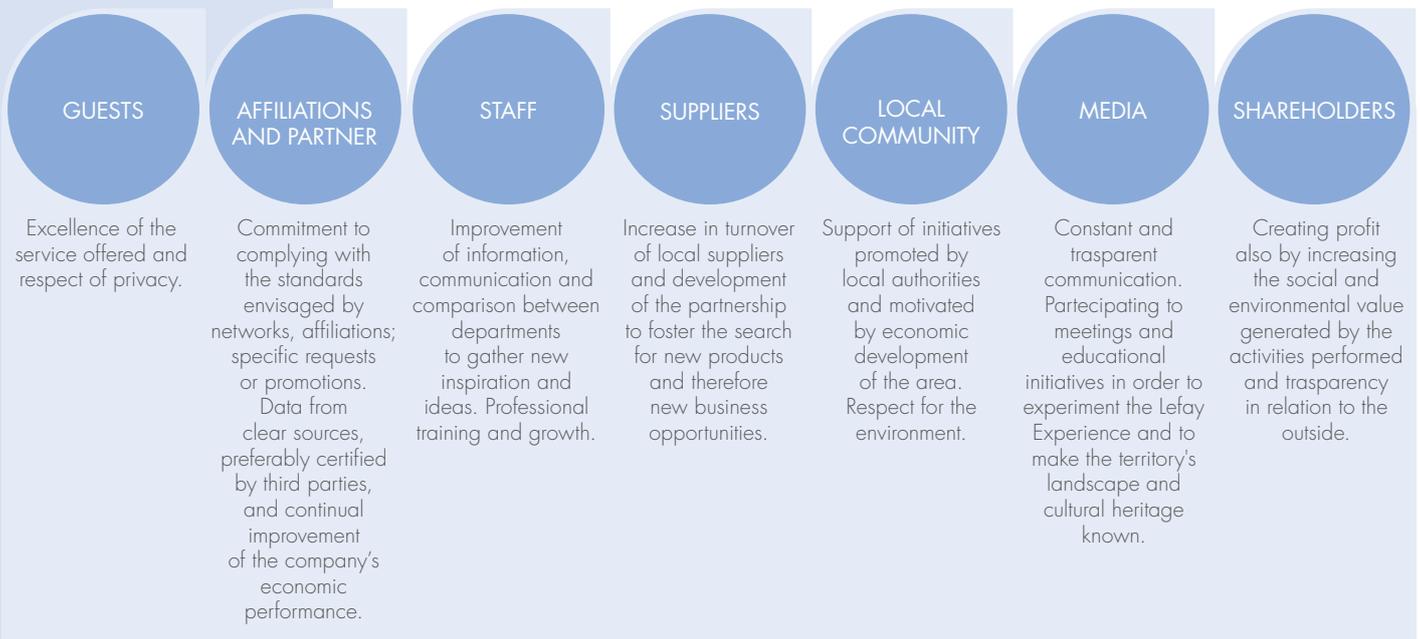
As regards the relationship with the Local Community, Lefay Resorts participates actively in the promotion of development, by hiring local people, sponsoring activities and initiatives in the area, and by making the local area known to its Guests and journalists.



Shareholders

The shareholders support and guide the company in the key decisions in order to strive constantly to achieve economic, environmental and social improvement.

Stakeholders' Expectations



Thanks to the various channels of communication, Lefay Resorts has been able to identify its most significant stakeholders' expectations over the years. In situations when these parts might have been in conflict, the plan was to find a balance among their priorities: this happened for example with the ability of satisfying the needs of a 5 star luxury Guest and, at the same time, respecting the environment.

Lefay Resorts undertakes to distribute the Sustainability Report and its contents by means of presentations, targeted emails and individual meetings directed at various stakeholders, also to receive their feedback with reference to the contents in question.

All the above is designed to understand whether there are new data or new information to be disclosed to render it even more transparent and to activate a real involvement process.

Creating social value for Stakeholders

The business model developed by Lefay Resorts is designed to create social value by building on the concept of widespread growth.



GUESTS

By selecting Lefay's services, Guests have the opportunity of living an enriching experience that combines the quality of services and products with the possibility of deepening their knowledge of wellness and high-level sustainable accommodation.



AFFILIATIONS AND PARTNERS

The Partners and Affiliates which decide to propose Lefay Resort & SPA Lago di Garda to their customers have the possibility of increasing their own knowledge and their professional skills, though the services offered by the company.



STAFF

The Staff is given the opportunity to grow professionally and to develop their skills, also through ongoing training activities and the improvement of teamwork, that enhances the individual expertise and creativity.



SUPPLIERS

The suppliers which work with the company benefit from advantages relating to reputation and the sustainable management methods of the existing activities.



MEDIA

The media which have the opportunity of living the Lefay experience are able to appreciate and communicate the value of the services and products offered, also understanding that the combination of high quality and social and environmental sustainability is possible.



LOCAL COMMUNITY

The community in which the company operates benefits in part from visibility, but also from direct contributions to cultural and sustainable initiatives.



SHAREHOLDERS

The shareholders enjoy the fruits of careful decisions which lead to an increase in social and environmental value generated in the activities engaged in and along the entire value chain.

Materiality

Process to determine materiality

The materiality of the subjects discussed via the reporting system is the result of the following process: identification, assessment and allocation of the priorities of sustainability issues which significantly influence the company's ability to create value in the short, medium and long-term. Lefay Resorts has structured a process to identify the material issues through sharing at the highest decision-making levels, and their integration in all the company processes, from managing the significant environmental aspects, to planning strategies, to stakeholder engagement, to internal and external reporting and communication, up to the implementation of operational decisions.

The process to determine material issues started with the identification of topics considered to be more important for the company's business. These topics concern the social, environmental and governance areas. The activities associated with each of these areas contribute to achieving the results and objectives of the economic sphere and ensure the creation of sustainable value over time. Lefay Resorts considers three main perspectives to determine the material issues:

Guests satisfaction and suggestions

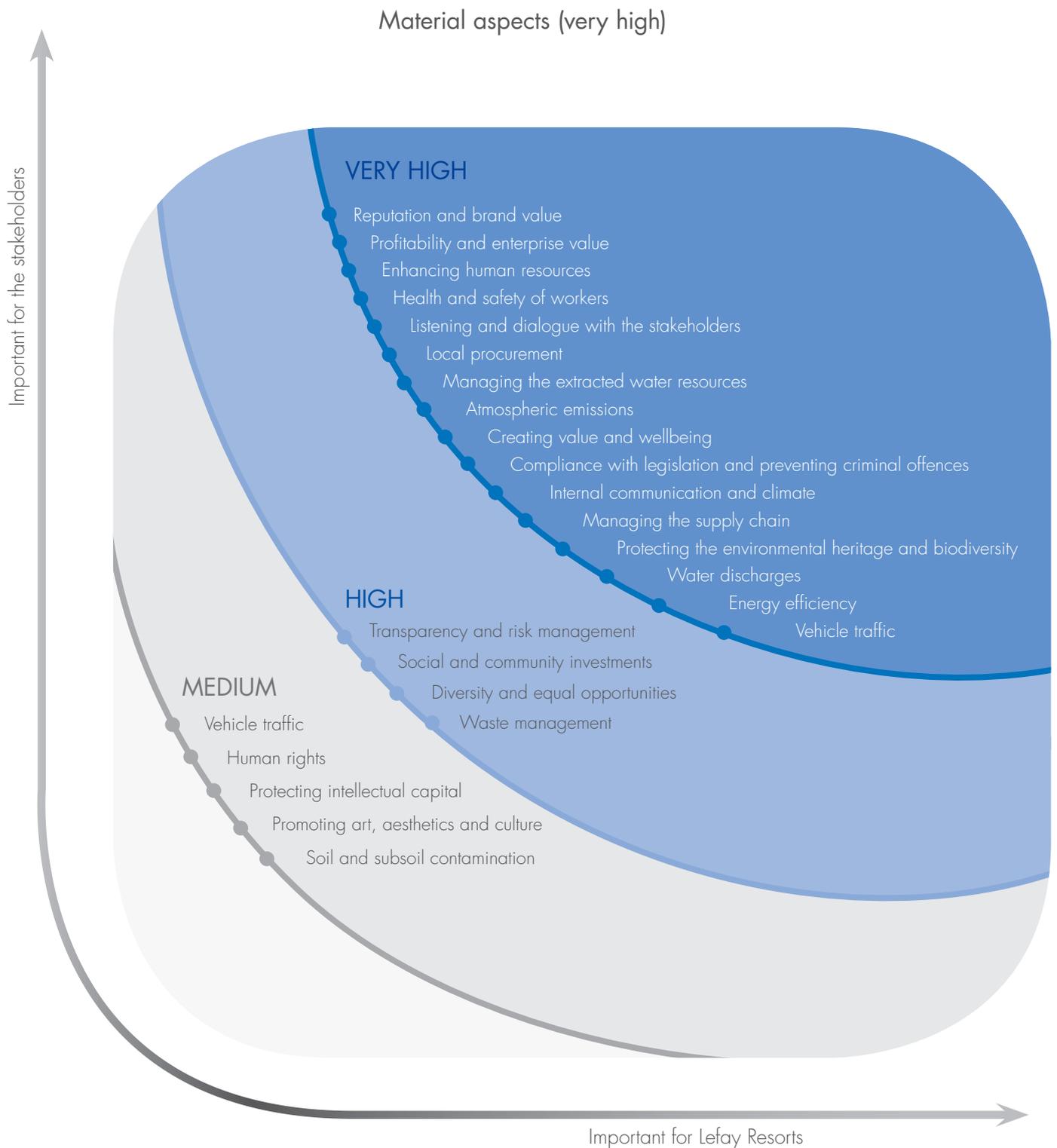
Lefay Resorts receives feedback from its Guests by emailing a survey to those who agreed to participate. The objective is to identify relevant themes which are important to the creation of value and to assess the extent to which sustainability is integrated into corporate processes and understood by third party users of the recreational tourism function.

Staff satisfaction and suggestions

Lefay Resorts also receives annual feedback from its employees, by asking them to complete a survey. The aim is to identify relevant themes which are important to the creation of value and to assess the extent to which sustainability, in particular the social one, is integrated into corporate processes.

The significance of environmental, health and safety aspects

In particular, the materiality process considered all the issues relating to significant risks for the Company with an impact on the following areas: Health and Safety, Environment and, in part, Social and Image and Reputation. These topics represent the topics considered to be significant in the existing ISO 14001 Environmental Management System. After the significant issues had been identified, the respective importance was then assessed on the basis of specific quantification parameters for each area considered: in particular, the importance for the company's top management, as well as assessing the significance of the environmental aspects, determined the importance of each topic for the purposes of creating value for the company, while the interviews with the Staff and the respective internal survey, as well as the outlook of the stakeholders highlighted the importance of each topic as perceived by different types of stakeholders. The combination of the results obtained from the two different perspectives enabled the material topics to be identified, and therefore, enabled the priorities to be defined.



Organisational Structure

Corporate Organisational Structure



The Leali family holds 100% of Lefay Resorts S.r.l.

Board of Directors:

President: Ms. Liliana Bresciani
C.E.O.: Mr. Domenico Alcide Leali
Managing Director: Mr. Alcide Leali Jr.

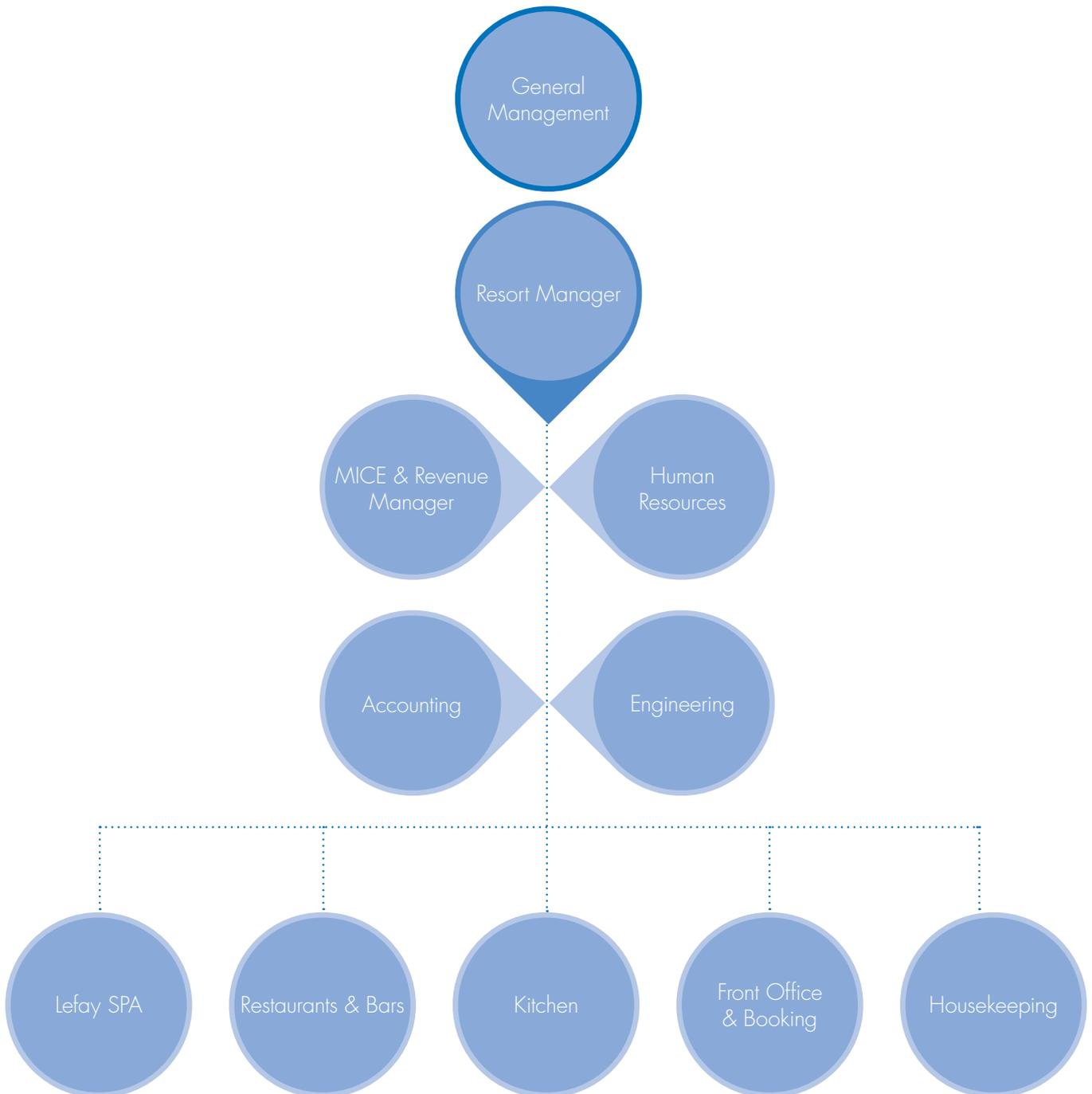
Board of Auditors:

Auditor: Mr. Claudio Zorzan

Independent Auditing Company:

PKF ITALIA S.p.a.

