



**SUSTAINABILITY REPORT 2017** RESULTS AND OUTLOOK

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# LETTER TO STAKEHOLDERS

For us at Costa, innovation and sustainability are inseparable and indispensable. The generation of value for the Company and its stakeholders is inextricably linked to our capacity to interpret the future using a framework based on responsibility. In the cruise industry and tourism more generally the potential, opportunities and challenges are enormous. An integral part of our commitment to the future is the incorporation in our business model of a vision of harmonious growth featuring innovative solutions embracing the goals of sustainable development.

Public expectation is growing all the time with regard to business responsibility for its social impacts. This applies particularly to large corporations, which are called on to always operate within the interests of wider society. If we want to guarantee a sustainable future, we need to be able to pre-empt and help shape new scenarios. For some time now, we have been translating all this into practice with tangible actions for the holiday industry. This year we have achieved great things that we are especially proud of - both for the results in themselves and for obtaining them in the complex setting that is a cruise ship.

An undoubted highlight was the start of work on the construction of the Costa Smeralda, our new flagship powered by liquefied natural gas; this is an example of our strong commitment to responsible innovation and a milestone for the cruise industry as a whole.

We are well aware that the objectives we set ourselves are extremely challenging. For example, our decision to make the shipboard food experience a material issue in terms of responsible consumption led us to consider the problem of food waste and launch a far-reaching program called 4GOODFOOD: this involves both the food preparation process and the direct engagement of guests, this being crucial if we are going to achieve our aim of halving waste by 2020. In so doing we will be meeting a key objective ten years ahead of the United Nations 2030 Agenda and helping to

spread the message of the importance of recognizing the value of food and the way that enterprises can be catalysts for change, leading the way on the path to a model of development based on tangible contributions that tackle global issues.

Our achievements to date only strengthen our determination to pursue the route we have embarked on and our resolve to make further progress in line with our vision for the long term. In the next few years we will work towards an increasingly circular business model. We are already moving in this direction; step-by-step, through trial and error and experimentation with new processes, we will perfect this system and provide added benefits throughout the value chain. We have the privilege of welcoming people from around the world to our world and making them more aware and proactive; indeed, an integral part of the participatory and immersive travel experience with us is the opportunity to go into the heart of a destination to explore local communities in unconventional ways for lasting enrichment. We regard our customers as responsible citizens and this is the starting point for building stronger ties based on sharing and a new model of tourism from a whole new perspective.

We believe that this is the right course of action and that only by forming partnerships, sharing competencies and setting joint objectives can we achieve important goals bringing benefits for the environment and the community. In this context the **Sustainable Development Goals** are an extraordinary opportunity; they provide a framework for us to operate within together with our stakeholders as we pursue pioneering solutions promoting new economic models and setting a new course for future advancement. This is crucial not only for the future of business, but also for the future of the planet. For this reason everyone needs to be aware of the part they play so they can do their best. We are ready.

There is no better way to celebrate Costa's 70<sup>th</sup> anniversary!

Neil Palomba  
President  
Costa Cruises



# COMMITMENT





# IDENTITY AND PROFILE

## Group Profile

The **Costa Crociere S.p.A. Group**, which manages the two brands **Costa Cruises** and **AIDA Cruises**, is the largest cruise operator in Europe and Asia. Established in 1948 in Genoa, where it is still headquartered today, Costa Cruises is the only cruise line with Italian-flagged ships. Since 1997 the Group has belonged to **Carnival**

**Corporation & plc**, a dual-listed company traded on the London and New York stock exchanges; Carnival is the world's largest cruise ship operator – accounting for approximately 47% of the global market – with a fleet of 103 ships, which carried around 12 million guests in 2017. Responsible innovation, structured growth and the offer of an

exceptional guest experience are key parts of Carnival Corporation's strategy. This is the context of the addition to the Costa Crociere Group of seven new ships, all due for launch between 2018 and 2023. Five of the new fleet members, designed specifically for the European market, will be fully powered by liquefied natural gas (LNG). Currently

under construction in Meyer's shipyards in Turku (Finland) and Papenburg (Germany), they will be the first cruise ships in the world to use this technology. This development is intended not only to consolidate the Group's leadership, but more importantly to play a pioneering role in matters of environmental protection in the shipping industry.





# HIGHLIGHTS 2017

## ● JANUARY

**COSTA ATLANTICA'S** FIRST CRUISE OUT OF **CHINA** TO THE **SOUTH PACIFIC**

## ● FEBRUARY

NEW PORT OF CALL ADDED IN SPAIN (TARRAGONA)

AGREEMENT SIGNED WITH **VUELING** AND AGREEMENT RENEWED WITH **IBERICA**

## ● MARCH

**COSTA NEOROMANTICA** IN SUPPORT OF THE COMMUNITIES IN **MADAGASCAR** AFFECTED BY THE CYCLONE

## ● APRIL

**COSTA FASCINOSA** RESERVED EXCLUSIVELY FOR **INDIAN WEDDING**

## ● MAY

ADOPTION OF THE **ITALIAN CHARTER FOR EQUAL OPPORTUNITIES AND EQUALITY AT WORK**

## ● JUNE

LAUNCH OF THE **SMART WORKING** PROJECT

LAUNCH OF **TASTE DON'T WASTE** CAMPAIGN FOR **RESPONSIBLE FOOD CONSUMPTION** ON BOARD

## ● JULY

FIRST **SURPLUS FOOD DONATION** FROM A SHIP IN SAVONA IN PARTNERSHIP WITH THE FOOD BANK CHARITY **BANCO ALIMENTARE**

## ● AUGUST

FOR THE FIRST TIME OVER **6,000 GUESTS** ON BOARD **COSTA DIADEMA**

## ● SEPTEMBER

**COSTA SMERALDA** STEEL-CUTTING CEREMONY HELD MARKING **START OF WORK** ON THE NEW LNG-POWERED SHIP

## ● OCTOBER

PARTNERSHIP WITH THE ASSOCIATION CALLED **I BORGHI PIÙ BELLI D'ITALIA** ("ITALY'S FINEST HISTORIC SMALL TOWNS") FOR THE DEVELOPMENT OF SUSTAINABLE TOURISM

**COSTA CRUISES** WINS THE **SMART WORKING AWARD**

## ● NOVEMBER

COIN LAYING CEREMONY FOR **COSTA VENEZIA**, THE NEW SHIP BUILT FOR THE CHINESE MARKET

## ● DECEMBER

**COSTA** IS A **SIGNATORY** TO THE "**ALLIANCE FOR THE CIRCULAR ECONOMY**" **MANIFESTO**

**COSTA DIADEMA** **DOUBLES THE AMOUNT** OF HER FOOD DONATIONS WITH THE ADDITION OF **CIVITAVECCHIA**





**8**  
BRANCH STRUCTURES  
OPERATING WORLDWIDE



**60**  
PORTS OF EMBARKATION



**253**  
DESTINATIONS



**832**  
CRUISES



**255**  
ITINERARIES



**2,589**  
EXCURSIONS



**415**  
ECO-TOURS

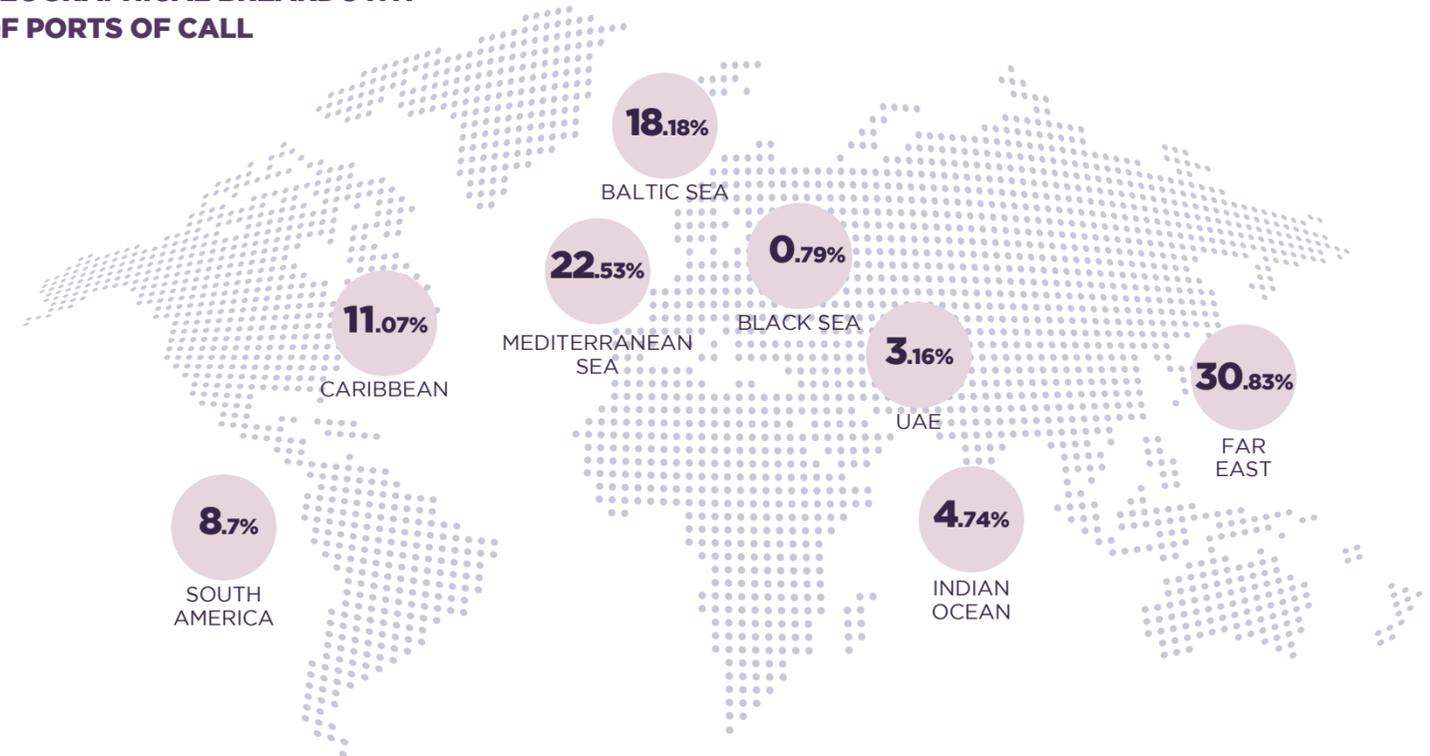


## Costa Cruises: Italian excellence at sea

For 70 years now, Costa Cruises has epitomized the very best in Italian style and hospitality at sea. We are a truly global ambassador for Italy's traditional values, which we convey while recognizing the multicultural setting of the ship, interacting with many different cultures on five continents, and respecting the communities visited. Costa is indeed a global operator and its ships are deployed worldwide – particularly in the Mediterranean, Northern Europe, the Baltic Sea, the Caribbean, Central America, South America, the United Arab Emirates, the Indian Ocean, the Far East and

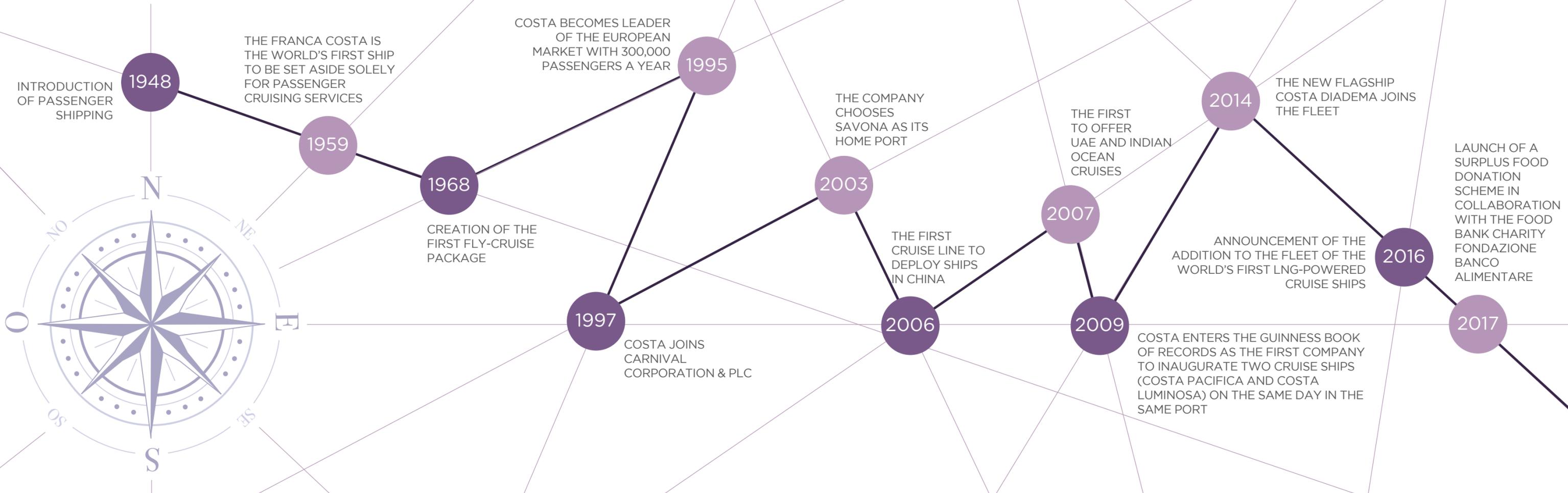
Africa. The Costa Group was the first international cruise company to enter the Chinese market back in 2006; since then we have boosted our presence in the region, focusing on innovation and marketing exceptional cruises with Italian flair and style. Five of the 14 Costa Cruises fleet members are currently deployed in Asia on a regular basis. Two of the Company's new builds have been conceived specifically for the Asian market; they are under construction in Fincantieri's Monfalcone yard and are set to enter service in 2019 and 2020. Work began on the first of the two, the Costa Venezia, in November 2017.

## GEOGRAPHICAL BREAKDOWN OF PORTS OF CALL





## COSTA CRUISES: ON THE MOVE FOR 70 YEARS



THE CRUISE INDUSTRY IN ASIA<sup>1</sup>

**6.9** MLN  
EUROPEAN PASSENGERS  
**+2.5%** COMPARED TO 2016

## Continued growth and positive trajectory of the cruise industry

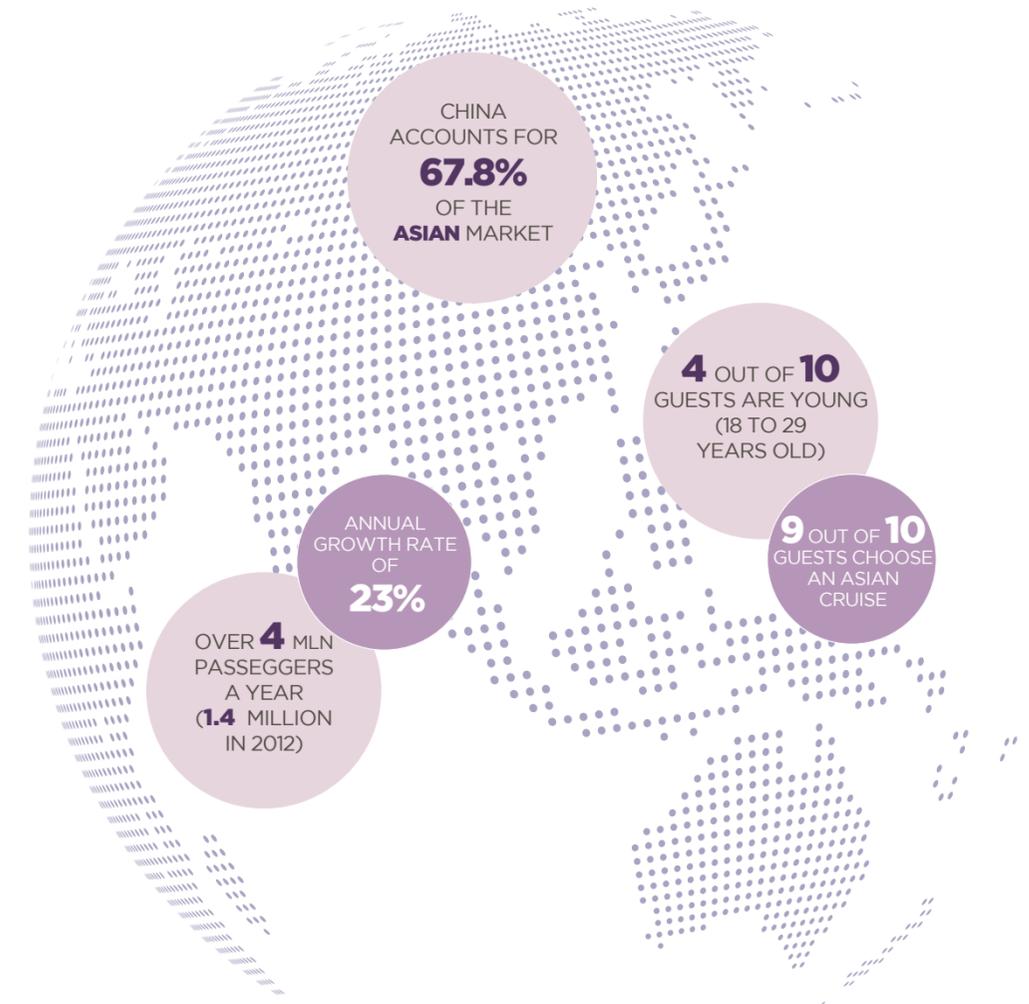
The cruise industry is one of the few areas of constant growth in tourism: demand for cruising has increased 20.5% in the last five years<sup>1</sup> with more than 27 million passengers expected to cruise in 2018. The cruise industry has grown significantly but still remains a relatively small part of the wider global vacation industry; this means there are large, addressable markets with low penetration rates. The outlook for the industry is very positive on account of its flexibility, unique benefits and all-inclusive product offerings, enabling it to meet travelers' desires and tailor experiences for each guest based on their unique wants and needs. A distinctive feature of cruising is its great complexity, involving the building and fitting-out of ships, port-related activities, sales networks (especially travel agencies) as well as tourism and allied industries in the ports of call.

The cruise ship is no longer regarded solely as a means of transport, of getting from A to B; rather, the cruise industry has in recent years refocused its marketing efforts, concentrating on the idea of the ship itself as the destination, providing unprecedented onboard experiences full of entertainment, relaxation and fun. Hence the focus on health and wellness, a healthy and balanced diet on board, exercise and a product with wide appeal aimed not only at repeaters but also at first time cruisers, particularly young people who are becoming eager to experience the world through travel and see cruising as an opportunity

for responsible tourism and active participation. Sustainability is an essential part of this new approach, which hinges on respecting cultures, enhancing the port communities that our ships visit, collaborating proactively with local stakeholders, generating opportunities for long-term development and making a meaningful impact on society.

At the same time, we have a strong, ongoing focus on safety and environmental performance. Our commitment to the highest safety standards applies both on board and shoreside. Maintaining these standards over time is an often complex activity that requires analysis and mapping insofar as it is part of an intricate system composed of people, resources and technologies of the highest strategic importance.

The cruise industry is looking increasingly to Asia. China is expected to become the world's second largest cruise market by the end of the decade. Cruising is still in its infancy in India, another Asian market with huge business development potential that is being eyed closely. Accordingly, Carnival Corporation is making important strategic, infrastructural and commercial investments in the region. Costa has been a trailblazer in Asia and the Company continues to set the pace in this part of the world, most recently with the commissioning of the Costa Venezia, the first cruise ship designed and built specifically for the Chinese market.



<sup>1</sup> Source: CLIA - Cruise Lines International Association, Industry Outlook 2018.



## CRUISE TREND OUTLOOK<sup>2</sup>

- SEGMENTATION OF THE CRUISE EXPERIENCE TO CATER FOR ALL INCOME LEVELS

- A CRUISE AS THE IDEAL FAMILY HOLIDAY: MULTIGENERATIONAL CRUISING AND SKIP-GEN CRUISING (GRANDPARENTS TRAVELING WITH GRANDCHILDREN SANS THEIR PARENTS)

- TRANSFORMATIONAL CRUISE TRAVEL RANGING FROM CULTURAL IMMERSION AND "VOLUNTOURISM" TO EXTREME ADVENTURES

- GROWING NUMBER OF HEALTH CONSCIOUS TRAVELERS - CRUISE LINES PRIORITIZING FITNESS, WELLNESS AND HEALTHY FOOD CHOICES

- AN EVEN MORE IN-DEPTH FOCUS ON SUSTAINABLE TOURISM PRACTICES AT SEA AND WHEN INTERACTING WITH PORT COMMUNITIES

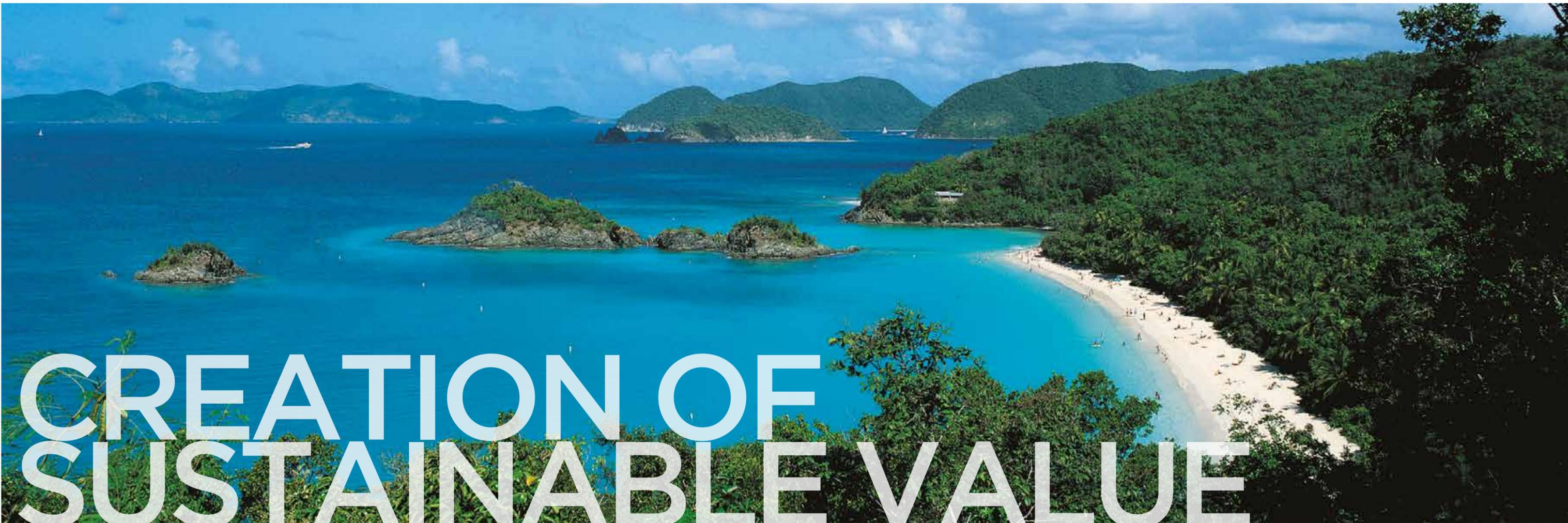
- SMART TRAVEL TECHNOLOGY: A RISE IN TRAVELER-FRIENDLY ONBOARD TECHNOLOGIES THAT ENHANCE TRAVEL EXPERIENCES

- GROWING INTEREST OF MILLENNIALS (85%) IN CRUISING AS A FORM OF SUSTAINABLE TOURISM

- AN INCREASE IN POPULARITY OF COLDER CLIMATE DESTINATIONS

<sup>2</sup> Source: CLIA - Cruise Lines International Association, Industry Outlook 2018.





# CREATION OF SUSTAINABLE VALUE

## Integration of sustainability into the business

The business model for a cruise company is extremely complex and intricate, comprising a very heterogeneous ecosystem, which combines and achieves synergy between different productive fields ranging from shipbuilding to maritime operations and port-related activities. The system of relations is therefore very broad with the direct involvement of shipbuilders, port infrastructure and services, shoreside tour operators and local communities in the ports of call. Our core business (ship operation, hotel services, catering and all the other shipboard services) requires an extensive network of suppliers and a systematic approach to the logistic management of procurement and passengers. Costa's shoreside and shipboard employees belong to dozens

of different professional families; they are specialists who have received lengthy training designed to develop job-specific skills and expertise.

Costa Cruises is committed to the ethical and responsible management of the resources and the different forms of capital at its disposal, thereby stimulating a distinctive approach to business that is a model of excellence generating economic and social benefits throughout the value chain in line not only with our business

objectives but also with the demands and expectations of our stakeholders.

A cruise ship is like a floating city, where all the complex processes are streamlined to guarantee service of the highest quality for the end user, in a logic of integrated sustainability. Planning a cruise entails designing a value chain with a large number of partners. On the one hand this complexity makes it a challenge to manage the consequences of every contingency while, on the other,

## MATERIAL ISSUES FOR COSTA CRUISES



it allows us to use cutting-edge skills and technology to drive and manage change. In this context, Costa has for some years had a **Sustainability Plan**, supplementing its industrial plan, constituting the Company's roadmap to sustainable development and setting out our priority areas and long-term vision with regard to responsible innovation. Responsibility for defining sustainability policies and monitoring the results obtained rests with a dedicated **Steering Committee**, consisting of the Costa Crociere CEO, the brand Presidents and representatives from the corporate functions most directly involved in

implementation of the Sustainability Plan. The **Steering Committee** is supported by the **Sustainability Department**, which is in charge of coordination of implementation of the Sustainability Plan, as well as liaison with the associated corporate functions and external stakeholders. The Sustainability

Department also interacts with the relevant corporate functions and supports them in the analysis of impacts and the definition of potential areas of intervention. The department also plays a central role in promoting and pre-empting a corporate culture based on sustainability.

Control and reduction of emissions and of environmental impacts

### TACKLING SOCIAL ISSUES, THE SDGs AND COSTA'S RESPONSE

Society is constantly evolving and - as a result - political organizations, economic enterprises and civil institutions face a multitude of far-reaching questions. Priority issues include poverty, famine, lack of access to essential services and the transition towards a more sustainable global economy also embracing environmental and social concerns.

#### FACTS & FIGURES

Approximately 793 million people in the world are undernourished while in Europe alone some 88 million tonnes of food is wasted every year. Education inequality between rich and poor is very evident: in countries with a high GDP children receive an average of around 12 years of schooling while in low-income nations the corresponding figure is only five years. Based on an estimate that the global population will reach 9.6 billion by 2050, the equivalent of almost three planets could be required to provide the natural resources needed to sustain current lifestyles unless global production and consumption

trends change. The concentration of carbon dioxide and other greenhouse gases in the atmosphere is one of the main causes of higher temperatures. The UN Paris Agreement set the aim of holding the increase in the global average temperature to well below 2°C above pre-industrial levels, though scientists generally agree that average temperatures are likely to exceed the 1.5°C threshold set as an aspiration by the Paris climate change deal.

#### GLOBAL MOBILIZATION TO TACKLE THE CHALLENGES HEAD-ON

In September 2015 the 195 Member States of the United Nations unanimously adopted the 2030 Agenda for Sustainable Development incorporating the **Sustainable Development Goals (SDGs)**. The UN also announced 169 associated targets for humanity and the planet, with each government setting its own national targets guided by the global level of ambition but taking into account national circumstances. The 2030 Agenda sets out universal goals and targets which involve the entire world, developed and developing countries alike, with the strong involvement of all parts of society, non-profit organizations, the public sector and also businesses.



[www.sustainabledevelopment.un.org](http://www.sustainabledevelopment.un.org)



## Costa's commitment to creating shared value

Costa Cruises intends to contribute to sustainable development by implementing a sustainability plan that will create shared value, tackle global challenges and - at the same time - generate added value for the business. Accordingly, since 2016 Costa's Sustainability Plan has been closely examined and reviewed in order to align it with the scope and objectives of the 2030 Agenda. The specific complexity of the cruise industry, characterized by the highly

intricate dynamics of a series of interlinked relationships, means that our business is directly related to all 17 Sustainable Development Goals. (see page 26). Based on the material issues identified, the Company fully embraced Carnival Corporation's 2020 Sustainability Goals and drew up an implementation plan designed to bring about responsible innovation and set new trends for the cruise industry as a whole.

### FACILITATE

THE ACCESS OF YOUNG PEOPLE TO SPECIALIST TRAINING IN VARIOUS AREAS OF THE WORLD. PROMOTE USE OF MORE SUSTAINABLE ENERGY.



**PROMOTE**  
USE OF MORE SUSTAINABLE ENERGY.

### GUIDE

RESPONSIBLE INNOVATION IN THE AREA AND REALIZE LOW IMPACT NEW SHIPS.



**RESPECT**  
THE LOCAL COMMUNITY AND PROMOTE SUSTAINABLE TOURISM.

### PROMOTE

THE RECYCLING OF USED MATERIALS AND SUPPORT PROJECTS FOR THE CIRCULAR ECONOMY.



**REDUCE**  
FOOD WASTE AND PROMOTE RESPONSIBLE CONSUMPTION.

### SUPPORT

RESEARCH TO PROTECT THE EARTH'S BIODIVERSITY AND THE MARINE ECOSYSTEM.