Lefay Resort & SPA Lago di Garda Organisational Structure



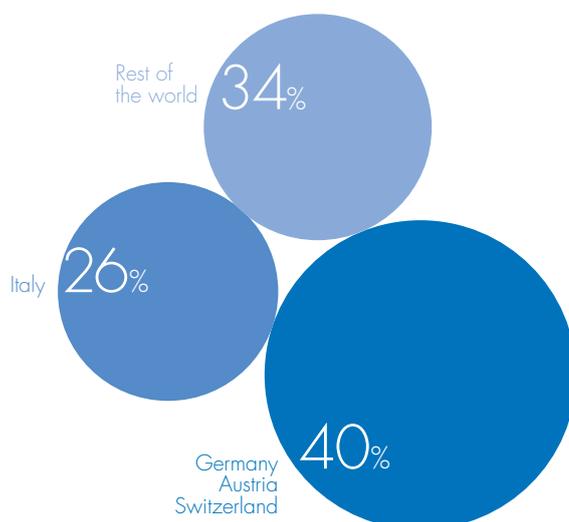
Economic Performance Indicators

Once again for the year 2015, the principal economic indicators of Lefay Resorts highlight continuous growth, in sharp contrast to what seen in Italy over the past few years.

The operating turnover has increased significantly, reaching the important goal of 15.4 million euro. This result has been made possible by a continuous improvement in the service offered, which fully satisfies the expectations of Guests, widespread diversification in target markets and intense Brand communication activities.

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | CAGR |
|----------------------------|------|------|------|------|------|------|-------|
| Sales revenues (M euro) | 8,9 | 10,6 | 11,7 | 13,2 | 14,2 | 15,4 | 11,4% |
| Cost of Staff (M euro) | 2,3 | 2,8 | 3,9 | 4,3 | 4,8 | 5,1 | 17,2% |
| EBITDA Margin (%) | 8% | 16% | 15% | 23% | 25% | 26% | 43,5% |

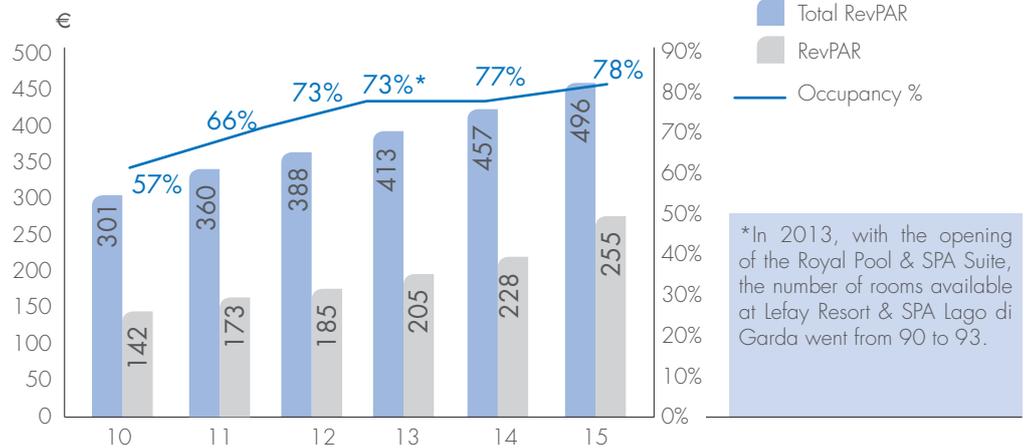
It is very satisfying to note how achieving the economic objectives goes hand in hand with obtaining important international awards, amongst which the following awards stand out: "Best SPA in Italy" at the Spafinder Wellness Travel Awards and the European Health and SPA Award 2015 as "Best European SPA".



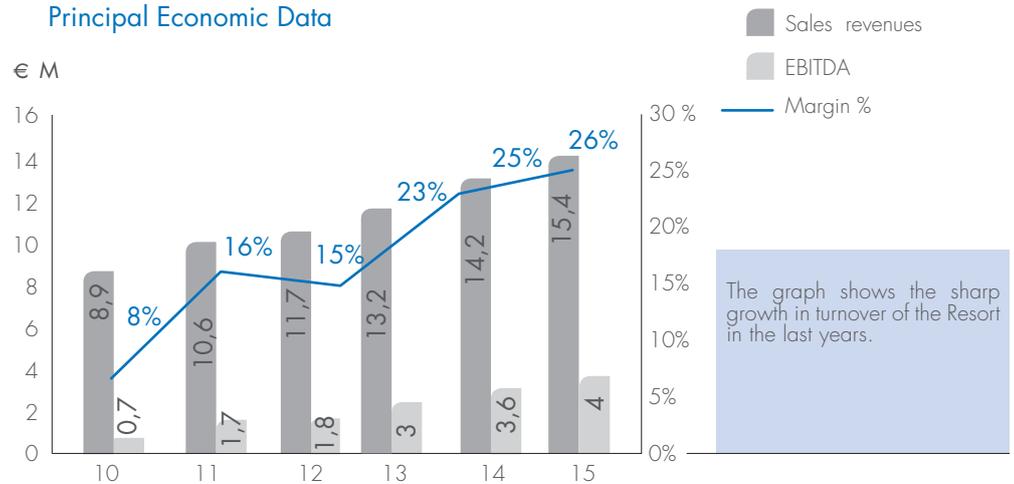
Origin Markets 2015

The establishment of Lefay on the international market is also testified by the place of origin of our Guests: in 2015 almost 75% came from foreign markets.

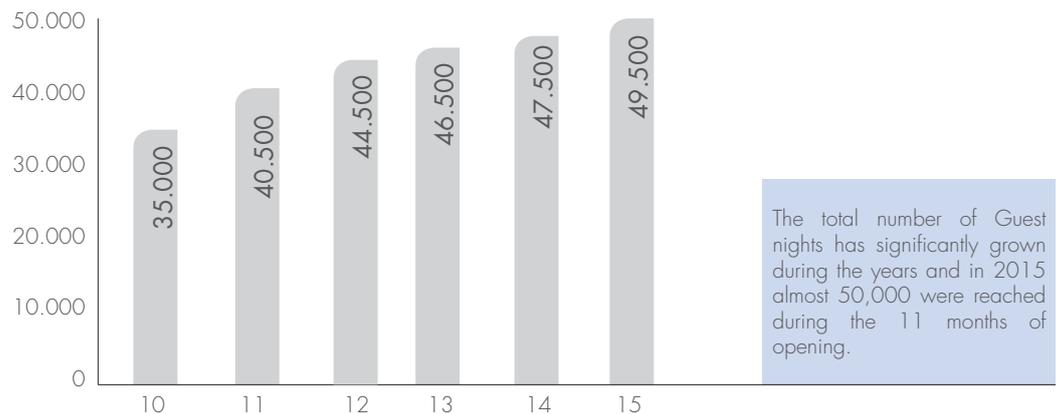
Operating Performance Indicators



Principal Economic Data



Total number of Guest nights (N.)



Lefay Resort & SPA Lago di Garda: the First Jewel of the Collection

Lefay Resort & SPA Lago di Garda is located in Gargnano, in the heart of the enchanting and renowned Riviera dei Limoni.

It is the first Luxury 5-Star Resort on Lake Garda and sits in parkland of 11 hectares, surrounded by gentle hills and natural terraces rich in olive trees and woods overlooking the lake.

The Resort has:

93 suites that are divided into five categories:

- 41 Prestige Junior Suites (49 m²)
- 43 Deluxe Junior Suites (49 m²)
- 4 Family Suites (73 m²)
- 4 Exclusive Suites (83 m²)
- 1 Royal Pool & SPA Suite (max 600 m²)

SPA of 3,000 m² with:

- 21 treatment rooms
- 2 private SPAS
- 3 heated swimming pools
- 1 salt-water lake
- 3 relaxation areas
- 5 different kinds of sauna and Turkish baths
- 1 gym
- 1 fitness studio

2 Restaurants:

- La Grande Limonaia
- Trattoria La Vigna

2 Bars:

- Lounge Bar
- Pool Bar

Conference services:

- 3 meeting areas with a capacity of 10 to 80 people

Gardens of 11 hectares for outdoor activities with running and walking trails and an energy therapeutic garden.



Lefay Resort & SPA Lago di Garda: Lefay SPA

The Lefay SPA is divided into three areas: the "World of Water and Fire", which includes all areas connected to swimming pools, saunas, grottos and small lakes; "Nature and Fitness", which consists of a large gym fitted out with all the latest equipment for training and a fitness studio for courses and fitness activities; "In Silence and among the Stars: Trilogy in the Air", which is made up of all the outdoor areas equipped for sporting activities and trails dedicated to wellness and relaxation.

Lefay, in cooperation with a team of physicians recognised internationally in different holistic disciplines, has created the Lefay SPA Method, which combines the principles of Classical Chinese Medicine with Western Scientific Research. By means of health treatments and programmes, this innovative method of achieving wellness restores balance, fully rejuvenates the body, soul and spirit and allows Guests to rediscover a more healthy and discerning lifestyle.

This tried and tested union is the basis of the Lefay SPA Method and of its offer, which features health programmes, corrective energy beauty treatments and energy beauty rituals, energy massages, the "Perfumes of the Lake" section and Wellness and beauty paths.

The Lefay SPA Method treatments are made even more effective and personalised thanks to the use of Lefay SPA "Tra suoni e colori" skincare products, rich in the different colours of nature, and containing some of the best known, valuable and thoroughly tested medicinal plants.

"Being Organic & Ecological SPA: Level Excellence" Certification

At the end of 2015 Lefay SPA obtained the new prestigious "Being Organic & Ecological SPA: Level Excellence" certification issued by Ecocert, a French body acknowledged worldwide in the certification of cosmetic products and well-being facilities which distinguish themselves in the area of environmental sustainability.





The exclusive Lefay SPA temple of wellness has not only confirmed its compliance to the 50 strict criteria envisaged for achieving the basic certification level, but has also reached the “Excellence” level thanks to its innovative concept of global wellbeing, which is distinguished by three fundamental aspects:

- ▶ the unique quality of Lefay SPA Method health treatments and programmes and the commitment to the training and professional development of its Staff;
- ▶ the exceptional comfort in the treatments cabins, providing Guests an incomparable experience;
- ▶ the measures put in place for a sustainable management of the building.

Furthermore, in order to obtain this certificate at least 50% of the treatments proposed in the facility had to use certified organic cosmetic products. This required a rigorous review of the protocols and the products used for each massage, and led to the Lefay face and body oil line being certified.

With the “Being Organic & Ecological SPA: Excellence Level” certificate, Lefay SPA promotes a guarantee that conveys a well-being proposal to its Guests and the general public that operates in harmony with the environment and a business culture where sustainability represents one of its fundamental values.

The certificate for the SPA will be added to the other certificates already obtained, further strengthening the brand's position in the worldwide context of sustainability.



Lefay Resort & SPA Lago di Garda: Lefay Vital Gourmet

"Even food may become food for the soul".

Lefay Vital Gourmet was created, starting from this assumption that sees good food as an integral part of the wellness programme. It is a culinary concept that privileges the health aspects of food and follows the principles of sustainable cuisine.

The Executive Chef Matteo Maenza, with creativity and a modern twist, interprets and conveys this concept to the recipes he proposes in the elegant "La Grande Limonaia" restaurant, which is situated on the upper floor of the building and has a spectacular view on the lake, focusing on the Mediterranean diet, in which extra-virgin olive oil reigns supreme.

For all Guests watching their weight, Lefay has created the Lefay SPA Menu, a detoxifying and somewhat low-calorie dietary approach whose purpose is to ensure energy supply through foods that have been especially selected for their qualities and which are treated with cooking methods that do not put excessive strain on the digestive system.

*"Il Giardino", a dish from our
La Grande Limonaia Restaurant*



The 5 principles of Lefay Vital Gourmet sustainable cuisine:

The Lefay Vital Gourmet sustainable cuisine is characterised by compliance with five principles:

Mediterranean diet

Cereals, fruit and vegetables, fish, meat and low-fat dairy products are the key elements of this diet, enhanced by the use of Lefay extra-virgin olive oil.

Seasonal nature

The ingredients used to prepare the dishes are in harmony with the changing seasons. This value is translated into a series of benefits for the body and for the Earth.

Our à la carte menus vary during the course of the year according to the season, placing products on the table which are always fresh and sourced locally, accompanied by the best Italian and international wines.

Italian spirit

All of our dishes are inspired by local gastronomic excellences and enhance Italian products in a different way. An example? Our "Spaghetti" by Benedetto Cavalieri with turnip greens cream, prawns, burrata (fresh cheese), Gargnano lemon and Nolche olives.

Ethics

Lefay Vital Gourmet undertakes not to use endangered animal and fish species in its preparations or products obtained using violent methods.

An attention that addresses the growing number of requests from consumers who are careful about what they consume, about the origin and the history of every product. In addition, our Chefs are happy to satisfy the palates of vegetarian and vegan Guests, without making them renounce the taste and refinement.

Local character

We privilege local suppliers, preferably suppliers which adopt an organic agricultural production system, consistent with Lefay's philosophy. Organic vegetables from "Domenico's vegetable garden", Martinengo potatoes, San Zeno chestnuts, Monte Baldo truffles, local "Alpe del Garda" meat: these are only some examples of the excellencies of the local area, and enhanced in our restaurants.



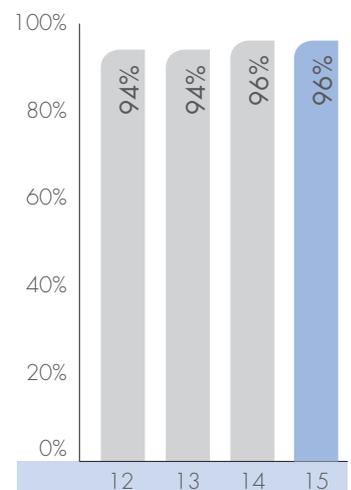
The Satisfaction of the Guest

As a way to exceed Guests' expectations, Lefay Resorts has created a method of service based on combining internationally renowned standards of excellence and an innovative offer that is unique in the industry. It is precisely for this reason that Lefay Resorts has chosen to implement a quality and environment management system.

This system utilises various tools that each day help to maintain continuous control over the level of quality of the services offered to our Guests and full compliance with legislation regarding health and safety, HACCP and privacy.

First of all, to verify the level of satisfaction perceived by the Guest, a system of measuring customer satisfaction was defined, which was fully computerised to avoid wasting paper. This system enables the Guest to assess and give his/her opinion on various aspects of their stay. These include, in particular, an overall assessment of their experience while staying at the Resort, the rapidity and precision of booking and check-in, the cleanliness and comfort of the guestrooms, the quality of the food in the various dining outlets (breakfast, lunch, dinner and bars), the quality of the SPA treatments and the courteousness and professionalism of the Staff. The company undertakes to provide a prompt and timely response to all Guests who make an express request.

Overall Satisfaction of Guests (%)



In 2012, the customer satisfaction measurement system was changed from a survey based on a paper questionnaire to a digital system. The scoring system was also reviewed and we, therefore, provide only the years from 2012, to allow a homogeneous comparison of data.



Feedback also comes from Guests by continuously monitoring comments published on some of the main travel websites: Tripadvisor, Holidaycheck, Booking.com etc..., and through the principal social networks.

Another useful tool for identifying any problems and putting in place improvement actions involves inspections and audits. At the beginning of the year, a monthly schedule is defined which envisages: inspections conducted by suitably trained Staff or by external consultants, checks made by our Product Manager to assess the conformity of the standards of service, and visits by Mystery Guests.