**ESTABLISH**  
PARTNERSHIPS AIMED AT SUSTAINABLE DEVELOPMENT.

# SUSTAINABILITY PLAN

## SEA



### PROTECT THE EARTH'S BIODIVERSITY AND THE DIFFERENT ECOSYSTEMS

- Help **safeguard** the **marine environment**
- Conserve and enhance the **natural environment** in the destinations visited
- Restore to the **Isola del Giglio** local community their terrestrial heritage and marine environment



### MINIMIZE THE IMPACTS GENERATED IN AND AROUND THE PORTS OF CALL

- Increase energy efficiency and **reduce emissions** from the use of fuel by 25%
- **Rationalize routes** and **optimize** the **itinerary plan**
- Help **protect water resources** in areas where water is a scarce resource
- Reduce shipboard **water consumption**
- Promote the development of **waste recovery and recycling** projects



### GUARANTEE SAFETY

- Maximize our commitment so as to guarantee the **safety of guests** and **crew members**
- **Set new standards** that go beyond international regulatory requirements
- Promote a **safety-centric corporate culture**



### PROMOTE INNOVATION

- Support research in order to develop **innovative solutions** applicable fleetwide
- Design ships with low environmental impact and favor **cutting-edge propulsion systems**
- Develop **new products** meeting guests' needs and expectations while responding to the evolution of the cruise market



### ESTABLISH PARTNERSHIPS

- Set up partnerships aimed at facilitating sustainable development



### CAPITALIZING ON DIVERSITY

- Promote cultural diversity and a **socially inclusive environment**
- Encourage each person to make their own individual contribution so as to capitalize on the **great cultural diversity** and **wealth of professional experience** of the workforce

**YOU**



### INTEGRATE SUSTAINABILITY INTO MANAGEMENT OF THE SUPPLY CHAIN

- Prioritize **sourcing of local suppliers**
- Develop partnerships with enterprises committed to **responsible management of the supply chain**

# TOMORROW



### NUTRITION ON BOARD

- Encourage **healthy eating on board** for guests and crew
- Convey the **value** and taste sensations of the **Mediterranean diet**
- **Reduce food wastage**



### CONTRIBUTE TO THE CREATION OF VALUE

- Facilitate social inclusion and **economic development** in the local communities Costa Cruises engages with
- Collaborate with the main ports of reference so as to share development plans and **work to create shared value**
- Contribute to the fostering of local traditions and the enhancement of **artistic and cultural heritage**
- Support initiatives aimed at **improving the quality** of life of people in need and future generations



### ENGAGE GUESTS ON THE PATH TO SUSTAINABILITY

- Sensitize customers to the importance of the **responsible use of resources** (water and energy)
- Promote wellness and a **responsible, healthy lifestyle**
- Encourage awareness of and **respect for the culture** and customs of the countries visited



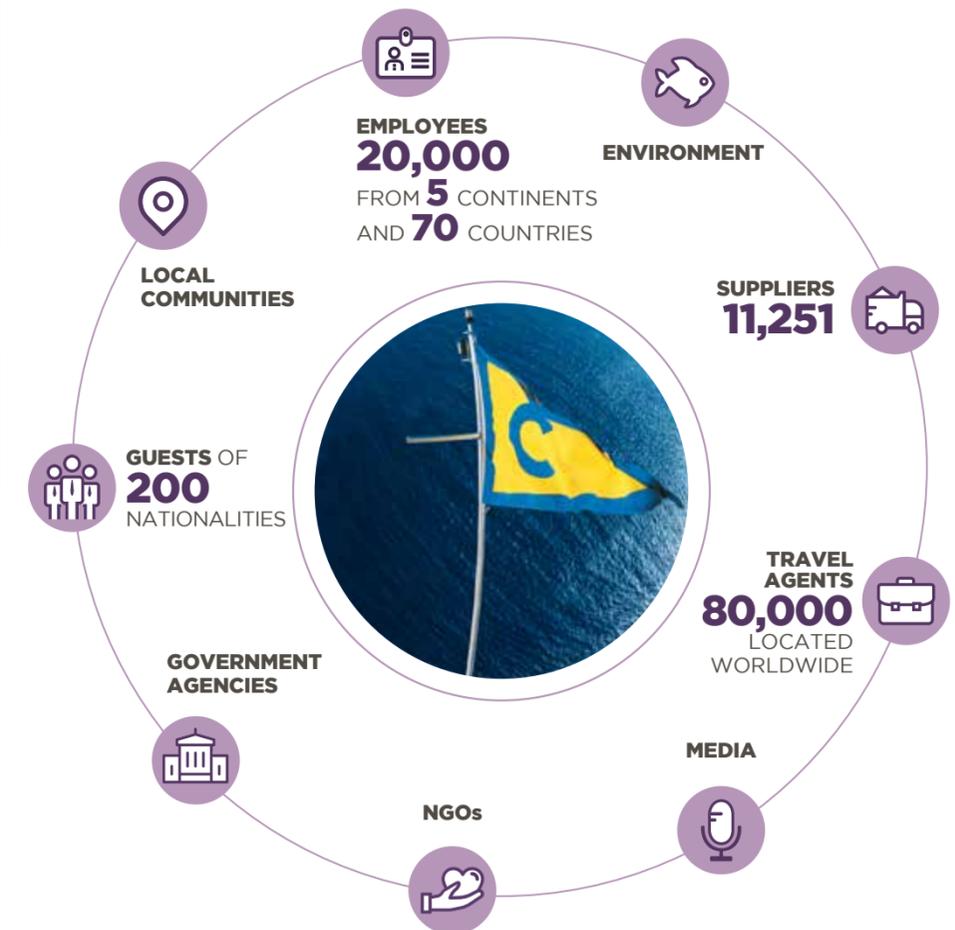
## Relations with stakeholders

For Costa, corporate social responsibility is an inevitable business choice also insofar as effective sustainability measures enhance our competitive edge and the satisfaction of the stakeholders concerned. Costa's aim is to become the hub of a wider network of stakeholders, promoting an open and transparent business ecosystem and facilitating partnerships working towards a more sustainable future. Indeed, it is only by listening to all its stakeholders that Costa has been able to create social and environmental value as well as

economic gain. This has only been possible thanks to ongoing, constructive dialogue with all our stakeholders, who play an increasingly central role in the Company's corporate system. Lasting, sustainable company growth is closely linked to the ability to recognize and interpret changes in the market and in society. In this context, dialogue with stakeholders generally, particularly with public sector representatives and trade organizations, both in Italy and abroad, with discussion of issues arising from the economic, social and

environmental impact of cruising, and continuous interaction with Carnival Corporation & plc play a central role in identifying the most important sustainability issues and assessing how best to incorporate them in the business, with a long-term approach set out in the Sustainability Plan. An integral part of Costa's value creation model, our stakeholders effectively give us our license-to-operate; we engage with them continuously and regard them as full-fledged partners in building a path to joint long-term development.

## MAP OF STAKEHOLDERS

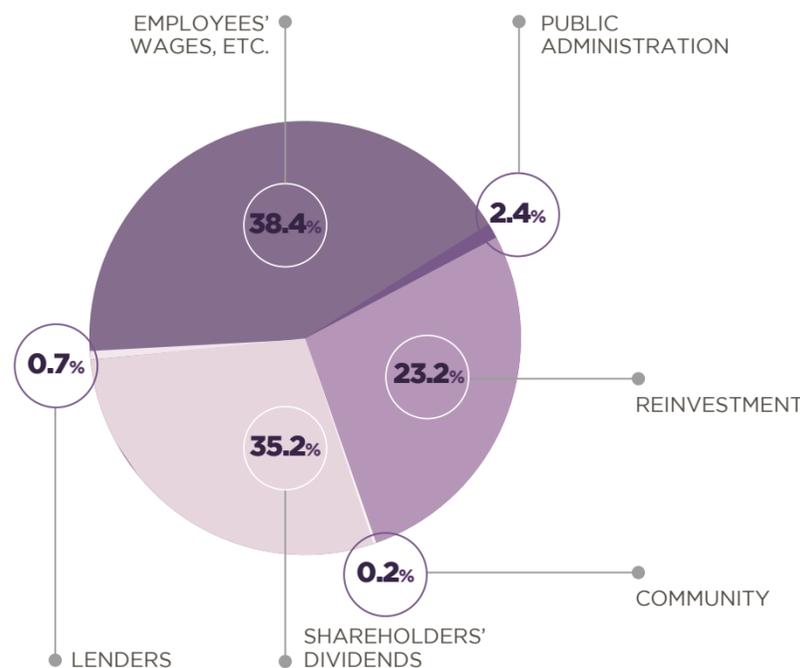


### Added Value

The net Added Value<sup>3</sup> distributed in 2017 amounted to 1,564 million euros, up on the figure for the previous financial year (fiscal 2016) mainly due to the higher revenue from cruise sales as well as to the lower intermediate production costs and to the improvement in the balance of additional items. The breakdown of the Added Value produced in 2017 is as follows:

<sup>3</sup> Added Value was calculated for the Costa Crociere Group using the continuing operation principle.

- 38.4%** for employees' salaries, wages and social contributions
- 2.4%** for the State and Public Administrations in the form of income tax paid by Group companies
- 35.2%** for shareholders in the form of dividends
- 23.2%** for Company growth by means of reinvestment of a portion of net income (including a reduction of 0.1% and 23.3% for depreciation of technical and intangible fixed assets used in the production process)
- 0.7%** for lenders remunerated by means of financial charges
- 0.2%** for the community by means of initiatives in support of organizations and associations.



TOTAL ADDED VALUE	11/30/2017	11/30/2016	11/30/2015
<b>A) Value of production</b>	3,750,213,707.43	3,567,876,210.24	3,475,024,820.83
1. Revenues from sales and services	3,670,685,412.41	3,478,528,482.49	3,348,790,624.99
4. Other income	79,528,295.02	89,347,727.75	126,234,195.84
<b>Revenues from typical production</b>	3,750,213,707.43	3,567,876,210.24	3,475,024,820.83
<b>B) Intermediate production costs</b>	2,190,759,030.40	2,017,727,378.67	2,086,631,528.80
6. Consumption of materials	652,669,344.34	543,828,343.15	575,022,416.78
7. Costs for services	1,453,572,205.56	1,388,882,083.36	1,366,545,867.73
8. Leases and rentals	15,087,032.04	13,419,663.93	13,750,518.38
10. Other accruals	11,548,009.64	8,653,374.69	8,130,327.34
11. Other operating charges	57,882,438.82	62,943,913.54	123,182,398.57
<b>CURRENT GROSS ADDED VALUE<sup>4</sup></b>	1,559,454,677.03	1,550,148,831.57	1,406,701,963.77
<b>C - Additional and extraordinary items</b>			
12. +/- Balance of additional items	4,732,400.58	4,696,569.16	-11,385,892.27
Additional (revenues)/costs	4,732,400.58	4,696,569.16	-11,385,892.27
<b>ADDED VALUE</b>	<b>1,564,187,077.61</b>	<b>1,554,845,400.73</b>	<b>1,395,316,071.50</b>

<sup>4</sup> Current gross added value includes extraordinary items, reclassified in accordance with the "Accounting Reform" introduced by Directive 2013/34/EU and transposed into Italian law by Legislative Decree no. 139/15. Balances for previous fiscal years have been reclassified based on the same principle.



## Ethics and corporate governance

Costa Cruises' determination to operate ethically and transparently is a pillar of its model of sustainable development and creation of value. In the cruise industry, reputation and trust are vital to success; this also explains why we pay so much attention to ethical standards of conduct. The Company operates by means of investments which, from the planning stages to complete implementation, typically cover lengthy periods and accordingly require a long-term vision and approach.

Costa Cruises' corporate governance system is based on international best practices and follows the principles and directives of Carnival Corporation's **Code of Business Conduct and Ethics**. This Code sets out the basic principles underpinning the commitment to maintaining the highest ethical standards and it is fully embraced and applied by Costa Cruises.

Our corporate governance model covers four areas:

- the **Business Management Model** (in accordance with the provisions of Legislative Decree no. 231/2001), which plays a part both in clearly allocating responsibility and power within the organization and in guaranteeing the transparency of decision-making and control processes. Costa Cruises periodically updates the model to take account of critical issues arising from time to time and to ensure continuous improvement.

- the **Code of Business Conduct and Ethics**, which provides the framework for the formulation of corporate policies and procedures, thereby ensuring that various material issues (e.g. diversity and inclusion, business integrity, conflicts of interest, forms of corruption, environmental protection and sustainability) are always considered when making Company decisions.

- an **Ethics Committee**, appointed to deal with ethical questions and to prevent - or if necessary manage - conflicts of interest, identifying any risk situations with consequent mapping and monitoring.

- an integrated **whistleblowing** system (protected disclosure of any wrongdoing in the workplace) serving as a hotline between the Company and its employees. In the last year alone, 77 reports were received; of these, 26 were found to be partly or wholly substantiated (Data as of April 2018). At the same time, in accordance with the MLC2006<sup>5</sup> and with the specific procedure for onboard complaints, any grievances are handled autonomously by the shipboard HR Director and discussed with the employee concerned; depending on the nature of the complaint, intervention by Costa Headquarters may be required. 26 such cases were dealt with in 2017.

Our governance model also takes account of the ILO core conventions and the OECD Guidelines for Multinational Enterprises, as well as OFAC directives

<sup>5</sup> ILO Convention on maritime labor.

limiting or prohibiting business transactions with countries for which economic sanctions are in place.

With specific regard to compliance, in 2017 we increased the amount of employee training dealing with business ethics; this tuition was both online (mandatory courses for all employees) and offline.

### Managing risks and internal auditing

In Costa Cruises the risk prevention and management policy is based on a model developed globally by Carnival Corporation and taking into account the main international **Enterprise Risk Management (ERM)** standards.

Among the factors occupying a prominent position in the risk matrix is accident prevention and – more generally – guest and crew health and safety, as well as regulatory compliance, especially with regard to environmental laws. Other variables include the growing concern with risk factors arising from the changing geopolitical situation internationally, directly impacting the assessment and management of routes, itineraries and destinations. Our risk framework is part of the **ERM** program, which is facilitated by the **Risk Advisory and Assurance Services (RAAS)** Department. This department works closely with management to perform annual assessments, identify risks and evaluate controls to ensure compliance with Company policies

and procedures, as well as laws and regulations. Management reviews the assessments and updates thereto with the **Audit Committee**.

In 2017 audits were held fleetwide (15 HESS Audits, one on each ship, and 9 Verification Visits to certify the progress/closure of corrective actions).





## Shoreside and shipboard safety management

One of Costa's top priorities is effective safety management, i.e. guaranteeing the safety of guests and employees at all times (before, during and after the cruise). For this reason the Company has always focused on going beyond regulatory compliance, thanks to innovative technology and extremely advanced guidelines, in line with the approach adopted by Carnival Corporation. The relevant procedures are incorporated in Costa's different areas of operations and are consistent with the **Corporate HESS** (Health, Environment, Safety & Security) **Policy**. The integration of specific occupational health & safety aspects is brought about thanks to the **Safety Management System (SMS)**, which also ensures harmonization between

the Corporation's practices and procedures, regulatory requirements and the **OSHAS 18001 standard**. Costa Cruises' ships are subjected to regular dry-docking and periodical surveys and audits. The Company has a satellite communication system to ensure constant real-time global coverage of all the members of the fleet as well as of the sea and weather conditions. Navigational safety is guaranteed thanks to this system, to the adoption of specific operational procedures and to the use of cutting-edge technology. In addition to periodical inspections to verify the efficiency and maintenance of machinery, plant and equipment on board, rigorous safety training is conducted for all staff so that critical thinking is fostered and crew

members are ready to deal with any situation; they have the necessary skills to effectively perform their duties also in the unlikely event of an emergency. A key role is played by the Arison Maritime Center<sup>6</sup>, Carnival's new state-of-the-art training center for the maritime industry. Security personnel maintain strict access control to our ships. We employ a variety of technologies to assist security personnel: these include systems for recognition of accredited passengers and screening of luggage. The Care Team is a special Costa emergency response unit set up to handle cases involving individual passengers. Similarly, the Crew Care Team provides assistance to individual crew members. The choice and planning of itineraries and destinations takes

into account the risk factors associated with each country. The Company pays close attention to the global geopolitical situation and analyzes the intelligence gathered from the relevant stakeholders. Possible changes of cruise route due to an emergency affecting a specific destination are assessed by Carnival Maritime (Company Security Officer); this assessment includes liaising in real time with Costa's internal organizations for the purpose of authorizing port calls and implementing security measures. The same type of approach is used when it comes to planning shore tours: for Costa Cruises, safeguarding the guests means offering them ashore the same standard of safety that is found on board the ships.

<sup>6</sup> Source: <https://www.csmartalmere.com>

## CARE TEAM FACTS & FIGURES



**800**  
SHIPBOARD  
OPERATIVES

**841**  
INDIVIDUAL CREW  
CASES HANDLED

**170**  
SHORESIDE  
OPERATIVES

**1,500**  
INDIVIDUAL GUEST  
CASES HANDLED  
(medical disembarkations,  
deaths due to natural causes,  
sensitive cases,  
other individual crises)<sup>7</sup>



<sup>7</sup> Medical disembarkations account for 83% of the (guest and crew) cases.

**SEA**



# WHAT WE ARE DOING



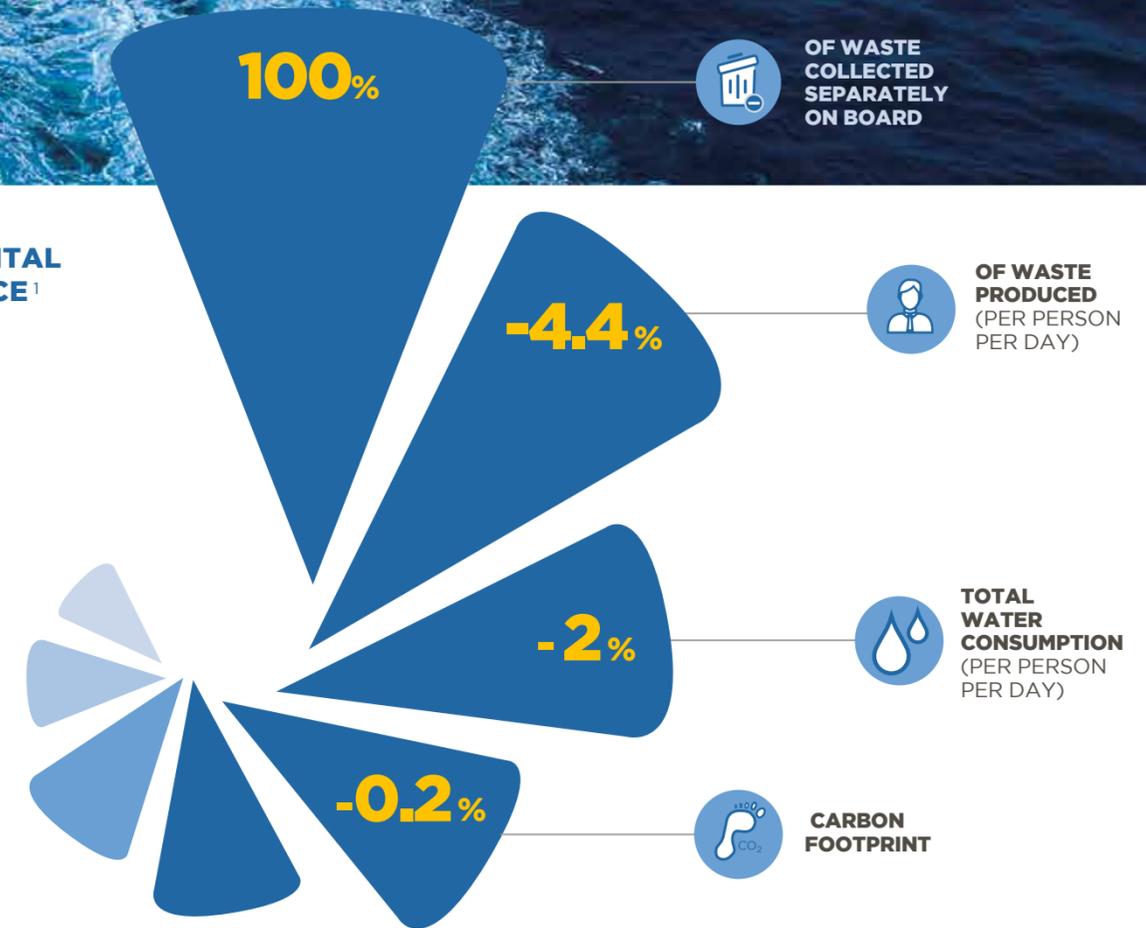
# EN ROUTE TO RESPONSIBLE GROWTH

For Costa, respect for the environment is an integral and vital part of the roadmap to sustainable development. Our fleet expansion and long-term, structured growth go hand-in-hand with specific efforts to ensure responsible innovation while minimizing our environmental footprint by reducing emissions and optimizing consumption. Our vision focuses on helping mitigate climate change and protection of marine ecosystems.

In the cruise industry, day-to-day operations result in impacts from the use of fuel, consumption of water resources, discharge of wastewater and disposal of solid wastes; all this gives rise to a great responsibility and, at the same time, constitutes a competitive edge for a company like Costa that invests in innovative

technology and implements ambitious environmental policies. Our environmental management system includes a specific **Environmental Plan** setting out short and long-term objectives, developed in accordance with the guidelines laid down in Carnival Corporation's **HESS Policy**. Costa Cruises' Environmental Plan is part and parcel of its Sustainability Plan and, in this context, it incorporates the material issues and Sustainable Development Goals, and facilitates implementation of all our energy efficiency measures on board. This approach to environmental protection and sustainability is totally consistent with the UN's 2030 Agenda for sustainable development, that agenda being central to Costa's identification and planning of its activities.

## ENVIRONMENTAL PERFORMANCE <sup>1</sup>



<sup>1</sup>The conversion factors used by Carnival Corporation & plc to calculate emissions were changed in 2017.



# EFFICIENCY AND INNOVATION

## Costa's response to climate change

Mitigation of Costa Cruises' environmental impact is brought about both by **enhancing** the performance of **existing ships** and investing in responsible innovation, especially the **use of low carbon fuels**. Costa and, indeed, Carnival Corporation as a whole are pioneering the introduction of ships

powered by liquefied natural gas (LNG), thereby playing a leading role in matters of environmental protection in the cruise industry. Almost all our direct CO<sub>2</sub> emissions arise from fleet operations and ship propulsion and this explains why our energy efficiency measures are concentrated in this area.

### A GLOBAL CHALLENGE

The international scientific community has recognized that climate change is one of the main threats to sustainable global development. The 2030 Agenda defines it as one of the greatest challenges of our time and calls for the widest possible international cooperation aimed at accelerating the reduction of global greenhouse gas emissions and addressing adaptation to the adverse impacts of climate change. The main causes of climate change are GHG emissions - particularly CO<sub>2</sub>, methane and particulate matter. One of the main sources of pollution is the burning of fossil fuels. Many climate scientists agree that a 2°C rise is the maximum amount of global warming the Earth can tolerate without devastating consequences. Urgent action on climate change is required internationally, with the private sector called on to play a vital role.

Research and experimentation, together with technological development, have made cleaner energy sources more accessible. Transport accounts for over a quarter of total pollutant emissions. For this reason the creation of a model of sustainable mobility is one of the main objectives in terms of tackling climate change. The global commercial maritime sector is moving in this direction, developing and adopting state-of-the-art technologies, especially in the field of energy efficiency. According to a study prepared by EERA<sup>2</sup>, cruise lines are leaders in the development of industry policies and best practices that further positive environmental performance. This record of advancing environmental stewardship is confirmed by the industry association CLIA<sup>3</sup>, which highlights cruise shipping's investments in technological innovations designed to further protect oceans and air.

<sup>2</sup>Energy and Environmental Research Associates.

<sup>3</sup>Environment Sustainability Report, 2016.

7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



**-25 %**  
CO<sub>2</sub> EMISSIONS  
BY 2020

## Reduction of emissions

In 2017 we continued to carry out important improvement actions to enhance energy efficiency fleetwide. There were 16 planned actions: as far as concerns the medium term, plans are in place to implement a number of projects designed to upgrade the existing fleet members. Planned investments relate mainly to the upgrading of shipboard navigation systems and technological infrastructure directly linked to reduced fuel consumption and improved ship maintenance. All this is in line with Carnival Corporation's target of reducing its carbon footprint by 25% by 2020. Since 2012, the **Costa Mediterranea** has been a veritable floating laboratory used to test innovative energy-saving measures ahead of their introduction fleetwide, leading to subsequent benefits on a large scale. In 2017 the **Costa Mediterranea** was used as a test bed for the new dashboard for Neptune Engine, a platform monitoring electricity consumption. Each member of the fleet has a ship-specific **Ship Energy Efficiency Management Plan (SEEMP)**. Efforts to reduce fuel consumption involve implementation



### ENERGY EFFICIENCY PROJECTS

#### NO<sub>x</sub> SO<sub>x</sub> & PM

Implementation of the ECO Exhaust Gas Cleaning (ECO-EGCTM) system to remove more than 90% of pollutants from the exhaust gases at sea, during maneuvering and in port.

Use of cleaner (low sulfur) fuels in Emission Control Areas (ECAs).

#### CO<sub>2</sub>

Investment in LNG propulsion systems.



### REDUCTION OF FUEL USE AND ENGINE EMISSIONS

Optimum ship trim evaluation systems.

Optimum use of shipboard diesel generators at sea and in port.

Installation of technology to increase the amount of waste heat recovered from engine cooling water.

Installation of frequency converters for electric engines for ventilators, for engine room air conditioning stations and for engine room auxiliary service pumps.

Rational management of shipboard incinerators.

Use of automatic lighting control system designed to adjust the external lighting of the ship in accordance with the current sunlight intensity.



### SHIP OPERATION AND MAINTENANCE INITIATIVES

Use of state-of-the-art ecological coatings.

Planned maintenance of the hull and regular scheduled cleaning of the propellers.

Optimum use of the HVAC (heating, ventilating and air conditioning) system in the public areas (Demand Flow Phase One and Demand Flow Phase Two where applicable).

Optimum regulation of the HVAC system.

of innovative technical solutions for ship efficiency performance management and concentrate mainly on optimization of vessel speed and course adjustment. Performance monitoring is carried out by means of a specific tool, Neptune Engine, enabling measurement and management of all critical ship data so as to ensure continuous improvement. The platform is being extended so as to effectively constitute a fleetwide data monitoring and management system. From next

year, **Neptune Engine** will also be used to collect environmental data. Having a shared database of critical parameters means we can enhance collective skills and competencies across the board. Now, all of Costa's technical staff have knowledge - and are aware of the importance - of environmental issues; they share a joint vision and are able to take action more effectively thanks to this analytical IT tool, which helps them make more informed decisions.

## Consolidating the present and planning the future

We are introducing the first generation of cruise ships to be fully powered by LNG, the world's cleanest (and best performing) fossil fuel, thereby pioneering a new era in the use of low carbon fuels. The use of liquefied natural gas is an innovation that will significantly reduce exhaust emissions to help protect the environment and support our sustainability goals. Carnival Corporation's plans to introduce these next-generation cruise ships powered by LNG at sea are a breakthrough for the industry as a whole, in the transition to a more sustainable energy mix aimed at

reducing pollution and GHG emissions. The first cruise ships to have an energy supply with LNG will be operated by the Costa Crociere Group, thus consolidating Costa's leadership in terms of responsible innovation and enhancing our reputation for green cruising, this being central to our long-term sustainability strategy.

On September 13, 2017, at the Meyer shipyard in Turku (Finland), work began on the construction of the **Costa Smeralda**, Costa Cruises' first LNG-powered ship, due for delivery in 2019. She will be the new flagship and will be deployed in the Mediterranean.

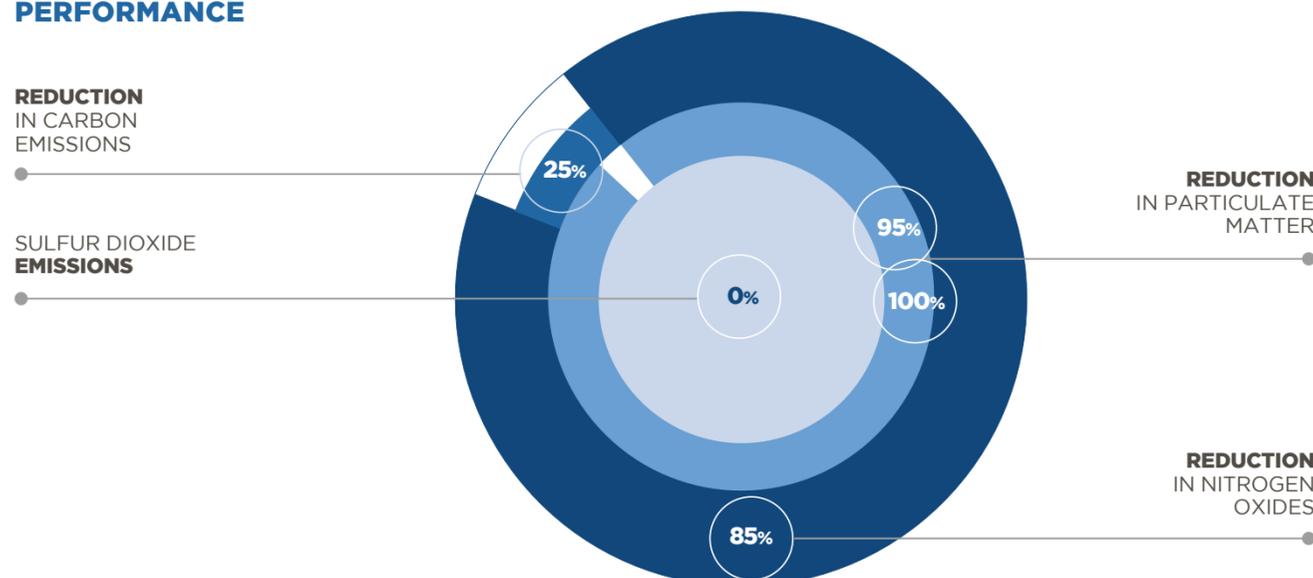
The gas will be stored on board the Smeralda in special tanks and will be used to generate 100% of her power both in port and on the open sea; the ship will run on Caterpillar power with enough LNG capacity for a trans-Atlantic crossing. Safe return to port regulations will be met with MGO tanks on board this dual-fuel vessel. LNG propulsion is an extremely important innovation in terms of environmental impact insofar as it will greatly reduce exhaust emissions - particularly sulfur dioxide (SO<sub>x</sub>), nitrogen dioxide (NO<sub>x</sub>), CO<sub>2</sub> and particulate matter.