Periodically, all the comments left by Guests through the different channels available and the results of the inspections are analysed by Management and monitored together with the various departments in order to identify the causes of dissatisfaction and specific criticisms.

Through this information management system and thanks to the focus of the company on continual improvement, Lefay Resorts takes specific actions to resolve any problems and continue to maintain high levels of satisfaction of its Guests, creating not just a positive word-of-mouth, but also excellent results in terms of loyalty: in fact for the year 2015, the percentage of repeat Guests was over 25%.

Lastly, it is important to emphasise that the number of documented complaints during 2015 regarding breaches of privacy and the loss of consumers' data corresponded to 0.

In 2015, **42 audits** were carried out, in particular:

31 Internal Audits: inspections of the Quality and Environmental system, product audits and mystery Guests.

11 External Audits: conducted by professionals experts in matters of HACCP, Privacy and Safety at work and inspections conducted by certification bodies.

Quality control tools

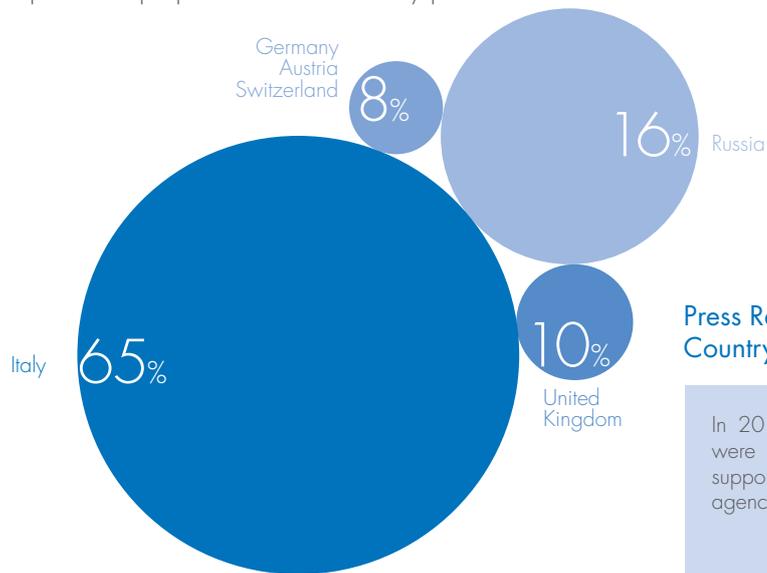


The Brand Communication

Brand identity, values, proposals, innovations, services: a communication strategy is planned each year to disseminate all the aspects of Lefay Resorts to the best advantage; the communication strategy is designed to highlight the activities and the commitment dedicated to sustainability, based on targeted actions oriented towards national and international markets. In particular, Lefay Resorts is able to reach multiple counterparties, thanks to a dense network of dynamic and multifaceted relations, supported by the partnerships with prestigious PR and news agencies in Italy, the United Kingdom, Germany, Austria, Switzerland and Russia.

Media Events and Press Review

National and international journalists and bloggers from different media channels in line with the company's positioning were invited during 2015 in order to communicate the Lefay well-being concept and its proposals in the best way possible.



Press Review 2015 per Country

In 2015, almost 400 articles were published thanks to the support of important press agencies in Italy and abroad.



This represented an intense promotional activity that enabled the brand to achieve important media coverage on both online channels and in paper-based publications: a total of 373 articles were circulated solely in 2015. Respectively, the data for the principal markets is distributed as follows: 259 articles for Italian media; 33 articles for German, Austrian and Swiss media; 41 in the United Kingdom and 64 in Russia. A further important target concerns the presence of our La Grande Limonaia Restaurant in the three main gourmet guides specialised in the dining branch: "Michelin", "Gambero Rosso" and "L'Espresso", which gave the Restaurant the score of 16/20, confirming the "Primo Cappello" award.

Digitalisation

Lefay Resorts has strengthened its presence on the main social channels in the digital world, thanks to the creation of an online community of followers and the development of a virtuous circle of interactions. In 2015 the Lefay Resorts profile on Facebook achieved more than 22,000 likes, while the Instagram account exceeded 3,000 followers after just a short time. The Lefay Resorts profile is followed by more than 1,500 persons on the Twitter social network, and approximately 750 links can be counted on the LinkedIn platform.

Lefay Resorts has used these digital communication tools to develop the themes which make up its identity, for example, health, cuisine, persons and the environment, and to disseminate its vision.

A resonance that, in addition, benefits the enhancement of the local area and local events, is among the most important aspects of the "sustainability" value.

In 2015 Lefay Resorts renewed the digitalisation commitment of its communication materials; more specifically, the digital version of the Lefay Club Magazine has been prepared once again, sent to all the Guests and to registered users only via newsletters, avoiding the paper-based printing of more than 10,000 copies.



Environmental Communication

Within the Lefay Total Green project, a series of communication tools were developed to raise awareness among Guests and the public regarding the activities set up by the company to reduce its environmental impact and to neutralise its carbon footprint.

These include the introduction of the new "Lefay Total Green" brand on the various communication materials (for example: green book, brochure, etc...) and on the materials used in the Resort.

A summary is provided below regarding to the Green Book, an important environmental communication tool, to clarify which contents are transmitted to our Guests during their stay at the Resort:





*"The Green Dragon",
one of the 5 stations of our
Energy Therapeutic Garden*

New Projects

Lefay Resort & SPA Dolomiti

The second Resort of the Lefay Collection is situated in Trentino-Alto-Adige, in the Madonna di Campiglio ski-area (Municipality of Pinzolo), one of the most famous skiing destinations of all the Alps, surrounded by the splendid Dolomites, mountains which are listed as a UNESCO World Heritage Site. The Lefay Resort & SPA Dolomiti has 84 rooms and 25 residences, and reinterprets the traditional architecture of the location, rediscovering those elements of mountain constructions (wood, stone, rigorous simplicity of the finish), which constitute Lefay's tribute to the natural perfection of the Dolomites.

Opening estimated for: 2018



*Rendering
of Lefay Resort & SPA Dolomiti*

Lefay Villas Lago di Garda

The first Lefay Villas will be built inside the 11-hectares grounds of Lefay Resort & SPA Lago di Garda and will be managed according to the model of "Branded Serviced Residences": the owners of the villas, during their stay, can enjoy all the services of the Resort (Food & Beverage, SPA, Concierge, Engineering, Housekeeping) and, when not occupying the villas, benefit from a very advantageous rental programme managed directly by Lefay Resorts.

Opening estimated for: 2018



Excellence in Sustainability



There are places where the atmosphere is perfect because the environment is uncontaminated.

For Lefay Resorts sustainability means developing a business model that is aimed at achieving financial-economic results, creating “value” and therefore paying greater attention to environmental and social responsibility.

Everything that to date has been considered “luxury” has been surpassed by a new concept of overall wellness, which lies at the heart of the Lefay philosophy. The “New Lefay Luxury” goes beyond ostentation, opulence and aesthetic taste as an end in itself, and instead is allied to ethical values. For this reason, since 2008 Lefay Resorts has been certified for the activity of “design and management of architectural solutions for innovative and eco-compatible structures” according to the ISO 14001 and 9001 standards. Great attention was paid during the building of the first Resort to the respect for the surrounding environment by developing a building that blends perfectly into its surroundings, utilising advanced technological solutions that help to reduce water and energy consumption and using clean, renewable energy sources.

Social sustainability for Lefay Resorts also means developing people through professional growth, satisfaction of our Guests, supporting our local communities and developing the local area and cultural activities.

Lefay Resort & SPA Lago di Garda has obtained important environmental certifications that are recognised internationally, such as:



ISO 14001:2004: issued by TÜV Italy for the provision of the tourist accommodation service characterised by respect for nature and the environment.



Green Globe: issued by the Green Globe certification body, active in more than 83 countries worldwide, regarding compliance with more than 250 standards relating to sustainability, and applicable to companies operating in the tourism sector. Lefay Resort & SPA Lago di Garda was the first facility in South Europe to be awarded in 2011.



ISO 14064 certificate: issued by TÜV Italy and referring to the annual CO₂ emissions monitoring system.



Being Organic and Ecological SPA: issued by Ecocert, a French certification body. Lefay Resort & SPA Lago di Garda is the first facility in Italy and the fourth in the world to be awarded this new certificate with the Level Excellence that presupposes a daily commitment in compliance with criteria which protect the environment.

The Environment

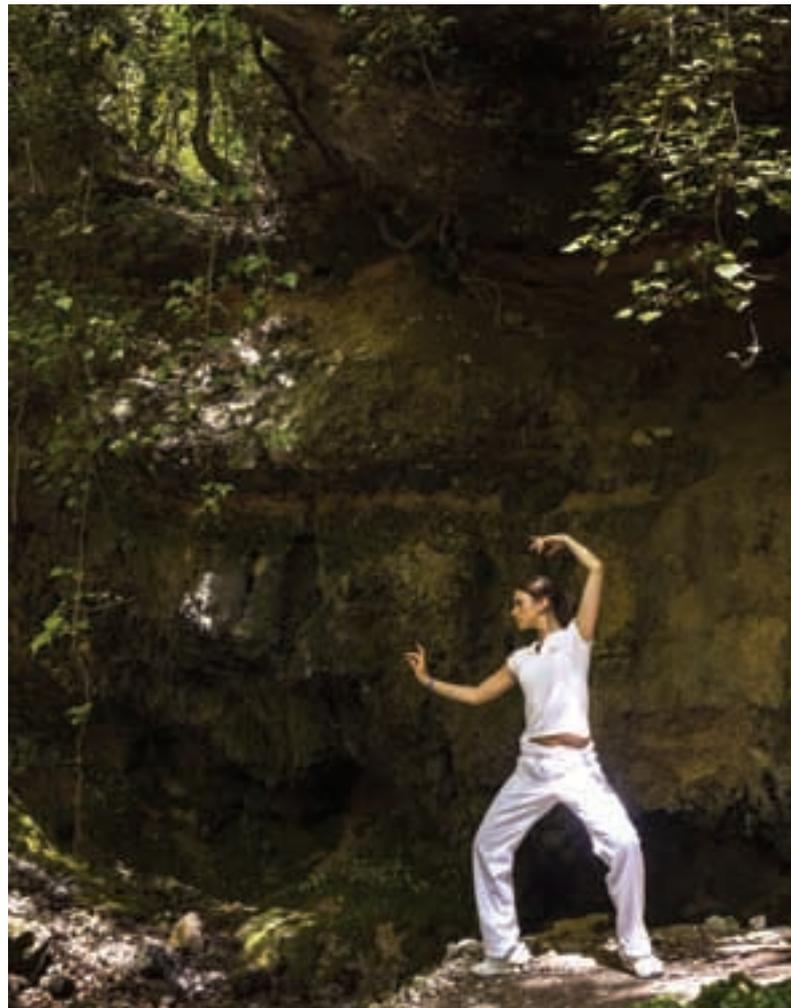
Personal wellbeing should never compromise environmental wellbeing. For this reason, during the design and construction stages of our Resorts, we take into account environmental sustainability, impact on the landscape and clean, renewable energy sources.

Our first efforts to achieve this objective were carried out in the design stage.

Lefay Resort & SPA Lago di Garda is situated in one of the most beautiful and unspoilt settings of the area: the Parco dell'Alto Garda Bresciano. The surrounding countryside is abundant with biodiversity and features different habitats that are home to native species of international wildlife importance.

The area in which the Resort is located is also considered a "protected area" by the Natura 2000 network, a network distributed throughout the area of the European Union, which was set up according to "Habitat" Directive 92/43/EEC to guarantee the long-term preservation of natural habitats and species of flora and fauna.

Attention to the protection of this unique landscape and the desire to create an efficient structure from an environmental and energy point of view were the first challenge for our designers.



Mitigation of Environmental Impact

Lefay Resort & SPA Lago di Garda was not designed as a single compact building, but as various individual units set into the hillside, which blend harmoniously with the morphological features of the landscape.

Architecture and Morphological Integration

Thanks to roofs covered in vegetation seen from above, the rooms are almost indistinguishable from the surrounding countryside.

The peculiarity of this project involved a considerable commitment during the construction stage.

However, these efforts have been repaid with a result that goes far beyond expectations. As a matter of fact, the Resort blends perfectly into the surrounding landscape and has a visual impact from the lake that is far lower compared to that of other preexisting buildings of smaller size.

In terms of architecture, it was decided from the very beginning not to adopt a type of construction that focused on a design unconnected and in contrast with the surrounding environment. For this reason, our designers, with great humility, looked around and found inspiration in the limonaie (lemon-houses), constructions that are typical of the Upper Garda region, which are made of stone pillars and wood and used to cultivate lemons. The final result is a structure that is both innovative and fully integrated.



*Aerial View,
Lefay Resort & SPA Lago di Garda*

Thermal insulation

The buildings are perfectly set into the hillside, thereby allowing for less dispersion of heat and energy towards the outside.

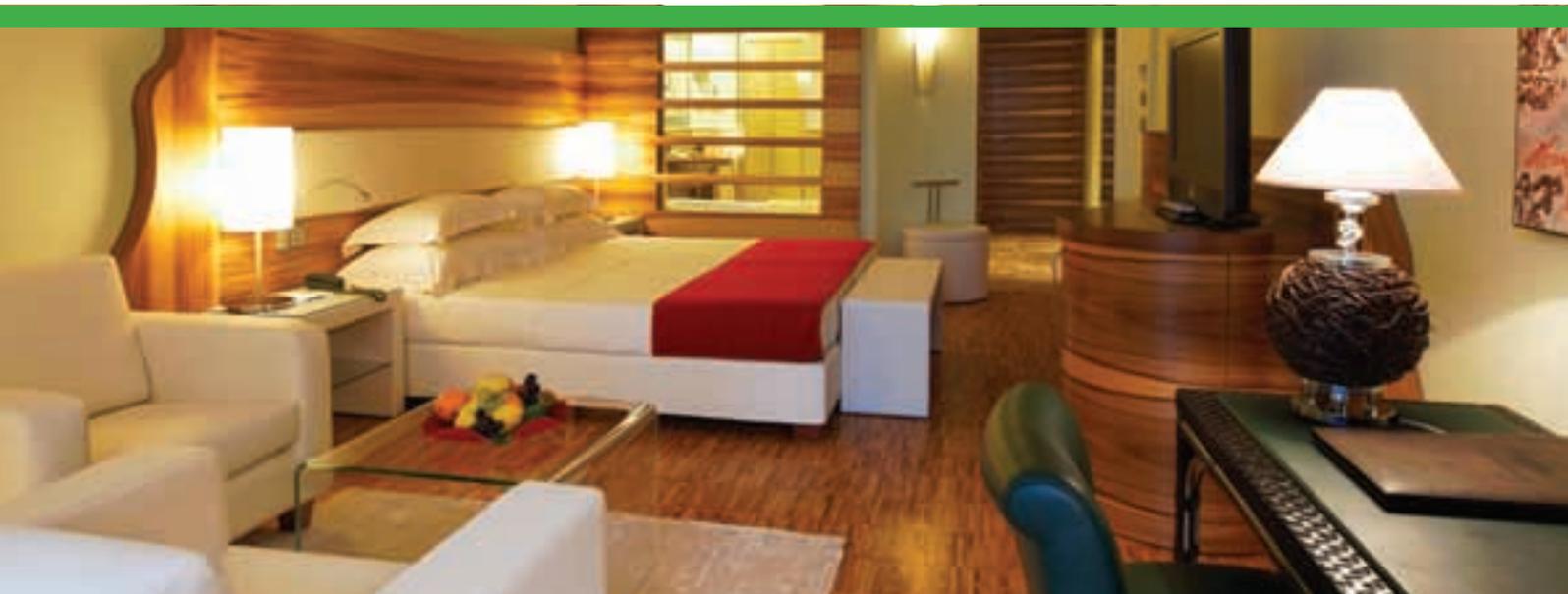
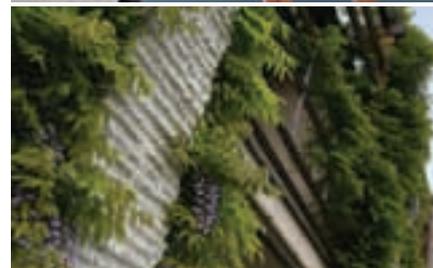
The Suites and SPA area face south and the windows are made of insulating glazing which provides a high level of thermal insulation: from the cold in winter, through the passive production of solar energy, and from the heat in summer, thanks to mobile system of shading installed on the front part of the balconies.