### BUILDING A GLOBAL LNG VALUE CHAIN

According to a CLIA study<sup>4</sup>, 27% of new builds are committed to using LNG as the primary fuel for propulsion. While natural gas appears to be the way forward for cruise lines, LNG supply and bunkering infrastructure is ill-prepared to deal with the growth in demand: there are only 22<sup>5</sup> ports in the world equipped with the necessary alternative fuel infrastructure, and they are concentrated in north-west Europe (especially the Netherlands, Sweden and Belgium) and the US Gulf and East coast. In the next few years it will be necessary to drive the change needed by lobbying the main ports so as to agree on mutually acceptable solutions guaranteeing the development of the port infrastructure required to handle next-generation ships. Carnival Corporation has already made several strategic decisions in this direction, with the expansion of the terminal area in the Port of Barcelona to cater for LNG-fueled vessels and upgrading of the infrastructure in Costa Cruises' homeport of Savona. In keeping with its position of leadership of the industry, Carnival has launched a structured communication campaign informing the stakeholders concerned so as to ensure an understanding of the environmental and performance benefits of LNG as a marine transport fuel. The Corporation is a member of a **multi-sector industry coalition** called **SEA/LNG**, which aims to accelerate the widespread adoption and use of LNG as a marine fuel of choice and achieve a competitive global LNG value chain for cleaner maritime shipping by 2020. To translate the coalition's vision into action, SEA/LNG has developed a strategy based on three pillars: collaboration leveraging members' knowledge and networks, demonstration of the benefits arising from the transition to LNG, and communication impacting and influencing key stakeholders. The ultimate aim is to highlight the viability of and demand for LNG across the maritime value chain, thus favoring the construction of LNG supply and bunkering infrastructure. Increasingly, major shippers are looking for environmentally friendly international supply chains. At the same time, many companies - such as Unilever and IKEA - have publicly stated that they are aiming to 'green' their entire marine and land transportation logistics.

### LNG: ENVIRONMENTAL PERFORMANCE



<sup>4</sup> Source: Environmental Technologies & Practices, CLIA Oceangoing Cruise Lines, August 2017.

<sup>5</sup> Source: [www.sea-lng.org](http://www.sea-lng.org).



At the same time, the Company has set aside investments in order to upgrade the existing fleet members by installing **ECO Exhaust Gas Cleaning Systems**, which significantly reduce emission levels from engine exhaust at any operating state of a ship – at sea, during maneuvering and in port. The technology in question, developed by Ecospray (a company in which Costa has a controlling interest), involves retrofitting of existing vessels and results in a more than 90% reduction in emissions of NO<sub>x</sub>, SO<sub>x</sub> and PM<sub>s</sub>. Carnival Corporation makes estimates of upstream and downstream **indirect emissions** - like guest transport to and from ports of embarkation, business travel and logistic activities related to transport and deliveries of supplies - for each Operating Line<sup>6</sup>.

<sup>6</sup> It is pointed out that GHG emission calculations for "Scope 3" (supply chain) use various sources of secondary data since primary data is unavailable. The secondary data sources are not all encompassing as Carnival Corporation is still evaluating other potential energy consumption activities; CO<sub>2</sub> emissions related to capital goods have not yet been calculated.

## COSTA CRUISES SIGNS THE ESI IMPLEMENTATION PROTOCOL WITH THE PORT OF MARSEILLE

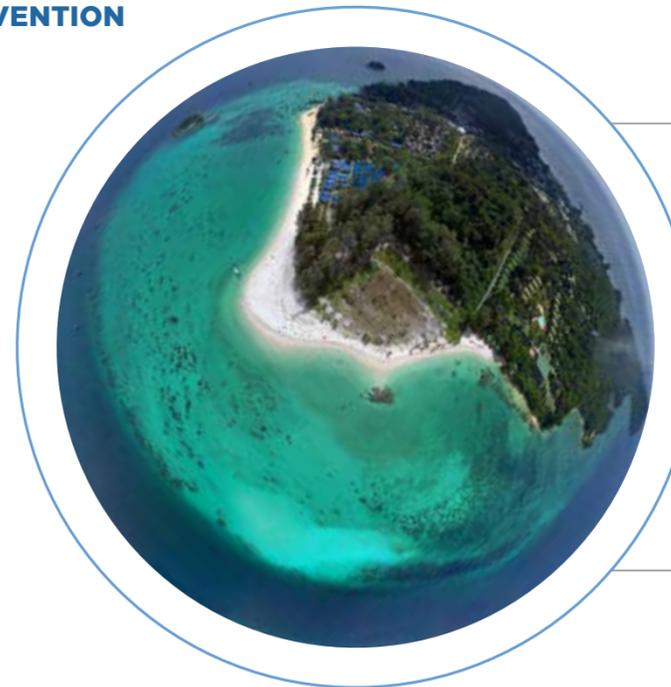
In December 2017, as part of its increased presence at Chantier de Marseille, Costa signed the **ESI (Environmental Ship Index) Implementation Protocol** with the local port authority. Marseille is a member of the **World Ports Climate Initiative (WPCI)**, a commitment by the world's key ports to combat climate change and reduce their greenhouse gas emissions while continuing their role as transportation and economic centers. Member ports may change the way goods are moved across oceans and within harbors by influencing the sustainability of supply chains, taking into account local circumstances and varying port management structures. The ports involved actively seek the cooperation of ships in support of measures to reduce emissions to air. One of the projects within WPCI is the Environmental Ship Index (ESI). The ESI identifies seagoing ships that perform better in reducing air emissions than required by the current emission standards of the International Maritime Organization (IMO). The ESI has been adopted by the Port of Marseille and is used to reward clean ships by offering them incentives under the indexing program. Costa Cruises was the first company to sign the Implementation Protocol with the Port of Marseille, thereby guaranteeing the gradual participation and registration of Costa's fleet members as well as calls at the port by the new LNG-fueled ships. The Costa Diadema was the first vessel to be included in the ESI.



Safeguarding the marine environment, the different ecosystems and the Earth's biodiversity is absolutely imperative. Global warming, climate change generally and carbon footprints have the potential to seriously impact the ecosystems, communities and local economies that we all depend on. Costa Cruises' itineraries go to many geographical areas with very delicate and sensitive ecosystems. All of Costa's ships are built to minimize any adverse impacts on the environment and biodiversity; in addition, the Company applies standards that go beyond regulatory requirements governing disposal of waste at sea (possible for food) and management of wastewater (for more information see page 62). Costa Cruises undertakes a series of actions

- planned well in advance - in order to protect marine flora and fauna. At the same time, Costa supports scientific research, particularly through our partnership with the **Institute of Marine Sciences (ISMAR)**, a branch of the **CNR** (Italian National Research Council) which monitors the state of health of the marine environment and coastal areas. Costa has made its ships and resources available to the CNR. In 2017 the **Costa Luminosa** welcomed on board a team of ISMAR researchers, who monitored marine species considered to be 'at risk' and took a census of plastic waste at sea. As regards the latter, the scientists carried out a survey of plastic debris floating on the sea, recording details of each type of object sighted, its size and color, and

#### SAFEGUARD: PREVENTION ACTIVITY

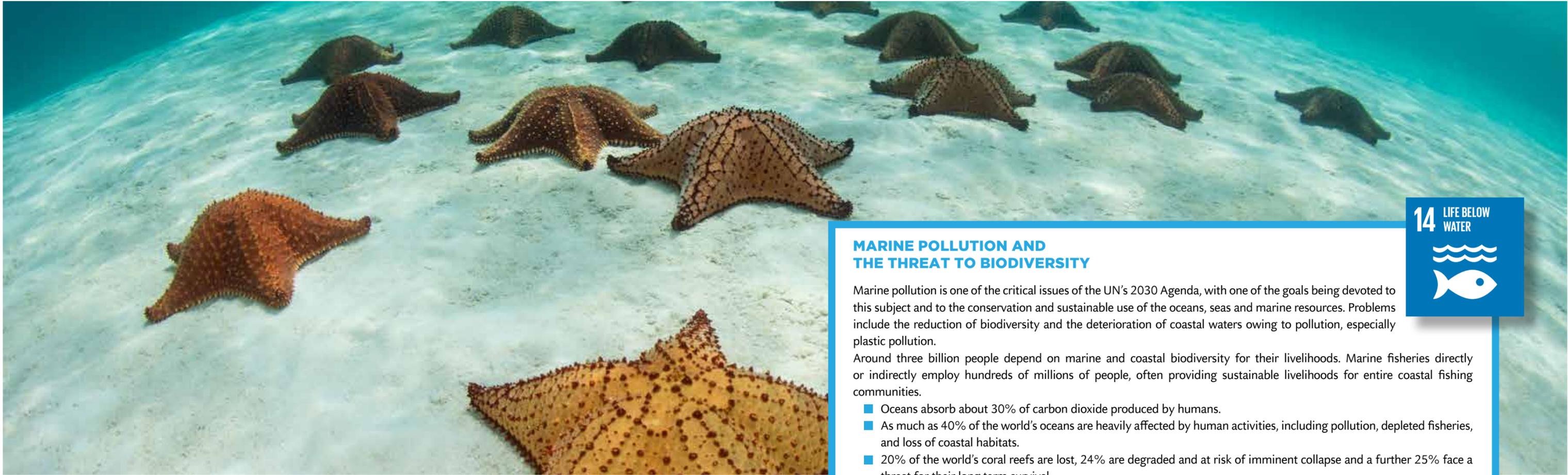


**CLEANING**  
OF HULLS

**PREVENTION OF INADVERTENT TRANSFER**  
OF NON-INDIGENOUS SPECIES  
(SEQUENTIAL BALLAST  
WATER EXCHANGE)

**LIMITED ACCESS**  
TO MARINE PROTECTED AREAS  
(BEYOND MERE COMPLIANCE)

**ATTENTION**  
TO MARINE MAMMALS'  
MIGRATION PATTERNS



the danger it posed to marine life. During the cruise the researchers also arranged seminars and talks for the tourists on board, illustrating their work, the main results and the impact of current fishing industry practices on biodiversity. Again, the ultimate aim of these scientific dissemination activities was to help raise awareness of the threats to the marine environment stemming from unsustainable fishing and other destructive practices. The oceans supply half of the essential oxygen for the planet, provide sustenance for millions of people around the world and consequently have a significant impact on coastal economies. The support of Carnival Corporation for the **Mapping Ocean Wealth** project managed by **The Nature Conservancy**, one of the world's most important ecosystem conservation organizations, stems from the desire to contribute

tangibly to their preservation. The Corporation began providing funding in 2014 (with a US\$2.5 million financial commitment) and the program has enabled the creation of a series of innovative tools and the identification of key resources to support decision-making processes and determine investments in coastal areas. The **Mapping Ocean Wealth** tool provides a critical mechanism to understand and explore specific ecosystem services and use this as a basis for the correct allocation of funding in order to maximize societal benefits. Without this, the definition of restoration planning activities and, above all, priorities for intervention would not be possible. The support for the **Ocean Wealth Mapping** initiative has already yielded critically important and new datasets about the economic, social and cultural values of coastal and marine habitats for countless kilometers of coastline.

## MARINE POLLUTION AND THE THREAT TO BIODIVERSITY

Marine pollution is one of the critical issues of the UN's 2030 Agenda, with one of the goals being devoted to this subject and to the conservation and sustainable use of the oceans, seas and marine resources. Problems include the reduction of biodiversity and the deterioration of coastal waters owing to pollution, especially plastic pollution.

Around three billion people depend on marine and coastal biodiversity for their livelihoods. Marine fisheries directly or indirectly employ hundreds of millions of people, often providing sustainable livelihoods for entire coastal fishing communities.

- Oceans absorb about 30% of carbon dioxide produced by humans.
- As much as 40% of the world's oceans are heavily affected by human activities, including pollution, depleted fisheries, and loss of coastal habitats.
- 20% of the world's coral reefs are lost, 24% are degraded and at risk of imminent collapse and a further 25% face a threat for their long-term survival.
- The Mediterranean Sea has lost 41% of its marine mammals and 34% of the total fish population in the last 50 years<sup>7</sup>, largely due to overfishing.
- Every year approximately 10 million metric tons of plastic ends up in the oceans, feeding huge garbage patches, where tiny bits of plastic are trapped together by the currents, forming large islands of rubbish - the Pacific 'trash vortex' accounts for an area as large as Turkey.

The mobilization called for by the UN is particularly challenging, especially as regards financing biodiversity protection. The Convention on Biological Diversity estimates that an initial outlay of around \$32 billion is required followed by annual funding to the tune of about \$21 billion for effective climate change mitigation using currently available technology. This is a necessary investment considering that continuing with 'business-as-usual' policies would result in loss and damage costing as much as €200 billion a year. The UN recommends a multi-stakeholder framework, especially as regards protection of the most vulnerable areas. This includes major roles both for scientific research - aimed at understanding and therefore better predicting the dynamics of marine and coastal ecosystems - and, more importantly, for the transformation of production and consumption models.

One of the most urgent questions is the exploitation of marine fauna and flora; indeed, the growing demand for fish and fish products is gradually outstripping supply while overfishing means that many of the world's fish species are either fully exploited or depleted. Another less evident but no less deadly threat to marine life is ocean acidification from burning fossil fuels; acidification is another effect of pouring carbon dioxide into the atmosphere, as the gas dissolves in seawater to produce weak carbonic acid. The result is that the increasingly acid seas are becoming more hostile to vital marine life.

Awareness of the need to address these issues is an important first step on the path to more eco-friendly, sustainable practices on the part of all stakeholders - particularly businesses. A shared approach is required with a joint commitment to limiting marine pollution and combating climate change. This is a truly global challenge that demands a global response.

<sup>7</sup> Source: ISMAR (Institute of Marine Sciences) - CNR (Italian National Research Council).

14 LIFE BELOW WATER



STATE OF PROGRESS  
OF WORK IN 201741,743.1 m<sup>2</sup>  
SEDIMENT REMOVAL  
AREAAPPROXIMATELY 7,000  
METRIC TONS OF SEDIMENT REMOVED83.8 %  
OF THE AREA COMPLETED  
35,017 m<sup>2</sup>

## Isola del Giglio: final stages of environmental restoration

One of Costa Cruises' top priorities is to restore to the local community of Giglio Island its natural terrestrial heritage and marine environment; site remediation is expected to be completed by 2018. The operations in question are proceeding as planned, under the direction of the **Micoperi Consortium**.

Monitoring and supervision are carried out by the **Environmental Observatory**<sup>8</sup> with the direct involvement of a series of bodies in charge of inspecting the quality of the water as well as the condition of the marine flora and fauna in the local area. More specifically **ARPAT**<sup>9</sup>, in addition to the foregoing inspections and together with **ISPRA (National Institute for Environmental Protection and Research)** and other members of the Environmental Observatory, verifies the validity of the work carried out by the working group consisting of the **Università La Sapienza di Roma, CIBM**

(*Centro di Biologia Marina ed Ecologia Applicata di Livorno*) and the **DISTAV** Department of the University of Genoa. The results of the analysis conducted in 2017 confirm once again that the water transparency here is comparable to the best that can be found anywhere in the sea of Tuscany.