The heating and cooling of the rooms and common areas is achieved through low temperature radiant systems installed within the ceilings and the floors. This system prevents air draughts and noise, thereby ensuring the maximum comfort of Guests.

Natural Materials

Lefay Resort & SPA Lago di Garda's respect for the beauty of its location and the surrounding countryside is also reflected in the interior design, which features natural materials mostly coming from the local area. This is seen in particular in the care given to the selection of materials and furnishings. The materials used in the guestrooms are olive wood for the parquet floor, Italian walnut for the furniture and Verona red marble for the entrance floor and the bathroom. All the textiles, including bed linen, are made from natural cotton fibre without any chemical treatments. In addition, the bedlinen has been selected with the GOTS (Global Organic Textile Standard) certificate that attests the composition of the organic fibres and production in compliance with demanding environmental criteria.

Chemical-free water paints have also been and are continuously used for the painting operations.



Reduction of Energy Consumption

The use of advanced technological solutions that reduce energy consumption gave us the opportunity to combine luxury and all the amenities and services with the utmost respect for the environment. This was made possible by an efficient use of energy and the intelligent utilisation of clean, renewable energy sources.

Our commitment to achieving a maximum reduction in environmental impact led our designers to construct a real power plant, which is situated behind the Resort and contains some of the most modern systems for producing electrical energy, heat and air conditioning. The plant room contains three main systems:

Biomass System

This system is fed by wood chips and generates thermal energy. This type of plant considerably reduces carbon dioxide emissions and enables the use of logging waste to be optimised, thereby reducing the environmental impact to a minimum.

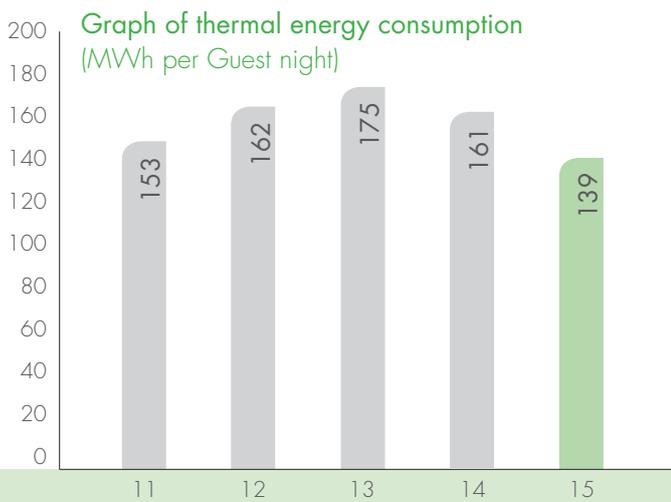
Microturbine Cogeneration

This is a cogeneration plant for the combined production of electrical and thermal energy by burning natural gas.

Absorption Cooling

This technological plant is one of the few examples present in Italy which cools by using the exchange heat of the microturbines and biomass boiler. Tri-generation is achieved with this type of energy generation that is based on co-generation, namely, a single energy source is exploited to generate electricity, heating and cooling. This enables the potential of the plants installed to be exploited in full.





The analysis of energy and thermal consumption is carried out by taking into consideration, primarily, the indicator of consumption per Guest night. This allows us to understand the effectiveness of the management of energy requirements compared to the level of occupancy of the Resort. Thanks to the new energy efficiency projects applied, in 2015 the individual consumption of thermal energy decreased of 14%.

Photovoltaic panels of 11 kW peak output and extremely advanced software help to reduce the amount of artificial lighting when sufficient natural light is available, as well as during night.

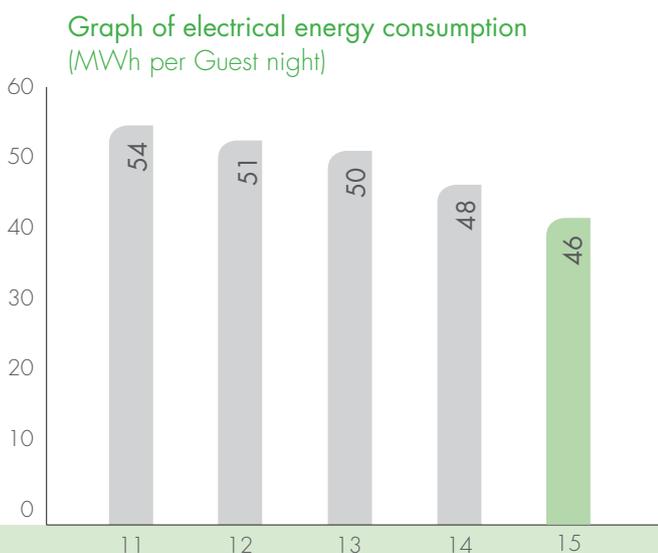
The project relating to "energy optimisation" was launched in 2014 in order to optimise the facility's energy consumption; the results of the project led to substituting the pump inverters in 2015, and therefore, resulting in a greater overall energy efficiency of the system.

This project involved both outside professionals and colleagues from the Engineering Department.

The results which emerged from the analysis, also performed for 2015, and carried out on the systems and on their operating mode highlighted a number of possible improvement actions which will be implemented from 2016, to better respond to the constant objective of reducing the facility's energy requirement.

In 2015 the level of renewable and quasi-renewable energy sources used by Lefay Resort & SPA Lago di Garda was as follows: **76%**, 2 percentage points higher compared to 2014 of the thermal energy produced for heating, cooling and the production of hot water and for pools; **100%** of the electricity purchased from the grid is RECS (Renewable Energy Certificate System) from certified hydroelectric sources and is produced entirely by renewable sources. In 2015 the level of electrical and thermal energy autoproduced by the cogeneration system and photovoltaic system has remained unchanged compared to last year and corresponds to **30%** compared to the overall needs of the Resort.

Like every year, the frequency of the measurements of energy consumption was carried out monthly and shared with Management during dedicated periodic meetings.



The electrical energy consumption trend per Guest has improved over the years. By analysing the consumption per area the most critical situations on which to act were identified. In particular, a schedule of light bulb replacement with low consumption models was put in place for the SPA area, restaurants and guestrooms.

Reduction of Water Consumption

The concept based on pursuing comprehensive environmental protection is not just limited to the production and use of energy, but also includes water. Water consumption is one of the major concerns of the local authority of Riviera dei Limoni, as the area in which the Resort is located suffers from water shortages throughout the summer months. The main activities carried out by Lefay Resorts to optimise water consumption are as follows:

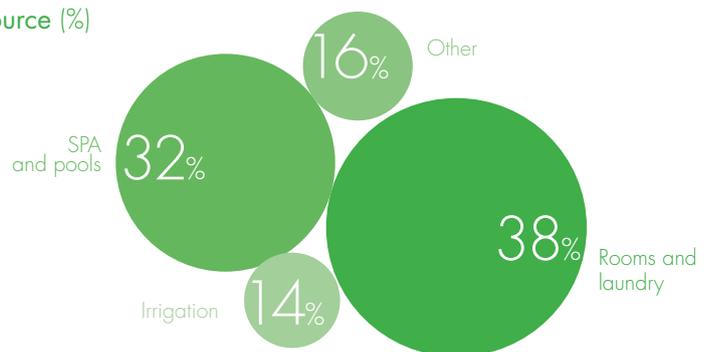
Rainwater collection

All rainwater falling on the Resort's surfaces is channelled by a dedicated collection system, conveyed to a tank with a capacity of 300 m³ and used to irrigate the gardens.

Management Software

To dramatically reduce water consumption from the mains water supply, the water supply system has been calibrated and designed in minute detail. All toilet flushing systems and bath taps regulate the water quantity in output through devices that help save water consumption by 50% compared with standard facilities. Swimming pool facilities have a water refilling system based on the number of people using the relevant swimming pool.

Water consumption per source (%)



*Infinity Pool,
Lefay Resort & SPA Lago di Garda*

Laundry Management

The laundry is one of the areas where considerable use of both water and energy for drying and ironing of all the Resort's linen is made. The actions taken to reduce this consumption concern raising awareness among Guests and Staff (for example, changing Guests' linen only when they make a specific request).

Consumption Analysis

Analysis of water consumption is carried out by taking into consideration, primarily, the indicator of consumption per Guest night; this allows us to understand the efficiency in managing energy needs based on the level of occupation of the Resort. With regard to the trend of consumption per Guest night, the comparison of several years is irregular, being influenced in particular by the following factors:

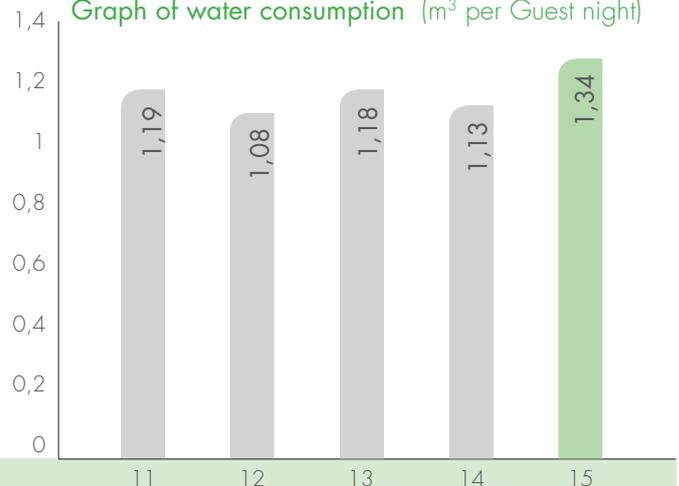
- ▶ rainfall (very important with regard to irrigation of the 11-hectare gardens);
- ▶ inauguration of the Royal Pool & SPA Suite with new pool in 2013;
- ▶ increase in the number of treatments carried out at the Lefay SPA, with the consequent increase in washing of the linen used.
- ▶ possible water losses which can only influence the consumption for a limited period of time before being resolved.

The areas considered to be most critical were analysed carefully in 2015 to reduce the water consumption and a number of improvement actions were implemented, thanks to the monitoring of flow reducers installed in the points of highest withdrawal.

Monitoring water discharges

Lefay Resorts commissions an accredited laboratory to perform analyses every year in order to monitor the values of the discharge water. This enables the environmental aspect to be monitored and to intervene if one or more values exceed the limits.

Graph of water consumption (m³ per Guest night)



Analysis of 2015 increase:

The increase per capita in the use of water referred to 2015 is due to a loss of approximately 2,500 cu.m. identified at the beginning of the year and the high summer temperatures which increased the water consumption in all the areas.

Waste Management

The management of waste is another key element for reducing the environmental impact of a Property which, due to its size and the nature of its activities, produces large quantities of organic and inorganic waste. Lefay Resort & SPA Lago di Garda reduces the environmental impact of the waste it produces by the following important actions:

- ▶ Separate waste collection;
- ▶ Use of recycled materials and re-use of materials;
- ▶ Special waste managed correctly.

Separate waste collection

Separate waste collection involves the following types of waste:



in compliance with the collection methods defined by the municipality of Gargnano and applied by Staff of the Resort according to the standards established by the Quality and Environment Management System. This separation is carried out at source in all areas of the Resort, except in the guestrooms where the waste is separated in a subsequent stage by the Housekeeping department.



Use of Recycled Materials

Consistent efforts have been made to use recycled and/or biocompatible materials such as:

- ▶ FSC certified, recycled paper for all Guests' letters and for paper materials (e.g. breakfast forms, badge holders, room directory, menu, etc...) and, in the near future, for all office activities;
- ▶ glass bottles to limit the use of plastic and an agreement with the supplier to return the empty bottles; total elimination of aluminium cans by all Resort departments with the only exception of the summer pool bar (for safety reasons);

Since 2013 the Resort gives its Guests at check-out a bottle of water purchased from a supplier adhering to the Programme of the Italian Ministry of the Environment for the "Carbon Footprint Assessment".

Lefay Resorts has also been trying to optimise all office processes in order to reduce the unnecessary use of paper as much as possible. Our hotel management software (Property Management System) has enabled us to reduce paper archives, the paper exchange between the departments, and all paper exchange to Guests all offers and/or order confirmations are made by phone or by email).

Special Waste

As regards the management of waste classified as "special", Lefay Resort & SPA Lago di Garda works with companies specialised in the transport and disposal of the same and verifies that they are duly registered in the National Register of Environmental Operators.

The main types of special waste are ash, toners and spent vegetable oil. In addition, there is sanitary waste produced by the SPA that is managed as special hazardous waste, with authorised suppliers and via the national SISTRI (Waste Tracking System).

| Type of Special Waste Produced in 2015 | Ton. |
|--|--------------|
| Metals | 0,78 |
| Wood | 0,4 |
| Sanitary waste | 0,011 |
| Ash | 5,26 |
| Exhaust toners with hazardous substances | 0,025 |
| Neon tubes | 0,06 |
| Neon tubes with hazardous substances | 0,045 |
| Frying oil | 2,47 |
| Total | 9,051 |

Neutralisation of CO₂ Emissions

With a view to continual improvement, Lefay Resorts, since 2011, has devoted great care to the topic of CO₂ emissions, and on 20 December 2011, in Rome, signed with the Ministry of the Environment and Protection of Land and Sea, a voluntary agreement for the promotion of common projects aimed at assessing the environmental footprint, in particular the calculation of the carbon footprint and the reduction of 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 2 stages:

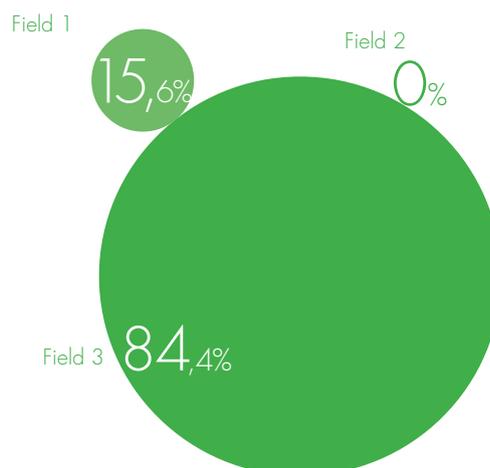
STAGE 1: Definition of the monitoring system of the CO₂ emitted and the respective calculation.

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.

Division of CO₂ Emissions per field 2015 (%)



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.

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:

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. 2015 will be the base year for Lefay Resorts, considering that the calculation method has been reviewed in order to internalise the method. This does not alter the fact that a comparison can be made with the data of the 2013 inventory, reviewed in part, and therefore, modified where possible on the basis of the new methodology developed. Lefay Resorts 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 Italia, in full compliance with the provisions of the ISO 14064 standard. In May 2016 an update was made of the calculation of the CO₂ emitted, taking into consideration the data of the year 2015. This update highlighted a decrease in 2015 of 1,087 CO_{2eq} tonnes compared to 2013.

The decrease, on the one hand, is mainly the result of a greater energy efficiency, and the choice of changing to a 100% green energy supply, and on the other hand, is the result of changing the parameter of the Inventory calculation that, as explained previously, has been internalised, and for example, no longer considers the grid losses, already accounted in the utility invoice or some raw materials for which reliable data are not available.

Comparison of emissions per source for the years 2013 and 2015

Data certified by TÜV Italia according to ISO 14064

| Emission source | Year 2013 | Year 2015 | Delta % 2013 vs 2015 |
|---------------------------------|--------------|--------------|----------------------|
| Energy | 2.190,3 | 1.295,2 | -40% |
| Staff Mobility | 62,4 | 73,4 | 17,6% |
| Guests' Transport | 5.991,1 | 6.321,7 | 5,5% |
| Raw Materials | 1.085,6 | 493,2 | -54.5% |
| Waste | 0,5 | 59,8 | 99% |
| Tonnes of CO₂ | 9.330 | 8.244 | -11,6% |

STAGE 2: Definition of reduction and/or neutralisation actions of the CO₂ emitted

After having calculated the CO₂ emissions, Lefay Resorts, through the Lefay Total Green project, has undertaken to offset the CO₂ emissions by purchasing the respective verified credits on the international market. 2013 was the first year the CO₂ emissions were offset. Since the emissions calculation is updated every two years, the emissions assumed for 2014, and therefore, the offset emissions were considered to be the same as those referred to 2013. A precise calculation was performed for 2015, as in the case of 2013.

The offsetting operation is performed by discounting the residual portion of carbon emissions with the purchase of CERs credits acknowledged by the UN, in compliance with the provisions of the Kyoto Protocol in order to contribute to the implementation of projects which permit the reduction of CO₂ emissions and other greenhouse gases to be achieved in the developing countries and in other countries.

Lefay decided to finance three projects to compensate its 2015 carbon footprint. The first, "BRT Zhengzhou China", aims to build a quick and efficient public transport system called BRT (Bus Rapid Transit) in the city of Zhengzhou, which, with its 3.5 million inhabitants, is undergoing a significant increase in demand for public transport. The drop in CO₂ emissions resulting from the project can be attributed to the effective use of fuel of the new bus system, a change in traffic congestion levels and traffic speed. Considering that most of Lefay Resorts' carbon emissions derive from transportation, we felt that it was right to offset these with a project in the same branch, adding another in energy: the "Georgia: Refurbishment of the Enguri Hydro Power Plant". The latter project aims to increase the capacity of the hydroelectric plant on the Enguri (Asia) by modernizing it in a move that will allow to increase overall power generation with a resulting reduction in the need to resort to fossil fuel to produce electricity. CO₂ credits were also purchased from an Italian project called "BOCAM" of the City of Bologna. These credits are generated from a 143 Km bicycle path network that goes through the city and that is divided into 15 itineraries linked through a bicycle-only ring-road. CCPB, as independent third party, checked the Emission Reductions based on the ISO14064 Standard, in a bid to guarantee the utmost credibility and transparency in generating credits.



8.244 TCO_{2eq}



Lefay ZERO
emission





People

The key success factor in luxury hospitality is unquestionably the quality of the human resources, which allows us to go beyond Guests' expectations every day and to create a unique and valuable offering.

This is the reason why the growth of our Staff constitutes the core of Lefay's values and strategy, it's instrumental in turning our brand into the Italian reference brand in the international market of luxury wellness holidays.





The Quality and Environment System

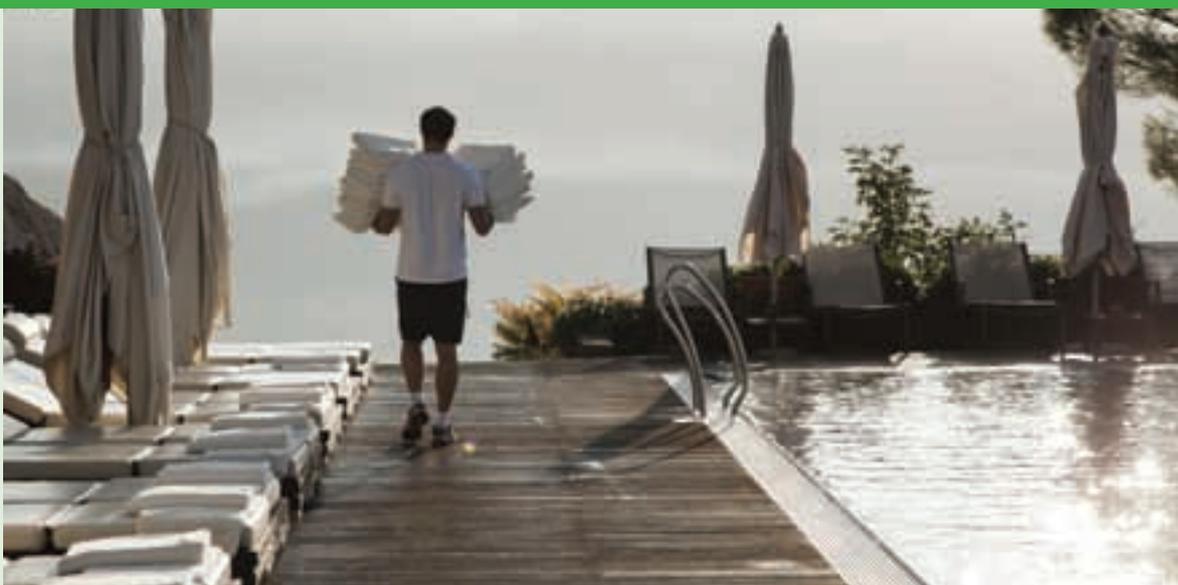
The jewel in the crown of the Lefay Resorts organisation is the management of the Quality and Environment System, which delivers exclusive service that is perfectly aligned with the environmental and quality standards we guarantee our Guests to ensure they can enjoy the ultimate holiday experience in harmony with nature and the local environment.

Right from the design stage Lefay considered it vital to establish an integrated Quality and Environmental Management System shared with everyone through clear and precise work tools. Standards and procedures are clearly documented and shared at all levels of the organisation. All employees are given an operational manual illustrating both customer service and environmental procedures and standards.

The observance of these standards is verified every day by department heads and periodically during inspections conducted by specially-trained employees or external consultants. Any non-compliance is brought to the attention of Senior Management and the corrective action needed to solve the issue definitively is decided on together with the managers in charge. Our quality and environment system means Lefay is run in full compliance with the concept of "Continual Improvement", a concept that lies at the heart of the success of our company.

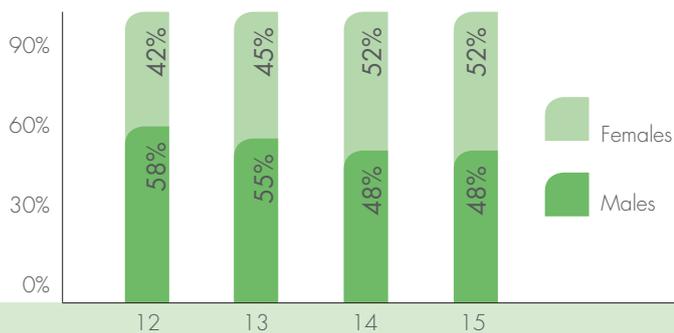
Twice a year, the Management Review takes place to assess the efficacy of the Quality and Environment Management System by verifying together with the department managers, that the objectives defined have been reached, making comments on the results of inspections and defining any corrective actions, preventive actions or opportunities for improvement.

A specific position, namely, the Quality and Sustainability Manager, was introduced at the end of 2015 to control the Management Systems, the quality of the processes and the existing environmental projects. This figure forms part of the Lefay Resorts staff and has the task of supporting the Corporate structure and the Resort manager and department heads in performing their duties in line with the requirements set out in the documents and in the System Procedures.



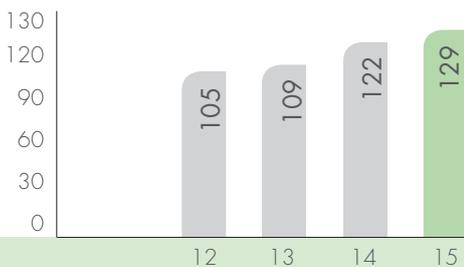
The Satisfaction of Staff

Males vs Females (%)



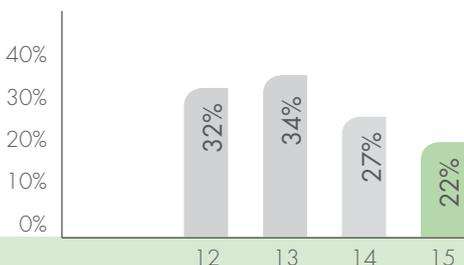
In 2015 the percentage of Female Staff employed is unchanged compared to 2014. In general the applications received for the different departments demonstrate that more women apply for positions in the Reception and Booking, SPA and Housekeeping departments, while the Food & Beverage attracts mainly male candidates.

Number of Staff in the Resort



The number of Staff employed at Lefay Resort & SPA Lago di Garda has further increased in 2015, from 122 to 129 members (3 of which belong to protected categories).

Turnover rate of Staff (%)



The year 2015 confirms the trend in the reduction of the level of Staff Turnover, setting at 22%, a value even lower than the average turnover in the hotel sector, which demonstrates that the applied policies are actually working.

Sharing goals

The company's goals, in terms of financial aspects, quality and efficiency, are defined each year, for each department. Meetings of Senior Management, departmental heads and other Staff are held periodically to monitor the progress of the objectives set out at the beginning of the year, propose new standards of service and solve any problems encountered during daily activities.

These meetings help to align the efforts of everyone in achieving the company's strategic goals, strengthening the sense of belonging and fostering Staff management skills.

Employees' Satisfaction

In addition to achieving financial and quality targets, Lefay Resort believes that the level of satisfaction of its Staff is an equally important variable, which should be continuously monitored. For this reason in 2012 we introduced the "Employee Satisfaction Survey".

Once a year all Staff complete the survey, which measures their level of satisfaction in terms of motivation, shared Corporate Values, the quality of the staff canteen and staff accommodation, opportunities for professional growth and the level of transparency in the management of Human Resources.

This tool helps the company to achieve three specific benefits: improve communication between manager and Staff, support organisational development and link individual contributions to the realisation of the company's strategic plan.

This tool was also implemented in 2015, and the areas for improvement on which to work in the future were also identified based on the answers given by the Staff.

Some data arising from an analysis of the results are detailed below:

- ▶ 88% filled and returned the survey in an anonymous form;
- ▶ on average 83% were satisfied or very satisfied with their job;
- ▶ the Reception & Booking Department is the department where satisfaction is highest (92%).

Employment and Remuneration Policy

All Staff of Lefay Resorts are employed according to the conditions envisaged by the National Labour Contract, Tourism sector. All professional positions in the Resort are grouped into macro-categories, which are based on the employment levels of the National Labour Contract, without discrimination of any kind with regard to gender. Our Staff are paid more than the levels stipulated by the National Labour Contract for the Tourism sector, on average by 10%. In addition to the basic salary, an allowance is given to all those who live a certain distance from the Resort, allowances are provided for particular roles and an incentive system has been set up, which is linked to the objectives shared at the beginning of the year.

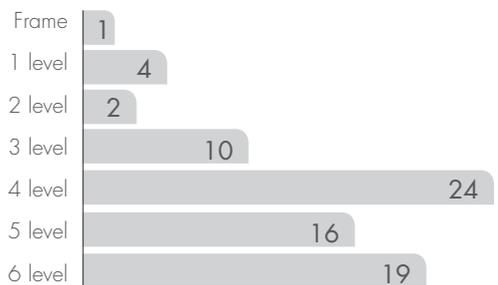
In 2014 an important organisational decision was taken, in sharp contrast to recent trends in the sector: the internalisation of the room cleaning service.

This decision, aimed at further improving the quality of the service to Guests, resulted in a considerable increase in the number of employees, particularly female staff. A training course was given to all new employees, which was completed during the year. Based on the results of the customer satisfaction analyses and from the employees' satisfaction questionnaire, we can affirm that the decision to internalise the service has been totally positive. We are also particularly satisfied with the trend concerning the percentage of new open ended contracts. Since 2011, the percentage passed from **35% to 54,5%**.

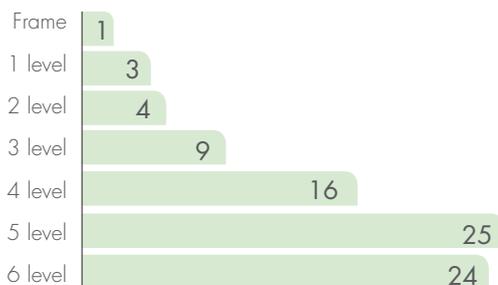
The trend in Staff turnover has also improved over the years, passing from **43% in 2011 to 22% in 2015**. The reduction in the rate of turnover was the result of different activities carried out over the years, connected to the professional development of our Staff, which are aimed at strengthening the sense of belonging and sharing of the values of Lefay Resorts.

In 2015 the number of accidents at work increased compared to the previous year, passing from 5 to 8 accidents. However, the total number of absence for accidents has decreased passing from 155 in 2014 to 117 in 2015, while the rate of absenteeism (the number of hours for illness unjustified absence, in relation to the total number of hours worked over the year) is 5,8%.

Male Employees' Levels



Female Employees' Levels



Benefits

Based on the assumption that to request superior service from our Staff towards Guests, the company must be equally good to its Staff, we have implemented a series of unique benefits in the sector in Italy:

Work hours

The company has drawn up guidelines for work hours so that they are standardised in all departments, sustainable and above all compliant with legislation in the matter.

Holidays

Each member of Staff has the right to benefit from the holidays envisaged by the National Labour Contract for the Tourism sector while the Resort is closed (usually in January) and may request another two holiday periods of his/her choice throughout the year.

Remuneration

Lefay Resorts applies the National Labour Contract, Tourism sector, to all employees, with contractual status linked to their role in the company, on a permanent or temporary basis according to the specific characteristics and requirements of the position available. All aspects of their position (e.g. holidays, days off, shifts) are managed in a clear and transparent manner by the Human Resources Office and can be continuously monitored by each member of Staff.



The “Noi” Restaurant

All Staff members can eat free of charge at their own restaurant.

The “Noi” Restaurant, managed and looked after directly by Lefay Vital Gourmet staff, offers breakfast, lunch, dinner and afternoon snacks for the different shifts, allowing all Staff to make use of the service according to the activities and needs of their department with specific attention paid to preparing the menu and its variation following the seasonal changes of the food.