The operations that continued during the reporting year mainly regarded the removal of the (natural or artificial) sediment from the sea bed. This final phase, which is still to be completed, is required in order to restore the pre-existing condition of the marine environment and therefore allow the return of the forms of marine life that were here originally. The work planned for 2018 involves the removal of material from an area of 2,226 m<sup>2</sup> and of sediment from an area of 180 m<sup>2</sup>, following which environmental restoration operations will cease and the wreck site will close.

<sup>8</sup> [www.regione.toscana.it/-/osservatorio-costa-concordia](http://www.regione.toscana.it/-/osservatorio-costa-concordia)

<sup>9</sup> Tuscan Regional Environmental Protection Agency

<sup>10</sup> Following decisions made by site supervisors, phases 5 and 6 of the restoration project were rescheduled (last update June 2017).

### ANALYSIS AND MONITORING ACTIVITIES

ORGANIZATIONS INVOLVED	TYPE OF ANALYSIS CONDUCTED
CIBM Livorno/ Università La Sapienza Roma	<ul style="list-style-type: none"> <li>• 800 tests (16 samples at differing depths analyzing 50 parameters such as heavy metals, IPA, PCBs, organic pollutants, surfactants) on the water inside and outside the area;</li> <li>• 2,480 ecotoxicology tests on the water and marine organisms (8 water samples for toxicology tests of 3 species and 2 parameters + 48 samples of mussels for analysis of accumulation of 38 pollutants in the tissue + samples of 4 species of fish with measurement of 38 pollutants in the tissue);</li> <li>• 1,750 samples along the water column tested for 6 parameters at 5 stations, collected using a mobile multi-parameter probe (70 samples);</li> <li>• 2,070 samples of water collected for 345 days using a fixed multi-parameter probe, with web-based data transmission;</li> <li>• 120 hours of visual inspections (surveys with ROVs and deployment of divers).</li> </ul>
CIBM Livorno / UniGenova	<ul style="list-style-type: none"> <li>• 192 tests on trapping samples used for measurement of sample flows (4 stations per month) with measurement of particle size and mineral composition.</li> </ul>

### LAST TWO PHASES OF THE SEA BED RESTORATION PROJECT





# ENVIRONMENTAL MANAGEMENT SYSTEM

All of Costa Cruises' ships are operated in accordance with the (ISO 14001 certified) **Environmental Management System**, which defines the best management methods and actions for the purpose of compliance with the Company's Environmental Plan. In order to encourage a proactive approach and effective implementation of the plan in each area of intervention, the necessary measures and investments are defined in detail and pursued according to rigorous standards with independent,

third-party organization auditing and certification.

Costa uses an across-the-board approach embracing all the main areas of intervention: energy efficiency, emissions reduction, waste management (production, use, recycling and disposal) and management of the water cycle. Digitalization of all the processes enables detailed monitoring of performance and prompt identification of corrective and improvement actions. Use of a digital platform means there is ready

access to the relevant information and training materials, training being one of the cornerstones of the Company's management policies.

In 2017 Carnival Corporation laid down an obligation for all its brands and ships to implement and comply with the **Environmental Compliance Plan (ECP)**, a standard that goes beyond any requirements set forth by applicable laws and guarantees continuous monitoring of the environmental performance of the Corporation's ships. The application of

the ECP provides for periodical internal audits, which may be held on board at any time, so as to verify compliance with the relevant procedures and consequent mitigation of environmental risks and impacts. In addition, compliance is guaranteed by means of independent third-party audits and inspections. The implementation of the ECP has resulted in greater information, consciousness-raising and training for the shipboard and shorebased employees directly involved in environmental matters.

(ENVIRONMENTAL)  
**TRAINING HOURS**

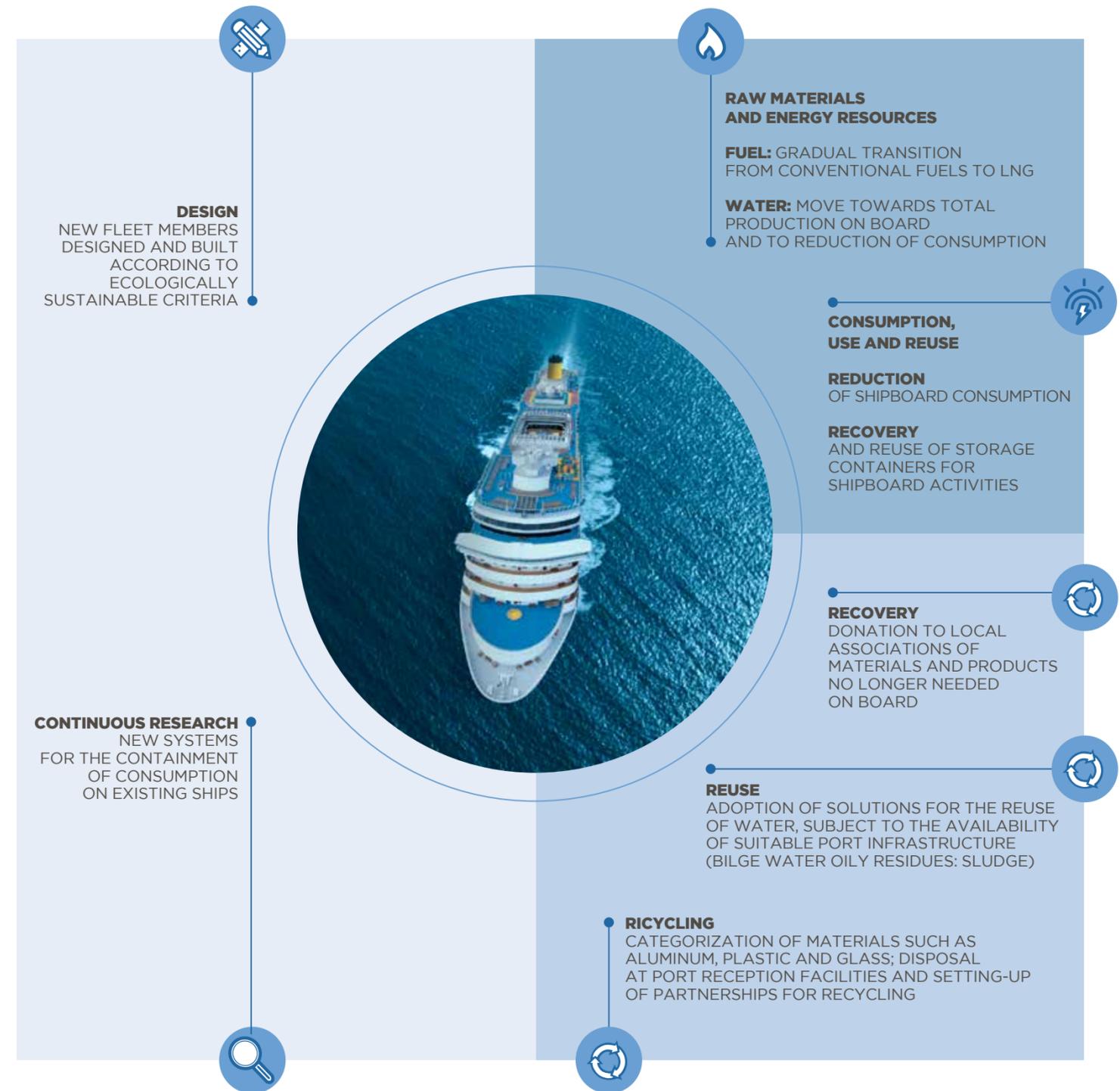
**57,447** SHIPBOARD  
**341** SHORESIDE



We have made considerable efforts to harmonize and boost the training received by all newcomers to the position of Environmental Officer; these included the introduction in 2017 of a specific training module at CSMART (Carnival Maritime's state-of-the-art training academy see pages 35, 98). The main aim of these specialized courses is to guarantee that

trainees acquire skills and expertise in the field of environmental protection and prevention. To ensure adequate coordination of the activities, in addition to overseeing operations on board the ships, the shoreside **Environmental Compliance Manager** is required to identify possible areas for improvement and to suggest ways of minimizing our environmental impacts.

## CONTAINMENT AND REDUCTION OF IMPACTS





## Water: a precious resource

Costa Cruises is working to pursue both of the 2030 Agenda goals dealing with water. Our efforts in this area are directed at optimizing water use efficiency and protecting the marine ecosystem. For years now, the Company has been committed to a gradual increase in the amount of water produced directly on board and, where possible, to the reduction of consumption. Thanks to the use of special desalination plants, during the reporting period we produced 70.3% of the water we used on board from seawater, an increase of 4.1% compared to 2016. This was achieved partly on account of the installation of

highly innovative technology. More specifically, in 2017 we tested a reverse osmosis plant on the Costa Serena; this is an industry first and a major step forward towards our strategic objective of being totally self-sufficient for potable water by taking on and processing seawater. Before our ships visit a port, we determine whether potable water is available and abundant. In ports or regions experiencing water scarcity or restrictions, our water sourcing patterns are modified in order to avoid impacting local water supplies in times of water shortages. Consequently, our ship operations pose minimal water

sourcing impacts to the port communities where we purchase water. It goes without saying that, whether it is produced on board or bunkered, the water is suitably treated, disinfected and made safe to drink in compliance with international public health regulations. Optimization of water use efficiency for all our shipboard operations is a key part of Costa's management system. In addition to concerted efforts to reduce consumption, partly by reviewing certain activities and processes on board, the Company has focused on the reuse of engine cooling water which, once it has been suitably

**STOP THE DROP.**  
Every drop counts.

**29.7%**  
**WATER**  
BUNKERED FROM  
PORT FACILITIES

**70.3%**  
**WATER**  
PRODUCED ON BOARD

**+ 4.1%**  
**TOTAL WATER**  
CONSUMED ON BOARD  
(THOUSANDS OF M<sup>3</sup>)





treated, can be used in cabins and public areas (e.g. pools). The 2% reduction in per capita water consumption recorded in 2017 reflects the growing awareness - on the part of guests and crew - of options available on board to conserve water thanks partly to the **Stop the Drop** campaign conducted on all our ships so as to promote water efficiency practices not only on board but also at home.

### Wastewater treatment

Wastewater management requires a specific approach with great attention both to the impacts generated directly on the marine environment and to the protection of the health and safety of workers. This type of water cannot be recycled for other uses; accordingly, it must be specially treated and disposed of in compliance with strict procedures so as to prevent polluting discharge. Together with fleetwide implementation of

the ECP, in 2017 the bilge water processing plants were replaced by next-generation treatment systems guaranteeing higher performance standards.

In exceptional cases like an emergency, it is always possible that a spill or discharge of wastewater may occur (at sea or in port). Any spill or discharge constituting an environmental incident is reported immediately to the competent authorities in the port/territorial waters where it occurred and results in an administrative sanction. In 2017 there were 6 spills of lubricating oil, gray water and treated sewage, and all six were minor incidents dealt with by the shipboard personnel, who are regularly trained to take all possible steps to clean up and minimize the environmental impact of a spill in line with Company procedures. No grievances about environmental impacts were filed by stakeholders during the reporting period.

## Integrated Waste Management Plan

Effective waste management is at the heart of our strategy in favor of the drive towards a model of the circular economy. Costa's approach is designed to minimize the amounts of the different types of waste generated and to implement the recycling and reuse of materials on board. Ships are designed according to a holistic approach as a closed system based on a floating "smart city" concept with specific strategic choices - e.g. separate waste streams, crushing and compacting on board, use of port reception facilities guaranteeing segregated waste disposal and recycling of the materials discharged from the ships. The **Waste Management Plan**, adopted fleetwide, is a cornerstone of Costa's business model for sustainable development and goes way beyond mere compliance with the international MARPOL Convention<sup>11</sup>. Categorization of waste materials is the starting point for implementation of the management system. At the same time, Costa has procedures in place to facilitate

the recovery of specific materials, such as aluminum, with further separation of the waste stream and the setting-up of partnerships with third parties for recycling of secondary raw materials. One example - and one that is unprecedented in the industry - is our alliance with CiAL (*Consorzio Imballaggi Alluminio*, Italy's National Consortium for the Recovery and Recycling of Aluminum, Italy's National Consortium for the Recovery and Recycling of Aluminum) thanks to which in the space of a decade - and by means of an awareness campaign directed at guests on board - we have tripled the amount of drink cans collected. In 2017 Costa Cruises was one of the signatories to the "Alliance for the Circular Economy", endorsed by leading enterprises who share the economic rationale for an accelerated transition to a circular economy business model, radically increasing resource productivity whilst also regenerating, rather than depleting, natural capital (see page 124).

**-5%**  
WASTE GENERATED ON BOARD  
BY 2020<sup>12</sup>

ABOUT  
**31.9**  
METRIC TONS OF ALUMINUM

OVER  
**2.5** MILLION CANS COLLECTED

<sup>11</sup> More specifically, Annex V revised 2013.

<sup>12</sup> Carnival Corporation Sustainable Goal.

**PLASTIC LANDED AND RECYCLED**  
**21.34%**  
 (OF TOTAL LANDED)

**GLASS LANDED AND RECYCLED**  
**54.68%**  
 (OF TOTAL LANDED)

**ALUMINUM LANDED AND RECYCLED**  
**26.21%**  
 (OF THE TOTAL LANDED ALUMINUM + METAL)

Responsible consumption on board is one of the pillars of Costa's sustainability strategy. During the reporting year the Company focused on the proactive engagement of guests through a consciousness-raising campaign dealing with the careful consumption of food and water (see page 61). We also took advantage of the opportunity offered by the introduction of the so-called "Gadda Law" no.166/2016, "Provisions concerning the donation to charity and distribution of food and pharmaceutical products in order to reduce waste", and started a project

whereby surplus food on board our ships is retrieved, taken ashore and donated to people in need (see page 114); this food, which is prepared on board but not served to guests, would otherwise be discharged at sea as waste as permitted under MARPOL.

**113,275 m<sup>3</sup>**  
 TOTAL  
**WASTE PRODUCED - 7.1%**

**6.4 l**  
**WASTE PER PERSON PER DAY - 4.4%**

**EFFECTIVE MANAGEMENT OF WASTE IN A CLOSED SYSTEM**

**REDUCTION**

GREATER EFFICIENCY AND RESPONSIBLE CONSUMPTION IN THE PRODUCTION PROCESSES (HOTEL AREA, RESTAURANTS, BARS, ETC.)

REDUCTION IN PACKAGING (ON BOARD AND IN THE SUPPLY CHAIN)

RAISING AWARENESS OF GUESTS AND CREW WITH REGARD TO RESPONSIBLE CONSUMPTION OF FOOD AND WATER

**SEPARATE COLLECTION AND PROCESSING OF WASTE STREAMS**

SEPARATE COLLECTION OF WASTE STREAMS TAKES PLACE ON COSTA'S SHIPS FLEETWIDE ACCORDING TO A PROCESS OF CATEGORIZATION MAXIMIZATION OF THE AMOUNT OF WASTE SENT FOR RECYCLING

SEPARATE BINS WITH COLLECTION POINTS THROUGHOUT THE SHIP GUESTS AND CREW ARE ENCOURAGED TO PLAY AN ACTIVE PART IN HELPING TO RECYCLE WASTE PROPERLY

GRINDING (ORGANIC MATERIAL)

COMPACTING (PLASTIC, GLASS, METAL, ALUMINUM)

INCINERATION (DOMESTIC WASTE AND OILY RAGS)

**DISPOSAL**

DISPOSAL TO SHORE RECEPTION FACILITIES

SELECTION OF PORTS WITH SUITABLE FACILITIES FOR RECYCLING THE MATERIALS DISCHARGED FROM SHIPS

ESTABLISHMENT OF PARTNERSHIPS WITH CONSORTIUMS FOR DISPOSAL OF MATERIAL (ALUMINUM)

**RECYCLING (WHERE POSSIBLE)**

TEMPORARY STORAGE IN PORT FACILITIES OF MATERIAL INTENDED FOR RECYCLING

JOINT EFFORTS WITH PORTS OF CALL AND ESTABLISHMENT OF PARTNERSHIPS WITH LOCAL ORGANIZATIONS AND CONSORTIUMS

**REUSE ON BOARD**

STORAGE CONTAINERS (E.G. METAL DRUMS, CONTAINERS FOR TRANSPORT OF DANGEROUS GOODS, JUTE BAGS)

**RECOVERY**

DONATION TO LOCAL ASSOCIATIONS OF GOODS AND MATERIALS THAT ARE REPLACED ON BOARD BUT STILL USABLE. LENGTHENING OF PRODUCT LIFE CYCLES WITH BENEFITS FOR THE COMMUNITY.

PARTNERSHIP FOR DONATION OF SURPLUS FOOD ON BOARD TO CHARITIES IN THE PORTS OF CALL



YOU



# WHAT WE ARE DOING

**1 NO POVERTY**



**2 ZERO HUNGER**



**3 GOOD HEALTH AND WELL-BEING**



**4 QUALITY EDUCATION**



**5 GENDER EQUALITY**



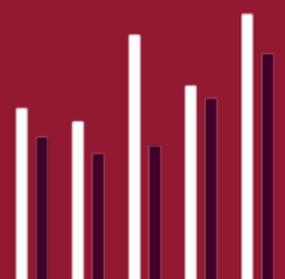
**6 CLEAN WATER AND SANITATION**



**7 AFFORDABLE AND CLEAN ENERGY**



**8 DECENT WORK AND ECONOMIC GROWTH**



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**



**10 REDUCED INEQUALITIES**



**11 SUSTAINABLE CITIES AND COMMUNITIES**



**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



**13 CLIMATE ACTION**



**14 LIFE BELOW WATER**



**15 LIFE ON LAND**



**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**



**17 PARTNERSHIPS FOR THE GOALS**



**THE GLOBAL GOALS**  
For Sustainable Development



Costa's business model comprises a highly complex value chain, which is rooted in the local community and builds paths to long-term economic development. Where Costa Cruises operates, dozens of local stakeholders benefit directly or indirectly from the economic impact of cruising and related industries. In order to maintain these mutually advantageous relationships over time, the Company is committed to active dialogue with stakeholders and to their ongoing engagement; this process is aimed partly at reducing the risk of possible negative impacts, which must in any case be planned for in advance so that they are handled using an approach based on accountability, and on respect for the community and local organizations. This process involves all

our main stakeholders: our **guests**, who are shown a model of tourism based on the principles of respect and sustainable development; **the local communities**, who we interact with so as to capitalize on the value generated by tourism and devise specific development programs; our **suppliers**, direct beneficiaries of the economic impact generated by the Company in shipyards and in a series of allied industries ranging from manufacturers to service providers; and Costa's **people**, who deliver unique experiences. Costa provides added value for the local economies in its areas of operation in the form of job creation, the transfer of know-how, fostering and enhancement of local assets, investment in infrastructure, social inclusion and innovation.

## Our contribution to sustainable tourism

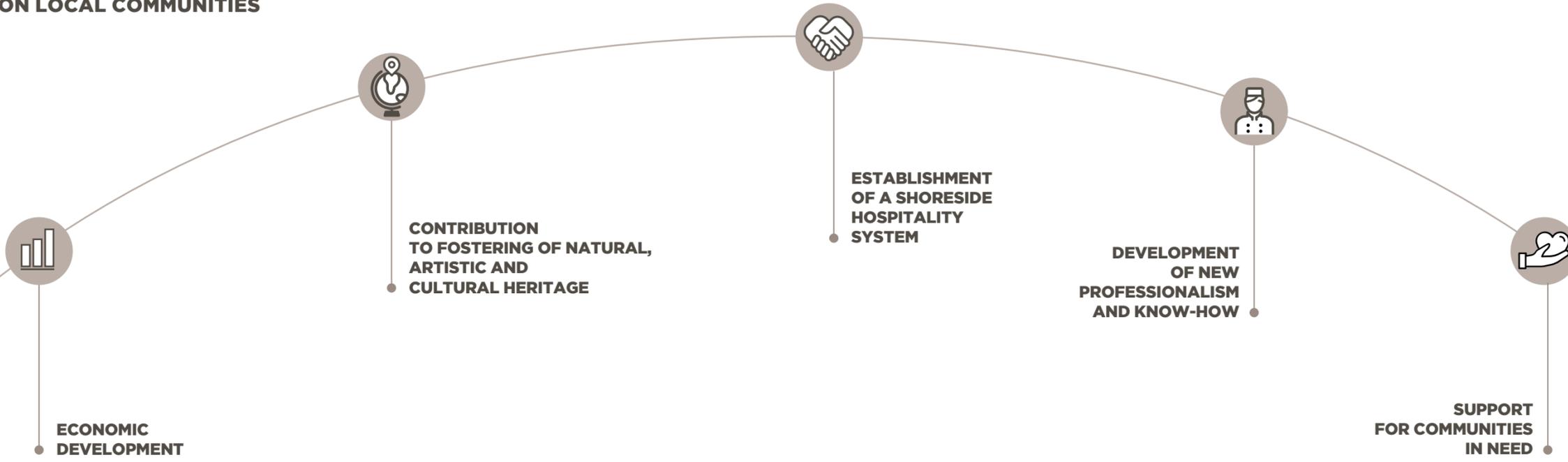
Our gradual expansion in parts of the world that are less developed and not yet on the mainstream tourist circuit, such as countries in the Indian Ocean and the South Pacific, provides great impetus for the creation of shoreside guest hospitality in these nations. Consequently, in managing these new destinations, it is vitally important to collaborate with local institutions and authorities so as to jointly plan and promote itineraries focusing on environmental, cultural and artistic heritage, and providing authentic experiences in direct contact with local people.

The arrangements for shore

excursions entail job creation for local coordinators, guides, tour escorts and other people working in logistical positions managing groups of cruisers in compliance with Costa's set standards. This approach favors the development of the micro-economy with further growth of direct and indirect employment opportunities and the delivery of additional services directly managed by local stakeholders. The communities in question spontaneously respond to the new demand and develop their resources accordingly.

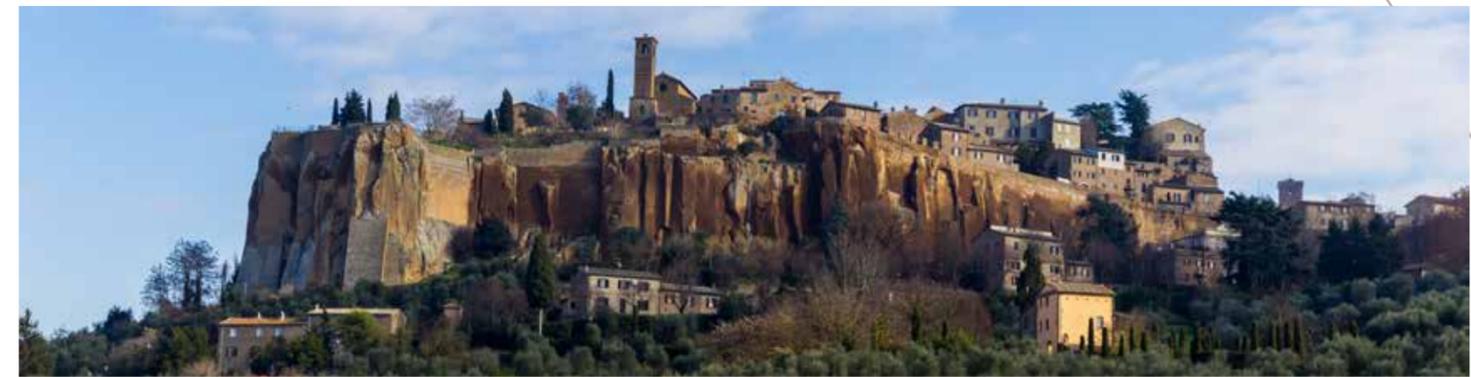
By way of example, in the Indian ports of **Cochin, New Mangalore**

**DIRECT IMPACT ON LOCAL COMMUNITIES**



and Marmugao to compensate for the lack of local guides who speak the main Western languages, interpreters and tour escorts have been recruited from all over the country. With the support of the Indian Government, the Company has initiated a specific training program that includes shipboard activities. The shore tour staff on the Costa neoClassica (deployed on the India-Maldives itinerary during the 2017/2018 winter season) played an active part in the induction program. This type of initiative enhances the shoreside experience for cruisers while providing job opportunities for local young people. In the last few years Costa has gradually diversified its range of shore tours, adding new port calls and excursions to places off the beaten path. We have done so for two reasons: firstly, in order to provide new and alternative opportunities for our customers, who are increasingly interested in the concept of social impact travel; and secondly, to generate a positive economic impact more widely, by including destinations that offer cultural, historical, artistic and environmental attractions, but that

were previously largely excluded from the benefits of tourism. Costa also runs these tours on weekdays and in the off season, thereby regulating the flow of tourists, which consequently becomes more manageable; this gives our guests a more laid back experience and at the same time generates year-round business for the local economy. Costa Cruises' idea of sustainable tourism is based on engaging with all the main local institutions and sensitizing cruisers so as to encourage more and more authentic experiences. We do our utmost to promote these alternative tours among our international clientele, offering them the chance to take part in a new participatory and immersive travel category. While Costa organizes the transport for its guests on shore tours, the other shoreside hospitality services are provided by local businesses, thus boosting the economy and encouraging the development of entrepreneurial skills.



**ITALY'S HISTORIC SMALL TOWNS, A HERITAGE TO BE DISCOVERED AND FOSTERED**

In 2017 the Ministry for Cultural Affairs & Tourism's Strategic Plan for Tourism underlined the need to foster Italy's so-called *borghi*, or historic small towns; these are hidden jewels – picturesque places that are still relatively unknown despite their vast artistic and cultural assets, and consequently full of potential in terms of rethinking tourism according to the guiding principles of sustainability, innovation and accessibility. Costa Cruises has taken up this challenge and established a partnership with the association **I Borghi più belli d'Italia** ("Italy's finest historic small towns"), which has given rise to an initiative called **"Historic villages, a heritage to be discovered and fostered"**. With the objective of favoring ecotourism and supporting the local economy, this project is designed to take our international cruise guests to see some of these little gems and to provide them with a truly authentic, one-off experience. Cruisers are escorted by local guides, who help them discover and enjoy the artistic treasures of each place, the local history and traditions; visitors' appreciation is enhanced by food&wine offerings and the chance to see local craftsmen at work. **10** of these heritage-listed towns have been added to Costa's program of shore tours, thus bolstering the development of their amenities for tourists. In most cases the excursions in question take place on weekdays and continue also in the off season, this being vital insofar as it guarantees regular income for these small towns. The discovery of these ancient and largely unexplored parts of Italy is a starting point for the development of increasingly responsible tourism, the tourism of the future. Costa is determined to play a major part in the Strategic Plan for Tourism and intends to gradually add other alternative destinations of this kind to its program of shore tours.

**THE FIRST 10 *BORGI* CHOSEN BY COSTA**

- SEBORGA**  
LIGURIA
- MONTEMARCELLO**  
LIGURIA
- ARQUÀ PETRARCA**  
VENETO
- ORVIETO**  
UMBRIA
- CIVITA DI BAGNOREGIO**  
LATIUM
- LOCOROTONDO**  
PUGLIA
- CASTIGLIONE DI SICILIA**  
SICILY
- MONTALBANO ELICONA**  
SICILY
- SALEMI**  
SICILY
- ATRANI**  
CAMPANIA



**1,731**  
MEDITERRANEAN  
PORT CALLS  
INCLUDING  
**653**  
IN ITALY

The promotion of Italian style and “Italy’s Finest” is one of our core values and this is reflected in our shore tours. Despite being a global operator, we have always kept our focus on the Mediterranean (1,731 calls in 2017) and particularly on Italy, with 653 calls in the country’s main ports. We plan our itineraries and shore excursions on the basis of the opportunities and port facilities offered at the different destinations. Using this approach, in 2017 we added a new itinerary to Greece with – for the first time – Bari as its sole homeport (over 80,000 passenger movements). As part of its efforts to extend the range of the Company’s positive impact, Costa Cruises has entered into partnerships with towns and cities that are off the beaten track when it comes to the standard cruise circuit. One example is our alliance with the **Ente Turismo Torino e Provincia** by virtue of which we have launched special tours of Turin. In the meantime, in synergy with the

Municipality of **Savona** (our homeport with 1 million transit passengers per year) and the local authorities, during the reporting year we continued to implement the program designed to enhance and promote the town and its environs by adding tours to new places in the region. Key objectives of the multi-year Memorandum of Understanding signed in 2015 are the improvement of amenities for visitors, a greater vocation for hospitality and sustainable development of the township.

### **COSTA’S HOMEPORT: SAVONA IS THE FIRST EUROPEAN CITY TO RECEIVE LEED® FOR CITIES CERTIFICATION**

Savona, with its population of 62,000, was the first town in Europe to receive certification under a global sustainability program called LEED for Cities. The pilot project tracked performance on energy use, waste management, water, transport and even quality of life. The LEED (Leadership in Energy and Environmental Design) framework is an expansion of the world’s most widely used rating system for new and existing green buildings (adopted by over 170 countries), developed and launched by the USGBC (US Green Building Council) in 1993. Savona Mayor Ilaria Caprioglio: *“The town of Savona is proud to be the first in Europe to receive LEED certification. Our ‘gold’ level certification (61 points out of 110) means Savona now joins the cities of Washington DC and Phoenix AZ as early movers in the direction of urban sustainability. Our aim is to give new generations an increasingly green, smart and environmentally friendly town and to support the development policies undertaken through the objective demonstration of the results obtained”.*

Goal 11 of Agenda 2030 is to make cities and human settlements inclusive, safe, resilient and sustainable: to do this requires a global view and, at the same time, analysis of the specific performances. In this context, LEED for Cities provides a system of measurement and management of water consumption, energy use, atmospheric emissions, public transport, waste and – last but by no means least – human experience. Cities are assessed across key metrics, including equity, education, prosperity and health.