Housing

All Staff who make a request will be offered housing free of charge within the structure or in a special residence. The accommodation facilities have been recently built and are very comfortable. Staff not requesting housing will be given a payment in addition to their salary.

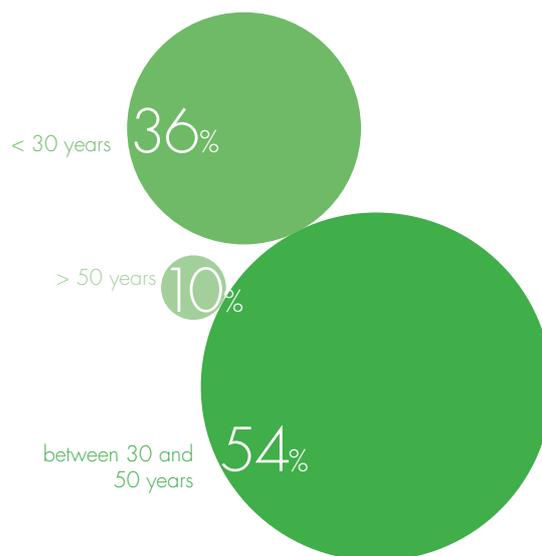
Uniforms

When starting their job, each member of Staff is given a set of uniforms for their department. Lefay also offers a free laundry service for the uniforms.

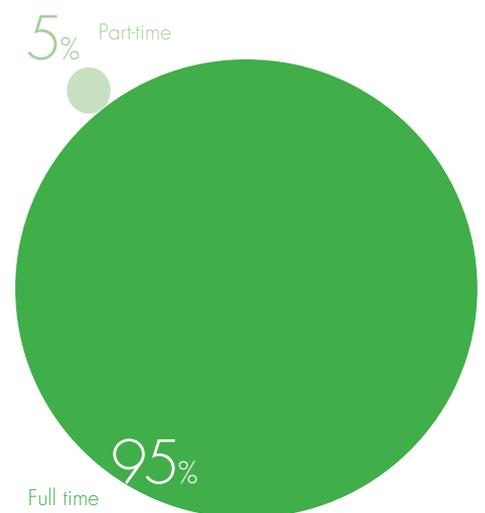
Discounts on purchases of Lefay brand products and services

Lefay Resort gives discounts to all its Staff on the purchase of holidays at the Resort and on Lefay SPA, Lefay Style and Lefay Vital Gourmet brand products for sale at the Lefay Shop inside the Spa area.

% Staff by age groups



% Full time





*Veronica Tonni,
Lefay SPA Fitness Manager*

Professional Development

In line with company values, Lefay recognises the need to give priority to internal resources in terms of professional growth.

For this reason, each time a position becomes available within the Resort, before selecting new people from outside internal Staff are carefully analysed to identify those who, through promotion, could cover the vacant position.

Lefay Resorts applies, in a clear and transparent manner, the National Labour Contract, Tourism sector, and promotions are given based on merit and the skills of each member of Staff. In addition to the roles typical of the sector, the company has created specific roles for its requirements, for example:

- ▶ Lefay SPA Method Training Manager;
- ▶ Lefay SPA Method Trainer;
- ▶ Eco-Manager.

For each role a training course is planned, and the goals, responsibilities and duties are identified and summarised in a job description. The fundamental stages that accompany the path of professional growth within Lefay Resorts are as follows:

- ▶ Selection process
- ▶ Performance assessment
- ▶ Recognition.

For Lefay Resorts training is particularly important in the context of professional development.

*Eco Manager
Luca Scalfi*



Selection process

We are always looking to attract the best talents by illustrating the factors that differentiate a work experience with Lefay from other competitors.

In 2013 we began using a new software to manage the applications and have included the new section "Careers" on the website www.lefayresorts.com so that candidates can view the positions available and examine the benefits offered by the company to its Staff.

It is a transparent selection system that has increased the influx of highly interesting applications, making the selection process more efficient and simplifying and accelerating the selection management procedure.

Performance assessment

In order to make the path of growth and development of Staff clearer and more objective and structured, Lefay Resorts decided to introduce an impartial and objective system of assessment of human resources.

All Staff are involved in this process, which includes the following stages:

- ▶ a self-assessment by each member of Staff;
- ▶ an assessment and meeting giving feedback with Management and heads of department.

During this process the following skills were assessed:

- ▶ **cross-cutting**, requested for all roles, such as flexibility, motivation, focus on quality;
- ▶ **specific according** to the professional role covered, such as linguistic and technical abilities;
- ▶ **managerial** only for department heads and deputies.

Acknowledgements

Each month, Lefay Resorts appoints an **Employee of the month**. With this acknowledgement, recognition is given to employees who manage to surprise Guests by going above and beyond their expectations or who demonstrate total dedication and team spirit while carrying out their work.

In particular, the sharing of company objectives is strengthened by the use of incentive systems specifically created for roles that are considered strategic.

Internal communication

Lefay Resorts communicates with its Staff in a constant and transparent manner using the following tools.

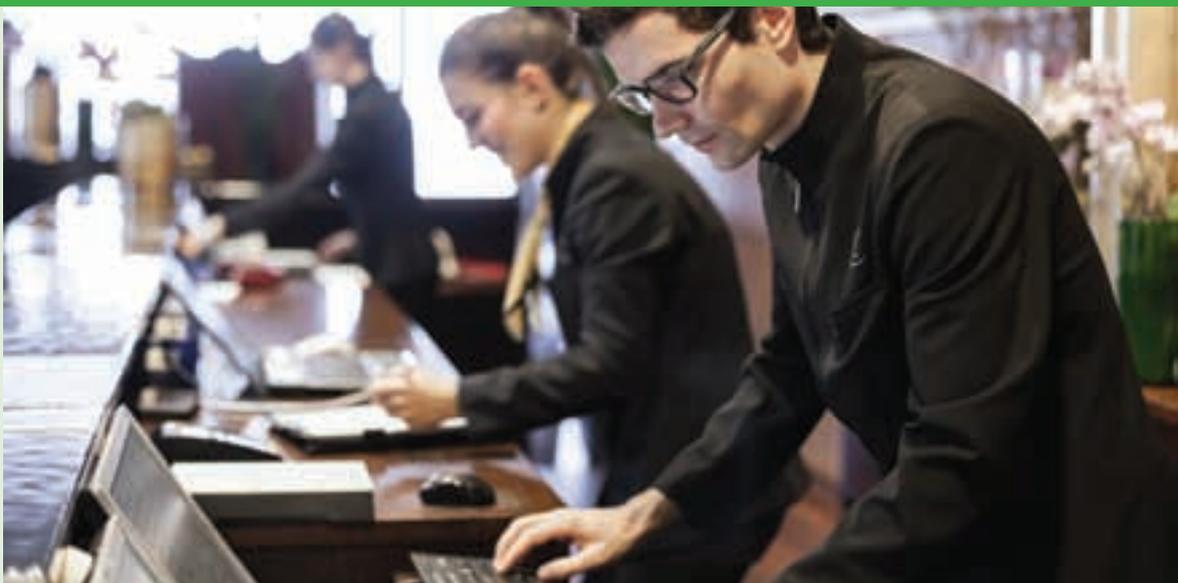
Corporate Identity Booklet: distributed every year to all Staff, it explains the company's vision, mission and values, the Lefay code of excellence, awards and acknowledgements.

Company noticeboard: the main articles published in the national and international press in which the Resort is mentioned are displayed on the noticeboard. The acknowledgement of the "Employee of the month" is displayed every month.

Internal communication: any updates on product standards or changes in internal procedures are communicated to the heads of department and then shared with all Staff.

Periodic meetings: both departmental and cross-cutting meetings are held periodically to discuss news, events and the running of the resort.

Institutional communication: the Management of Lefay Resorts issues prompt announcements to let Staff know about any successes (awards or acknowledgements achieved) and any news published in the press thanks to the company's PR Work.



The Decalogue of Excellence

We are a very united team and, through clear shared objectives, aim to reach the highest levels of quality in the service offered to our Guests, as well as our own personal satisfaction. It is essential that each of us share the basic values of our company and sets a direct example every day. For this reason we have shared the ten fundamental principles that guide us day after day so that we reach excellence according to Lefay.

1. **Respect for colleagues:**
we are extremely good to the people we work with, in the same way we are with our Guests, respecting their differences and commending their unique qualities.
2. **Communication:**
we always communicate with a discreet tone and quiet voice, trying never to intimidate interlocutors.
3. **Hospitality:**
we welcome our Guests as we would if they came to our home.
4. **Style:**
we take care of our appearance, uniform and posture because these aspects are the first expression of Lefay's New Luxury.
5. **Team:**
we always use the word "us" and never "I", we are successful thanks to the people that stand by our side day after day.
6. **Professionalism:**
we are committed to learning and applying the Lefay standards of excellence.
7. **A smile:**
we express every day the passion, joy and motivation that distinguish us.
8. **Respect for the environment:**
we are committed to respecting the environment, with small daily gestures.
9. **Be an example to others:**
we are aware that any instruction, if not accompanied by example, is useless.
10. **Excellence that goes above and beyond:**
we try to anticipate the needs of our Guests and always go above and beyond their expectations!

Training

The key to the success of Lefay Resorts is the excellence of our people: for this reason, our Staff members, once they have entered the Lefay world, become part of a Team that is driven and motivated to achieve excellence, have the opportunity to increase their professional preparation and enjoy a series of benefits that are unique in this sector in Italy.

The attitude and skills of our Staff have a direct impact on the excellent quality of the service, which we must ensure is as perfect as possible for our Guests day after day. Lefay training is divided into three categories.

Introductory Course

Each new member of the Lefay Staff goes on a two-day introductory course so that they can fully embrace Lefay's values, learn their way about the work place and discover the operational standards expected in their department.

An entire module of this programme is dedicated to the facility's sustainability, to the environmental certificates implemented, to the environmental improvement objectives and the related actions, and to the good environmental practices to be adopted during everyday work.

Professional Training Courses

During the year each member of Staff also attends special training courses as required (eg. foreign language courses, customer relations courses, Arab culture and management of Guests suffering from celiac disease) in order to develop or improve the specific skills required by their role. In addition to these, other courses are held on specific topics: Health and Safety, HACCP and Privacy; waste management and management of allergies. Each member of Staff of the SPA department attends a specific training course, which involves the Lefay SPA training coordinators, medical experts and representatives specialised in the various holistic disciplines. Each Staff



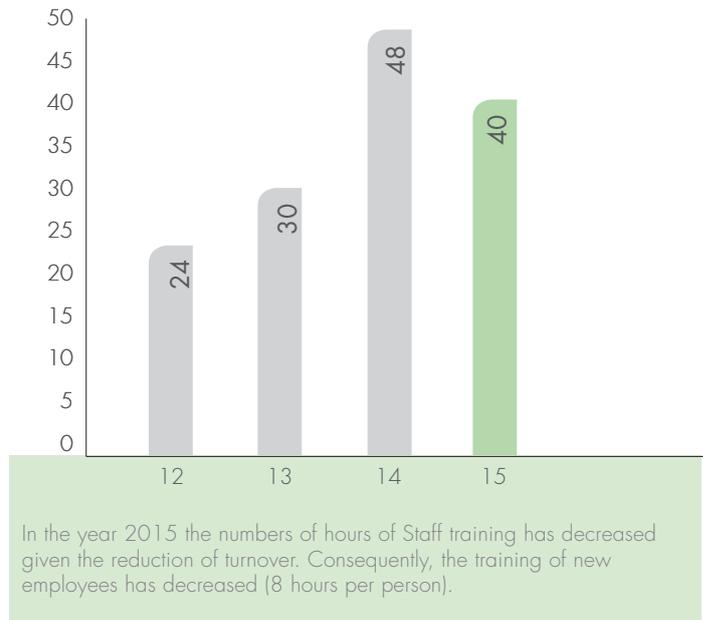
member is given a training manual, which summarises the theory courses followed, the number of on-the-job training hours carried out to achieve the necessary qualifications to perform treatments on Guests and the assessments given following periodic inspections, which evaluate the level of preparation and respect of Lefay SPA's standards.

A professional certificate is given at the end of this course.

Management Courses

Lastly, department managers follow a training path designed to develop their management abilities and the skills needed for achieving success in their role.

Average number of hours of training per member of Staff



INTRODUCTORY COURSE

For all new Staff that become part of the Lefay Team



PROFESSIONAL TRAINING COURSE

To improve the knowledge and technical abilities of all Staff



MANAGEMENT COURSES

Courses dedicated to specific roles, to improve managerial skills in different areas

The Local Area

The Resort is nestled among the hills of the old town Gargnano, in the heart of the Upper Garda Nature Reserve, and offers a marvellous view of the largest and brightest expanse of water in Italy: Lake Garda, also known as Benaco.



The brightness of the environment, the mildness of the climate, the lush vegetation and the wonderful scenery, which are the setting for interesting historical sites and numerous cultural and folklore events, make Lake Garda a unique destination for visitors and enthusiasts of holidays filled with relaxation, sport, fun and fine food.



Responsible Management of Supplies

Purchase policy

Respect for the value of social and environmental sustainability is reflected in the Resort's procurement policy. We give preference to companies that work according to the standards envisaged by international quality and environmental certification systems.

We choose our suppliers on the basis of the criteria listed below in order of priority:

- ▶ possession of the necessary mandatory authorisations, licences and/or qualifications;
- ▶ possession of sector-specific references and experience and/or experience with eco-compatible projects;
- ▶ possession of environmental, quality or product/service sustainability certifications in their field (and we ask to see a copy just to make sure);
- ▶ the supplier's operating centre to privilege collaboration with local suppliers in order to reduce the impact of transport emissions and to favour the development of the local area;
- ▶ cost effectiveness.

Lefay Resorts is committed to developing long-term relationships with its suppliers, also sharing the its quality and environmental policy, in the belief that only a relationship involving mutual exchange and growth ensures the quality of the products which Lefay Resorts proposes to its Guests.

In addition, **69%** of the turnover for food products is associated with local suppliers originating from the Province of Brescia, 23% from the neighbouring Provinces within 150 km (Milan, Verona, Padua) and the remaining 8% from Central or North Italy, in line with the commitment to reduce CO₂ emissions.

"Il Luccioperca", a dish from our La Grande Limonaia Restaurant



Selection of Products

Since its opening, Lefay Resort & SPA Lago di Garda has favoured the use of natural, eco-compatible materials to complement the natural beauty of its setting:

Interior Design: We have used as many locally-sourced natural materials as possible, like olive wood for the parquet, Italian walnut for the furniture, and Verona red marble for the flooring of the reception area and bathrooms. All our fabrics are made of untreated natural cotton fibre. And we have used water-based, non-chemical paint on the walls.

SPA: We have created a line of personalised dermatological cosmetics for face and body that are rich in natural active ingredients without any addition of petroleum products, artificial colours, parabens and surfactants (sodium lauryl ether sulphate).

Food & Beverage: Our Lefay Vital Gourmet philosophy is based on seasonal produce and top quality, farm-fresh ingredients. Healthy eating is a primary consideration and we focus on a Mediterranean diet in which extra-virgin olive oil reigns supreme.

Research and Development

Lefay Resorts invests in research every year to constantly improve its well-being proposal, by innovating products and treatments. In particular, the innovations of Lefay SPA 2015, include the Energy and Aesthetic Medicine section that uses the benefits of acupuncture and moxibustion as the principal techniques to slow down ageing. An approach that originated the innovative "Il Fluire del Ruscello" (The Flowing Stream) holistic treatment that combines the power of acupuncture with the draining action of a massage performed via Gua Sha, a typical Chinese instrument that stimulates the channel areas and the accumulation acupoints.

Furthermore, in addition to using natural products for all the types of treatments, the Lefay SPA Method energetic massages are performed with certified natural products and are accompanied by aromatherapy based on essential oils which follow the rhythm of the seasons.

And responsibility in relation to the environment is also found in the products used in Lefay SPA, in addition to applying the procedures for the facility's sustainable management: in fact, 50% of our treatments are performed using organic products. Besides the cosmetic context, Ecocert has verified the quality of the fruit on display, the fabrics, the detergents and the perfume diffusers to ensure that the Guests enjoy a high-level well-being experience that respects the environment.

In addition, the search and substitution of plastic and/or single use disposable articles used in the Resort with natural durable or recycled materials has continued (for example: shopping bags made of Jute and Bamboo, biodegradable glasses for tea time in the SPA, cotton towels in the Guests bathrooms in the common areas and coasters).

Employment of Local People

Lefay Resorts is committed to employing Staff members who are resident in neighbouring municipalities, depending on the professional skills required.

The percentage of “local” Staff (from the Province of Brescia) has decreased from 58% in 2014 to **55.5%** in 2015, however, it is necessary to consider that many members of staff come from the nearby Region of Trentino.

The commitment of Lefay towards the development of the local community is also seen in the courageous decision to keep Lefay Resort & SPA Lago di Garda open all year in this typically seasonal destination (March-October).

A choice however rewarded by the presence of a significant number of Guests throughout the opening period, in fact, the Property's average occupation rate in 2015 reached 78%.

*Tiziana Amore,
Human Resources Manager*



Promotion of the Local Area

Press and Public Relations

Lefay Resorts contributes actively to the development and promotion of Lake Garda both in Italy, and abroad, thanks to the contacts and the network of relations with international and national counterparties, and thanks to the constant teamwork with prestigious communication agencies in Europe. Press visits were organised during 2015 for more than 78 national and international journalists and approximately 400 articles were published referring to the Resort and to the Lake Garda area, with the consequent promotion of the culture, tourism and local products.

Sponsorships and Collaboration

Lefay Resorts enthusiastically sustains some cultural and sporting initiatives promoted by the Local Community, by sponsoring different events. These events include the golfing circuit competition organised by the "Bogliaco Golf Club"; the regattas organised each year on Lake Garda or the competitions promoted by the local sports associations. The "Transbenaco" regatta is particularly famous organised each year by the "Portese Nautical Club", with which we renew our support regularly. With regard to cultural initiatives, Lefay Resorts sponsors concerts and music festivals, including the prestigious "Tenera-mente" festival that is held during the summer months at the "Vittoriale degli Italiani" in Gardone Riviera and with the participation of the most renowned names of the music world.

Associations:

Lefay Resorts is a member of the Local Associations, which include the "Consorzio Turistico Gargnano Relax" (Gargnano Relax Tourist Consortium), active in the promotion of tourism in the local area and "A.I.B - Associazione Industriale Bresciana" (Brescia Industrial Association), one of the largest of the sector in Italy and a member of the Confindustria System that numbers more than 1,200 companies.

Culture and Nature

A stay at Lefay Resorts is completed with the numerous experiences in the quest to discover Lake Garda, and promoted to present to the Guests the main cultural and landscape heritage of the surrounding area. This is achieved thanks to the organisation of guided visits to the main sites of historical/cultural interest (for example: the "Vittoriale degli Italiani" and the Arena of Verona) and to the sites of naturalistic interest (mountain bike excursions, hiking or trekking in the "Parco dell'Alto Garda" (Upper Garda Park).

"Festival Tenera-Mente" Sponsorship



Artists

Lefay Resorts aims to involve its Guests emotionally and intellectually in the local area by showcasing local artists.

Since our opening, we have developed strong relationships with local artists and commissioned them to produce unique works of art, such as paintings and photographs which pay tribute to the wonderful surroundings of the Resort.

Inside Lefay, Guests can enjoy some works of art by Renato Missaglia, an artist from Brescia, who has produced art representing the seven elements found in the Garda area: the olive tree, the bougainvillea, the bay tree, the vineyard, the lemon, the lake and the lemon-house.

Our Royal Pool and SPA Suite features works of art by Antonio Mazzetti, an eclectic artist from Brescia, while in all common areas of the resort Guests can enjoy pictures taken by Pino Mongiello of the lake and the lush lakeside countryside.



*Two examples
of local artwork
by Renato Missaglia*

*An artwork by the local artist
Antonio Mazzetti inside
the Royal Pool & SPA Suite*



Improvement Objectives



There are places
where wellness is in every sense.

CORPORATE

Environment

Ongoing Objectives

| Objective | KPI | Action | When | Status |
|--|---|--|--------------|--|
| Reduce the use of printed paper materials | Pieces of printed material | Activate the new ERP management system to automate the procurement application process, avoiding filling out paper forms | 2016 | ONGOING |
| | | Replace paper pay slips with e-mails | 2016 | ONGOING |
| Reduce and neutralise CO ₂ emissions | TCO ₂ | Quantify emissions connected to the Resort's website and proceed to neutralization | 2015 2016 | ONGOING It will be activated for the new website at the end of 2016 |
| | | Quantify emissions connected to the Resort's activities and evaluate a new project for the purchase of CERs | 2015 2017 | ONGOING for 2015 |
| Increase waste diversion | Types of waste collected | Waste separation introduction of PLASTIC, ORGANIC, GLASS AND METAL | 2016 | ONGOING |
| Increase by 2% the purchase of certified products for cleaning | Amount spent on certified pdt/tot. amount spent | Give preference to Ecolabel certified cleaning products | 2016 | ONGOING |

People

Ongoing Objectives

| Objective | KPI | Action | When | Status |
|---|-----------------------|--|------|---------|
| Introduce new benefits for Staff | No. of agreements | Draw up agreements for our Staff with local activities | 2016 | ONGOING |
| Improve knowledge of foreign languages | No. of training hours | Undertake at least 10 hours of English language lessons for all Staff | 2016 | ONGOING |
| Intensify professional-technical training | No. of training hours | Set up specific training courses for all Department, based on the the different activities (at least 8 hours of training per person) | 2016 | ONGOING |

Local Area

Ongoing Objectives

| Objective | KPI | Action | When | Status |
|---|--|--|------|---------|
| Increase by 2% the amount spent with local food producers | Amount spent with local suppliers/total amount spent | With regard to the procurement management policy, give priority to the following criteria: - local suppliers; - selection of local raw materials | 2016 | ONGOING |

RESORT

Environment

Completed objectives:

| Objective | KPI | Action | When | Status |
|---|---|--|--------------|-----------|
| Monitor monthly TOE generated | TOE | Update the monthly user monitoring reports | 2014 | COMPLETED |
| Reduce the use of printed paper materials | Quantity of printed paper | Computerise Lefay Club Magazine and Direct Marketing activities online | 2014 | COMPLETED |
| | | Computerise the Managing Director's welcome letter on room TV | 2015 | COMPLETED |
| | | Replace printed paper with an alternative material made of more resistant and reusable material | 2015 | COMPLETED |
| Reduce consumption of PVC material | No. of Keycards in PVC vs natural fibre | Replace Key cards in PVC with natural fibre | 2015 | COMPLETED |
| Increase internal activities of recycling and reuse | Quantity of disposable products | At least 50 % of disposable products used in the SPA (headphones and slip) must be produced from recycled material | 2015 | COMPLETED |
| Reduce or neutralise CO ₂ emissions | TCO ₂ | Quantify emissions connected to the Resort's activities and evaluate a new project for the purchase of CERs | 2013 2014 | COMPLETED |

Environment

Ongoing and new objectives:

| Objective | KPI | Action | When | Status |
|---|---|--|--------------|--|
| Reduce or neutralise CO ₂ emissions | TCO ₂ | Quantify emissions connected to the Resort's activities and evaluate a new project for the purchase of CERs | 2015 2017 | ONGOING For 2015 |
| Reduction 2% energy needs per Guest per night | KwH/Guest Night | Energy control of Lefay Resort & SPA Lago di Garda by a third party | 2014 2016 | ONGOING |
| | | Replace light bulbs with low-consumption type | 2014 2016 | ONGOING |
| Reduce the use of printed paper materials | Quantity of printed paper | Replace paper pay slips with e-mails | 2016 | ONGOING |
| | | Activate TeamSystem, a management system to automate the procurement application process, avoiding filling out paper forms | 2016 | ONGOING |
| | | Computerise Guests' registration forms | 2016 2017 | NEW |
| Increase internal activities of recycling and reuse | Quantity of amenities containers in recycled material | At least 50% of the amenities containers is produced with recycled material | 2016 2017 | ONGOING For the organic face and body oils line |
| | YES/NO | Buy composter for organic waste | 2016 2017 | NEW |
| Reduce consumption of water and cleaning products | | Find sustainable alternatives for fabric softener | 2016 2017 | NEW |

Environment

Ongoing and new objectives:

| Objective | KPI | Action | When | Status |
|---|---|--|--------------|--------|
| Sensitise children to sustainability issues | YES/NO | Develop and print a Green Book for Children (animals and local plants, waste management, etc...) | 2016 2017 | NEW |
| Promote the different types of local plants | No. of local plants identified with tags/total local plants | Place tags with the names of local plants inside the gardens | 2016 2017 | NEW |
| Promote the use of private electric transport | No. of charging points made available to customers | Develop a project with Tesla to install two charging points for electric cars in the Resort garage | 2016 2017 | NEW |

People

Completed objectives:

| Objective | KPI | Action | When | Status |
|---|-----------------------|---|--------------|---|
| Introduce new benefits for Staff | YES/NO | Activate WIFI for Staff accommodation | 2014 | COMPLETED |
| Improve knowledge of foreign languages | No. of training hours | Undertake at least 10 hours of English language lessons for all Staff | 2014 2015 | COMPLETED In 2015, over 200 hours of English lessons were carried out |
| Intensify professional-technical training | No. of training hours | Set up specific training courses for other department, like those that already take place in the SPA department | 2014 2015 | COMPLETED In 2015, professional courses were carried out for the dining hall, kitchen, housekeeping and maintenance department, for a total of 500 hours |

People

Ongoing and new objectives:

| Objective | KPI | Action | When | Status |
|--|---|--|--------------|---------|
| Improve knowledge of foreign languages | No. of training hours | Undertake at least 10 hours of English language lessons for all Staff | 2016 | ONGOING |
| Intensify professional-technical training | No. of training hours | Set up specific training courses | 2016 | ONGOING |
| Gather feedback from Guests on environmental aspects of the Resort | YES/NO | Include questions on the environmental aspect in the customer satisfaction survey | 2015 2016 | ONGOING |
| Train F&B Staff on the methods of preparation of dishes for persons with coeliac disease | No. of training hours | Follow the Guidelines "Alimentazione fuoricasa" (Eating out) made by the Italian Association for people with coeliac disease | 2015 2016 | ONGOING |
| Sensitise employees to the Sustainability and Environmental management | No. of training hours | Launch training program Lefay Total Green with specific focus on waste management and the reduction of environmental impacts | 2016 | ONGOING |
| Offer the Guests organic certified cosmetic products | No. of organic certified cosmetic products/total cosmetic products | Select organic certified cosmetic products for sale at Lefay Shop | 2016 2017 | ONGOING |
| Offer the Guests some SPA treatments performed with organic certified cosmetic products | No. of treatments with organic certified cosmetic products/total treatments | Use only cosmetic products organic certified for carrying out some Lefay SPA treatments | 2016 | ONGOING |
| Improve the atmosphere in the "Noi" Restaurant | YES/NO | Improve of comfort and equipment | 2016 | NEW |
| Introduce new benefits for Staff | No. of agreements | Draw up agreements for our Staff with local activities | 2015 2016 | NEW |

Local Area

Completed objectives

| Objective | KPI | Action | When | Status |
|--|-----------------------------------|--|------|-----------|
| Improve internet and direct marketing activities | YES/NO | Set up new management for the newsletter | 2014 | COMPLETED |
| Develop new communication channels | No. of new communication channels | Set up Instagram account | 2014 | COMPLETED |

Ongoing and new objectives

| Objective | KPI | Action | When | Status |
|--|--|--|--------------|--|
| Increase by 2% the amount spent with local food producers | Amount spent with local suppliers/total amount spent | With regard to the procurement management policy, give priority to the following criteria: - local suppliers; - selection of seasonal and local raw materials. | 2015 2017 | In 2015 the amount spent with local suppliers: +3% ONGOING |
| Increase by 2% the amount spent for purchasing certified food products | Amount spent on certified pdt/tot. amount spent | Give preference to food products with: Biologic Logo UE; DOC, DOP, IGP, STG; Slow Food; Fair Trade; Blu Marine Stewardship Council (MSC). | 2014 2016 | In 2015 the amount spent on certified products: +2%, for Slow Food certified cheese, organic fruit and vegetables. ONGOING |
| Reduce consumption of water per Guest per night | M3/Guest Night | Adjust tap flow at Resort | 2014 2016 | Reduction of water needs: -5% ONGOING |
| Increase the amount spent for purchasing certified linen | Amount spent on certified linen/tot. amount spent | Purchase certified linen: Global Standard Textile | 2014 2016 | In 2014 amount spent on GOTS linen +7% ONGOING |
| Participate actively in local environmental and cultural projects | YES/NO | Set up agreement with local authorities and foundations Define agreement for the support of projects with local institutions | 2014 2016 | ONGOING |
| Increase % renewable energy | Renewable energy/ Total consumed | Install new solar/photovoltaic panels | 2018 | NEW |
| Increase by 2% the purchase of certified products for cleaning | Amount spent on certified pdt/tot. amount spent | Give preference to certified cleaning products: Eco label; Angelo Blu; Ecocert; Nordic Swan. | 2016 | NEW |

Environmental Certifications and Awards

| Environmental Awards: | Certifications: |
|--|---|
| Tripadvisor Greenleaders - Platinum 2015 Tripadvisor Greenleaders - Platinum 2014 | ISO 9001 |
| Green Good Design Award 2013 | ISO 14001 |
| Virtuoso Best of Best Award 2012 - "Most Socially Responsible" | ISO 14064 |
| CNN International 2012 | Green Globe |
| Legambiente: Premio Innovazione Amica dell'Ambiente 2009 | "Being Organic & Ecological SPA: Level Excellence" 2015 |

Awards

2015

Spafinder Wellness Travel Awards:
"Country Awards – Best SPA in Italy"
and "Best for Mind & Spirit"

Spa Traveller Awards: "Best SPA Resort
(more than 50 rooms) in Italy"
and "Most Effective De-Stress Programme"

Small Luxury Hotels of the World Awards
"Club Members' Hotel of the Year"

Readers' Choice Travel Awards - Condè Nast Traveller:
"20 Top Destination SPA"

European Health & SPA Award: "Best Destination SPA"

World Wellness & SPA Awards:
"Resort SPA of the Year - Western Europe & Scandinavia"

Condé Nast Johansens Excellence Award:
"Best Destination SPA Europe & Mediterranean 2015"

Tripadvisor Travellers' Choice Awards:
"25 Best Hotels", "Top 25 Luxury Hotels"
and "Top 25 Romantic Hotels"

The L'Espresso's guidebook "I Ristoranti d'Italia 2015":
La Grande Limonaia restaurant has been awarded with
"Primo Cappello", which identifies the best Italian restaurants.

2014

Condé Nast Traveller Readers' Choice Awards:
"20 Top Destination SPA" & "World's Best 100"

European Health & SPA Award:
for the new ritual "La Vita nei Sensi" given an award
as "Best SPA Treatment in Italy"

Expedia® Insiders' Select™ 2014

CNN: 9 deluxe weight loss vacations

Tripadvisor Travellers' Choice Awards: "The Best Luxury Hotels"
and "The Most Romantic Hotels"

Trivago Hotel Award: "Best Hotel in Lombardy"

2013

European Health & SPA Award: "Best SPA Destination"

Spafinder Readers' Choice Awards:
"Best SPA in Europe" & "Best SPA in Italy".

Small Luxury Hotels of the World: "Hotel of the Year"

Conde Nast Traveller Readers' Choice Travel Awards:
"20 Top SPA Destinations"

Expedia® Insiders' Select™ 2013

Busche SPA Diamond Award:
"Best International SPA Resort".

World Luxury SPA Awards: "Best Luxury Destination SPA"
& "Best Luxury Wellness SPA"

2012

Spafinder Readers' Choice Awards:
"Best Eco-SPA", "Best Rooms" and "Best Interior Design"

Condé Nast Johansens Excellence Award:
"Most Excellent SPA Hotel Europe & Mediterranean"

2011

Spafinder Readers' Choice Awards:
"Best SPA in Italy"

European Health & SPA Award:
"Best SPA Destination"
& "Best Face Treatment" for the Lefay SPA Method
"Derma di Luce" massage.

2010

Gala SPA Awards: "Innovative SPA Concept"

Italian SPA Award: "Eco-SPA"

Global Reporting Index KPI Table

GRI G4 in accordance "CORE"

| Criterion | Detailed Description | Reference | External Assurance TÜV Italy |
|--|--|------------------------------------|------------------------------|
| STRATEGY & ANALYSIS | | | |
| G4-1 | Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability. | President's Letter | ✓ |
| ORGANIZATIONAL PROFILE | | | |
| G4-3 | Name of the organization. | Our story | ✓ |
| G4-4 | Primary brands, products and services. | Business Model | ✓ |
| G4-5 | Location of the organization's headquarters. | Business Model | ✓ |
| G4-6 | Countries where the organization operates. | Business Model | ✓ |
| G4-7 | Nature of ownership and legal form. | Organisational structure | ✓ |
| G4-8 | Markets served | Indicators of economic performance | ✓ |
| G4-9 | Scale of the organization, including: Total number of employees, Total number of operations, Net sales (for private sector organizations) or net revenues (for public sector organizations), Total capitalization broken down in terms of debt and equity (for private sector organizations), Quantity of products or services provided. | Indicators of economic performance | ✓ |
| G4-10 | Total number of employees by: a) employment contract and gender. b) professional category and gender. c) employment type and gender. d) region and gender. | Staff satisfaction | ✓ |
| G4-11 | Percentage of total employees covered by collective bargaining agreements. | Staff satisfaction | ✓ |
| G4-12 | Describe the organization's supply chain. | Supply chain management | ✓ |
| G4-13 | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including. | Our story | ✓ |
| G4-14 | Whether and how the precautionary approach or principle is addressed by the organization. | NA | ✓ |
| ORGANIZATIONAL PROFILE: INVOLVEMENT IN EXTERNALLY INITIATIVES | | | |
| G4-15 | List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | Guest satisfaction | ✓ |
| G4-16 | List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization has a position in the governance bodies; participates to projects and committees; provides significant financial resources despite the standard membership fee; considers its support as a strategic factor. | Promotion of the local area | ✓ |

| Criterion | Detailed Description | Reference | External Assurance TÜV Italy |
|---|--|--|------------------------------|
| IDENTIFIED MATERIAL ASPECTS & BOUNDARIES | | | |
| G4-17 | List all entities included in the organization's consolidated financial statements or equivalent documents. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the Report. | Business Model | ✓ |
| G4-18 | a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content. | Introduction to the Sustainability Report and boundaries | ✓ |
| G4-19 | List all the material Aspects identified in the process for defining report content - Identified Material Aspects. | Identified Material Aspects | ✓ |
| G4-20 | For each material Aspect, report the Aspect Boundary within the organization. | Identified Material Aspects | ✓ |
| G4-21 | For each material Aspect, report the Aspect Boundary outside the organization. | Identified Material Aspects | ✓ |
| G4-22 | Effect of any restatements of information provided in previous reports, and the reasons for such restatements. | NA | ✓ |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries. | NA | ✓ |
| STAKEHOLDER ENGAGEMENT | | | |
| G4-24 | List of stakeholder groups engaged by the organization. | Stakeholder | ✓ |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage. | Stakeholder | ✓ |
| G4-26 | Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | Stakeholder | ✓ |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. | Stakeholder | ✓ |
| REPORT PROFILE | | | |
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided. | Introduction to the Sustainability Report and boundaries | ✓ |
| G4-29 | Date of most recent previous report (if any). | Introduction to the Sustainability Report and boundaries | ✓ |
| G4-30 | Reporting cycle (such as annual, biennial). | Introduction to the Sustainability Report and boundaries | ✓ |
| G4-31 | Contact point for questions regarding the report or its contents. | Introduction to the Sustainability Report and boundaries | ✓ |
| REPORT PROFILE: GRI CONTENT INDEX | | | |
| G4-32 | GRI Content Index | KPI Table - GRI 4 | ✓ |
| ASSURANCE | | | |
| G4-33 | Organization's policy and current practice with regard to seeking external assurance for the Report. | TÜV Italia External assurance | ✓ |

| Criterion | Detailed Description | Reference | External Assurance TÜV Italy |
|-------------------------------|--|------------------------------------|------------------------------|
| GOVERNANCE | | | |
| G4-34 | Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental, and social impacts. | Organisational structure | ✓ |
| ETHICS & INTEGRITY | | | |
| G4-56 | Organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics. | Vision and Mission, Company Values | ✓ |

SPECIFIC STANDARD DISCLOSURES

| | | | |
|---|--|---|---|
| G4-DMA | Narrative information on how an organization identifies, analyzes, and responds to its actual and potential material economic, environmental, and social impacts. | Identified Material Aspects | ✓ |
| ECONOMIC PERFORMANCE INDICATORS | | | |
| G4-EC1 | Directly generated and distributed economic value, including: earnings; operational costs; employee's salaries; donations or other investments to the local community; not distributed incomes; payments to investors and Public Administration. | Economic Performance Indicators | ✓ |
| G4-EC5 | Comparison between the standard salary of new employees (by gender) and the minimum local salary in the most significant operational units. | Staff satisfaction | ✓ |
| G4-EC6 | Percentage of senior management at significant locations of operation that are hired from the local community. | Staff satisfaction | ✓ |
| G4-EC9 | Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation. | Supply chain management | ✓ |
| ENVIRONMENTAL PERFORMANCE INDICATORS | | | |
| G4-EN3 | Energy consumption sources inside the Organisation. | Reduction of energy consumption | ✓ |
| G4-EN6 | Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. | Reduction of energy consumption | ✓ |
| G4-EN7 | Reductions in the energy requirements of sold products and services achieved during the reporting period, in joules or multiples. | Reduction of energy consumption | ✓ |
| G4-EN8 | Total volume of water withdrawn from different sources. | Reduction of water consumption | ✓ |
| G4-EN9 | Total number of water sources significantly affected by withdrawal by type. | Reduction of water consumption | ✓ |
| G4-EN10 | Total volume of water recycled and reused by the organization. | Reduction of water consumption | ✓ |
| G4-EN11 | Information for each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Environment | ✓ |
| G4-EN15 | Direct greenhouse gas emissions (GHG) (Scope 1). | Neutralisation of CO ₂ emissions | ✓ |
| G4-EN16 | Direct greenhouse gas emissions (GHG) (Scope 2). | Neutralisation of CO ₂ emissions | ✓ |
| G4-EN17 | Other indirect emissions of greenhouse gas. | Neutralisation of CO ₂ emissions | ✓ |

| Criterion | Detailed Description | Reference | External Assurance TÜV Italy |
|--|---|---|------------------------------|
| G4-EN19 | Amount of GHG emissions reduction. | Neutralisation of CO ₂ emissions | ✓ |
| G4-EN23 | Total weight of hazardous and nonhazardous waste, by different disposal methods. | Waste | ✓ |
| G4-EN27 | Quantitatively the extent to which environmental impacts of products and services have been mitigated during the reporting period. | Improvements objectives | ✓ |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce. | Neutralisation of CO ₂ emissions | ✓ |
| SOCIAL PERFORMANCE INDICATORS - LABOR PRACTICES & DECENT WORK | | | |
| G4-LA1 | Total number and rate of new employee hires and total number and rate of employee turnover during the reporting period, by age group, gender, and region. | Staff satisfaction | ✓ |
| G4-LA6 | Types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for the total workforce, by region and gender. | Staff satisfaction | ✓ |
| G4-LA9 | Average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category. | Staff satisfaction | ✓ |
| G4-LA11 | Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period. | Staff satisfaction | ✓ |
| G4-LA12 | Percentage of individuals within the organization's governance bodies and percentage of employees per employee category by gender, age of group, minority groups and other indicators of diversity. | Staff satisfaction | ✓ |
| SOCIAL PERFORMANCE INDICATORS - PRODUCT RESPONSABILITY | | | |
| G4-PR5 | Results or key conclusions of customer satisfaction surveys (based on statistically relevant sample sizes) conducted in the reporting period. | Guest satisfaction, Staff satisfaction | ✓ |
| G4-PR8 | Total number of substantiated complaints received concerning breaches of customer privacy and total number of identified leaks, thefts, or losses of customer data. | Guest satisfaction | ✓ |



Scegli la certezza.
Aggiungi valore.

TUV Italia srl - Sede - I-20099 Sesto S. Giovanni (MI) - via Giosuè Carducci 125

To the attention of:

LEFAY RESORTS Srl
Via A. Feltrinelli, 136
25084 GARGNANO (BS)

Audit Report according to the "Global Reporting Initiative GRI G.4 CORE" Guidelines - LEFAY RESORTS Srl

This public report is related to the audit performed on the "LEFAY RESORTS Srl Sustainability Report" (Lefay Resorts srl is hereinafter referred to as "Organization") by TÜV Italy Srl (*) for the year 2015.

The perimeter of the LEFAY RESORTS Srl - 2015 Sustainability Report contains information and data related to the administrative offices located in San Felice del Benaco (BS) and the site of Lefay Resort & Spa Lago di Garda in Gargnano (BS).

LEFAY RESORTS Srl decided to exclude from the scope of this reporting some indicators summarized in the table GRI G.4 positioned at the end of the Sustainability Report, as required by the GRI guidelines.

In particular, the environmental data related to the consumption of the administrative headquarters located in San Felice del Benaco (BS) are not reported because they are not relevant compared to those of the Lefay Resort & Spa Lago di Garda.

The verification process took place in accordance with the methodology and the phases below described.

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Cod. Identificazione CEE IT 02055510966
Capitale sociale: Euro 900.000 int. Vers.



The scope of the audit

The audit was conducted to assess, with a sufficient degree of confidence, that the techniques related to the collection, control and communication of the data are aligned with the requirements as in the guidelines applied to the reporting process by the Organisation, which is responsible of all the information contained in the Sustainability Report.

Please note that the economic data were only taken into account to check the compliance with the economic indicators provided by the GRI Guideline G.4.

Audit process

The audit process was divided into several phases conducted between the months of May and June 2016, both at the site of Gargnano (BS), head office of the Lefay Resort & Spa Lago di Garda, and remotely for the documentation review.

The methodology applied made it possible to assess the compliance of the Sustainability Report with all the applicable requirements of the GRI Guideline G.4 and selected by the Organization.

Both the management and the operating staff were interviewed, it was performed a sampling of the evidence to support the disclosed indicators, it was decided to carry out a sample check of records and documents, as well as the analysis of the data collection and communication processes adopted by the Organization in the Sustainability Report.

The audit also assessed the reporting principles both those related to the content of the report and those connected to the quality and accuracy of the information. The tests performed by the Organization for the evaluation of the relevant issues (*materiality*) in line with the mapping and analysis of interested parties (*stakeholders*) were analysed very carefully.

The improvement path identified in the previous audit findings was also verified.

Conclusions

According to the adopted audit, it is possible to confirm that the methodology used by the Organization in writing, checking and processing the texts related to the Sustainability Report 2015 was consistent and reliable in relation to the GRI Guidelines G.4.

The organization demonstrated commitment to making the information contained in the Sustainability Report readable, comparable and presented in an orderly, organic and accurate way. Data source and responsibilities are well identified and clear, besides it is

highlighted a high involvement of the staff at any levels in relation to the data collection and monitoring processes.

Compared to the previous edition of the Sustainability Report, a better identification of the stakeholders as well as a more detailed materiality assessment are highlighted.

On the base of the collected evidence, TÜV Italy Srl could verify that the "LEFAY RESORTS Srl Sustainability Report" - 2015 - is compliant with **the CORE level** of the Global Reporting Initiative (GRI - G.4).

Opportunity for Improvement

At the end of the activity, it was suggested to expand the reporting of some multiple indicators that are included in the GR4 Guide Lines - even if they are not much relevant - on the occasion of the future editions of the report.

During the audit, it was observed a strong commitment by the Organization for the next editions of the Sustainability Report, to consolidate the commitment and the methodology used to involve specific stakeholders on the sustainability issues; to deepen some indicators; to implement an internal process that ensures the verification of the completeness and comparability of all the accounted indicators at a temporary level.

Methodological note

This final report fulfills the criteria AA1000AS 2008 "Statement of Assurance". The report is public and can be used by LEFAY RESORTS Srl only in conjunction with the Sustainability Report, to which it refers.

The Organization cannot omit parts of the report provided by TÜV Italy Srl and it is responsible for all the information presented in its Sustainability Report.

Independence and Information on the Assurance Provider

TÜV Italia Srl, a subsidiary of the international group TÜV SÜD, is an independent inspection and certification body accredited by the major organizations in the social and environmental areas. It has a valuable experience at international level in the certification and verification in the field of social responsibility, environment and carbon management.

On the occasion of the verification of the LEFAY RESORTS Srl Sustainability Report, TÜV Italia Srl made use of a multidisciplinary team.



TÜV Italy Srl declares to have no conflict of interest towards LEFAY RESORTS Srl, nor against any other companies included in the scope of the reporting.

(*) This report is formalized on the basis of the information obtained during the Sustainability Report audit written in Italian.

Sesto San Giovanni (Milan), 13 June 2016

Sara Brandimarti
TÜV Italia srl - TÜV SÜD Group
Management Service
Project Manager

Handwritten signature of Sara Brandimarti in black ink.

Andrea Coscia
TÜV Italia Srl - TÜV SÜD Group
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Division Manager

Handwritten signature of Andrea Coscia in black ink.



This report was drawn up using FSC recycled paper FSC®
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