LEED for Cities is also used to help define strategies and gather data required by municipalities in order to show their engagement and illustrate the results obtained in connection with the Covenant of Mayors initiative of the European Commission. Important though the certification is, it is only the first of a series of such tools needed to identify critical issues and potential, en route to a smarter and greener future. In this sense Costa has become a key stakeholder for Savona. The presence of the cruise terminal, with ships in transit and flows of tourists and crew members all year round, inevitably has a major impact on the town.





### BUILDING A GLOBAL MODEL OF SUSTAINABLE TOURISM

2017 was the United Nations “International Year of Sustainable Tourism for Development”. Tourism is a social, cultural and economic phenomenon of enormous importance with direct impacts on the economic system, the natural environment and local communities. The concept of sustainable tourism, first coined in 1988, was devised in order to promote a new kind of travel maintaining essential ecological processes, helping to conserve natural heritage and biodiversity, respecting host communities and taking into account their needs as well as those of visitors<sup>1</sup>. One of the aims is the fair distribution of socio-economic benefits to all stakeholders, based on respect for human rights, the environment and the social fabric of the local community.

The idea of sustainable tourism stems from the need to regulate the flow of tourists in certain parts of the world and facilitate harmonious growth and development locally with the creation of basic hospitality infrastructure. This type of approach is especially important in developing countries, where a sudden and uncontrolled increase in the number of visitors can cause imbalances and tensions within communities, as well as possible repercussions on the ecosystem. Building a model of sustainable tourism is very challenging and the sometimes conflicting demands of the stakeholders involved do not help.

These concerns are recurring issues in the 2030 Agenda, with tourism featuring in three of the SDGs: promotion of sustained economic growth; promotion of local culture and products; respect for and conservation of the oceans, seas and marine resources.

#### GLOBAL TOURISM

TRAVEL AND TOURISM GENERATE **1** IN **10** JOBS IN THE GLOBAL ECONOMY

TRAVEL AND TOURISM ACCOUNT FOR **10%** OF GLOBAL GDP



INTERNATIONAL TOURIST ARRIVALS IN ITALY HAVE TRIPLED SINCE 1990

- **8.9** By 2030, devise and implement policies to promote **sustainable tourism** that creates jobs and promotes local culture and products.
- **12.b** Develop and implement tools to monitor sustainable development impacts for **sustainable tourism** which creates jobs, promotes local culture and products.
- **14.7** By 2030, increase the economic benefits of SIDS (Small Island Developing States) and LCDs (Least Developed Countries) from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and **tourism**.

In other words, the United Nations proposes a model of tourism promoting the responsible use of environmental resources, respecting the socio-cultural authenticity of host communities, supporting local economies, improving local services and contributing directly to the eradication of poverty.

Tourism is also one of the most important growth industries in Italy, accounting for approximately 12% of GDP. However, development is still patchy and uneven with large numbers of visitors concentrated in a handful of destinations (around 60% of tourists in just 4 of the country’s regions). Also, the value added per employee is low compared to other countries with similar characteristics.

The Ministry for Cultural Affairs & Tourism has devised a **Strategic Plan for Tourism** (2017-2022) aimed at revitalizing the industry based on the guiding principles of sustainability, innovation and accessibility. The plan hinges on the integrated management of the country’s cultural and natural assets, creation of competition and employment, and collaboration between stakeholders with the objective of putting the focus firmly back on the tourist.



BY 2030 THE WORLD IS EXPECTED TO ATTRACT ALMOST **2** BILLION INTERNATIONAL TOURIST ARRIVALS A YEAR

IN ITALY ALONE SOME **440,000** BUSINESSES (7.3% OF THE GLOBAL TOTAL) OPERATE DIRECTLY IN THE TOURISM INDUSTRY

<sup>1</sup>WTO definition: “Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities”.

**8** DECENT WORK AND ECONOMIC GROWTH



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**14** LIFE BELOW WATER





# FROM CUSTOMER TO CITIZEN

Compared to other business sectors, the cruise industry stands out insofar as there is a special relationship between the company and its customers, stemming from their direct perception of the cruise experience. The guest experience is both personal and shared, intimate and collective; it takes place in a self-contained, multicultural setting, which is inextricably linked to the way the vacation as a whole is experienced. As part of the pathway to sustainability and in its efforts to guarantee the direct involvement of its main stakeholders, Costa takes full advantage of the opportunity to interact continually with its guests in different ways. The ship becomes a veritable floating city, a home away from home. On the strength of this intimate relationship with guests,

the Company is working to create awareness of sustainability issues during the customer experience. This approach is closely related to the sense of responsibility that is part and parcel of our mission, namely to sensitize a heterogeneous and international consumer base to the importance of sustainable development and responsible consumption. In what is a first for the global cruise industry, we are redesigning the cruise product from a new perspective with a new awareness of the customer's central role as a responsible citizen. Top priorities in this increasing engagement of guests are sustainable tourism and responsible consumption issues. Our sensitization strategy is deliberately designed to inform rather than impose, in line with the fact

that our guests are on vacation and are pleased to be sharing the travel experience with others, in harmony with the environment, and appreciate the value of all this.

Accordingly, Costa intends to act as a catalyst for positive messages

conveying to guests the values of sustainability and sharing, with dedicated consciousness-raising campaigns. This way, the holiday becomes personal enrichment for guests, who assimilate a sustainable development and consumption model.

## A voyage of discovery and responsible tourism

This new model of tourism is synonymous with traveling for lasting enrichment and growth; the idea of social impact travel includes meaningful interaction with local communities in the ports of call, exploring those communities and discovering their people in unconventional ways. The concept

of the impact cruise, which has become increasingly popular in recent years, is based on allowing travelers to immerse and learn while making enduring, sustainable contributions.

For example, when they go on a nature trip near Reykjavík, in Iceland, our guests assist in the

**CUSTOMER SATISFACTION**  
**NPS 50.85%**  
 (+17.7% vs. 2016)<sup>2</sup>

country's reforestation program: a tree is planted for each visitor. The goal of this sustainability project is to restore a portion of Iceland's once-vast forests, which were razed by the Vikings for timber and to create grazing land. Similar experiences are also available in **Indonesia** and **Thailand** which, while famous for their superb beaches, can now be seen in a new light. On Lombok, cruisers meet local craftsmen and, with the help of a guide, learn how to make typical souvenirs such as wooden carvings and wickerwork products using different local plants. On the island of Phuket, Costa's guests can spend a day at the children's village, which was set up by the Lions Club in the wake of the tsunami for children orphaned or otherwise affected by the disaster. The importance of such initiatives for the community is beyond doubt; they shift economic resources to deprived areas away from the conventional tourist circuit and provide support for traditional trades, which are still among the main sources of local income. In keeping with the above is Costa's idea of ecologically sustainable nature-based tourism, underlining the concept of "discovery"; everywhere we sail to, we organize specific eco-tours to unspoiled areas. There are some **415 eco-tours**: they include trekking, walking tours, bike rides, kayaking, canoeing and so on. These low environmental impact excursions take guests to parks, oases and nature reserves and provide more immersive and intense experiences. Costa Cruises facilitates the experience by arranging special information sessions for crew members and guests alike, so as

to help build environmental and cultural awareness.

#### Home away from home

The ship is the ideal setting for the engagement of the Company's main stakeholders, our guests. From the point of view of the customer relationship in the context of sustainability, this constitutes a unique opportunity to convey messages, create awareness and encourage our "shipboard citizens" to adopt responsible behaviors and lifestyles oriented towards respect for the common good.

In any event, Costa starts from the principle that it is necessary first to build paths directly linked to processes, with the aim of finding pre-emptive solutions and applying innovative systems and only then engaging the guests and securing their proactive participation through persuasion rather than imposition. Our guests' heightened awareness of sustainability issues cannot be separated from the fact that they are on holiday. Indeed, more and more cruise passengers are interested in sustainability, environmental protection and human welfare, and are looking for impactful travel experiences. All of this tallies with Costa's strategic objectives and also takes into account the values cherished by many of the Company's customers, notably the younger generations and Millennials in particular.

Tangible examples of this are the separate collection of waste streams on board our ships, water conservation efforts in the cabin and the "Taste don't Waste" campaign.



## Being socially accountable ashore and at sea

In addition to the careful planning of its shore tours, Costa Cruises' sense of social responsibility is also reflected by its solidarity projects, designed to support community development in the ports of call, by making available expertise, skills and resources. Costa continues to use its ships to assist community support projects and raise funds for charities, with the direct involvement of guests and crew, the latter also by means of the **employee volunteering** program. In 2017 Costa continued its fundraising for the **Fondazione**

**Umberto Veronesi** and the **Pink is Good** project, financing a scholarship for research aimed at preventing and beating breast cancer. In addition to the fleetwide information campaign, when the Costa Fascinosa ported in Naples there was a non-competitive, fundraising walk called "**A seaside stroll in pink**" in which crew and guests from the ship took part, together with local citizens. In terms of employee hands-on volunteer initiatives, Costa's Genoa headquarters teamed up with **IKEA** for a good cause: a team of more

<sup>2</sup>The Net Promoter Score (the industry standard measurement of customer loyalty) is used to assess customer satisfaction, point to areas of service delivery that require improvement and measure guests' degree of loyalty.



than 60 Costa employees showed off their DIY skills and assembled furniture for the decoration and enhancement of communal areas in two Genoese facilities: the **Centro Mascherona** (a shelter for women who are victims of domestic violence) and **Ce.sto** (an educational center for minors in the old town). Thanks to its global cruise routes, Costa can make a difference in virtually any part of the world and respond to calls for help from local communities undergoing particular hardship or facing emergencies. In March 2017, in the wake of the cyclone that hit the coast of Madagascar, crew members from the Costa neoRomantica participated directly in efforts to collect clothes,

food, medicine and other relief supplies for the people affected by the disaster.

They may be on the move all the time, but think to their regular scheduled calls, our ships are able to build solid, lasting relations with local communities. In Brazil, for example, Costa is partnering the **Projeto Criança Feliz**, a Sao Paulo-based NGO engaged in activities for minors at risk of social exclusion. This partnership includes hospitality on board, which shows disadvantaged youths a completely different environment and can also be a way into the workforce. For example, one of the young men from the association became a member of our shipboard staff.

#### **COSTA DIADEMA: SURPLUS FOOD DONATED TO NEEDY COMMUNITIES IN SAVONA AND CIVITAVECCHIA**

For the first time in the history of global shipping, Costa Cruises together with the Italian food bank charity **Fondazione Banco Alimentare** introduced a surplus food donation scheme involving the retrieval of “ready to eat” meals prepared on board but not served in the ship’s restaurants: these “leftovers” are in fact excellent quality food with great nutritional value. On July 22, 2017 our flagship Costa Diadema began offloading in **Savona** portions of food earmarked for the **Fondazione L’Ancora** shelter for young people in nearby Varazze. This scheme was made possible by the introduction of the so-called Gadda Law no. 166/2016<sup>3</sup> and is another example of the way our ships play an active part in the local community and act as “goodwill ambassadors”. More importantly, it is a vital part of our efforts to tackle food waste. In conjunction with this project, Costa arranged ship visits for these needy youths so that they could familiarize themselves with life on board and, in particular, meet the galley staff who prepare the food for donation; the visitors really appreciated this opportunity and saw it as stimulus for considering the possibility of “embarking” on a career on board. The fact that we make regular port calls means that the communities receiving the donated meals can count on the continuity of the scheme. In December 2017 the project was extended to the Port of **Civitavecchia**, with delivery of the surplus food to **La Repubblica dei Ragazzi**, a foster care group home that provides assistance, education and training to young people in difficulty. The results obtained to date and the engagement of the crew only strengthen Costa’s determination to expand the scale of operations so as to include other ports in Italy and across the Mediterranean.

<sup>3</sup>Provisions concerning the donation to charity and distribution of food and pharmaceutical products in order to reduce waste.



## Management of the supply chain

Costa Cruises has developed an integrated and structured system for the management of its supply chain, and set up a network of relations all over the world. The choice of partners is vital to the success of the business. The procurement strategies are defined globally in order to guarantee prompt and continual supplies worldwide, efficient logistics, and reduced environmental and social impact. The cruise industry is characterized by the complexity of its diverse supply chain, with a wide range of categories of commodities<sup>4</sup> and the

need to synchronize the procurement processes in the different ports of call. To gain a better understanding of the system dynamics, Costa recently started mapping its entire supply chain, with specific regard to the criteria used to select its business partners (strategic and economic importance, sustainability and location). This is an important starting point for an accurate assessment of economic, environmental and social impact, with a view to continuously improving supplier performance. When choosing its business partners,

Costa is committed not only to compliance with local laws and regulations, but also to pursuit of the highest ethical standards; for this reason, we look for transparent organizations that guarantee workplace health&safety and compliance with environmental laws. The Company applies Carnival Corporation & plc's **Business Partner Code of Conduct and Ethics**, which sets out our expectations for legal compliance and ethical behavior; all our suppliers pledge to abide by this Code. The integration of sustainability

aspects in the supply chain is reflected by our choice of business partners who focus on the management of key sustainability issues. Control of the supply chain is a top priority, particularly in the food&beverage area, where our approach is based on the selection of quality ingredients and produce supplied by companies that are models of excellence when it comes to production techniques and processes. In its pursuit of this approach, Costa has gradually set up a series of local logistic hubs and, where possible, we

<sup>4</sup>Supplies are divided into 4 broad areas: Food&Beverage, Hotel, Technical and Fuel.

purchase local products; this applies particularly to fresh foodstuffs. The positive effects of this policy include reduced environmental impact from logistics and stimulus for the local economy, in line with our philosophy of returning resources to the community. Especially important is Costa Cruises' management of the supply chain linked to its dry-docking operations, regulated by multi-year service contracts. The specificity of this work, the specialized know-how required and the scale of the related investments, necessarily mean that we select expert business partners who will guarantee maintenance and servicing of the highest quality. The Company has also signed

agreements with some major airlines, in order to enable cruise passengers to reach our main European ports of embarkation more easily. During the reporting year we announced a new partnership with **Vueling** and extended our agreement with Iberia until 2019 for a total of 235,000 seats. Costa is also committed to local development

in Liguria, particularly as far as concerns Genoa Airport; this explains our work lobbying several European airlines resulting – for example – in the introduction of the Amsterdam-Genoa route, in partnership with KLM, and the Vienna-Genoa flight, operated by **Volotea**.

## THE SUSTAINABLE SUPPLY CHAIN STARTS WITH FOOD&BEVERAGE

### “Feeding the world from the ocean” – our sustainable partnership with Camanchaca

The world's seas and oceans with their flora and fauna influence the global ecosystem as a whole, and all life on the planet depends on them. Careful management of these fundamental resources is one of the cornerstones of sustainable development. In Costa's food&wine experience, fish plays an important role, featuring in many of the dishes served on board every year. In view of this, the Company undertakes to select partners that are particularly committed to protection of the marine environment; hence our decision to choose the **Camanchaca** fishing company in Chile as one of our suppliers. Consequently, their atlantic salmon will be prepared in galleys across the fleet. Camanchaca exports to more than 50 countries and its fish is farmed in the pristine, glacial waters of the fjords and canals in the 10<sup>th</sup> and 11<sup>th</sup> regions of Patagonia, respecting the balance of the marine environment and the principles of sustainability and transparency, especially with regard to product traceability.

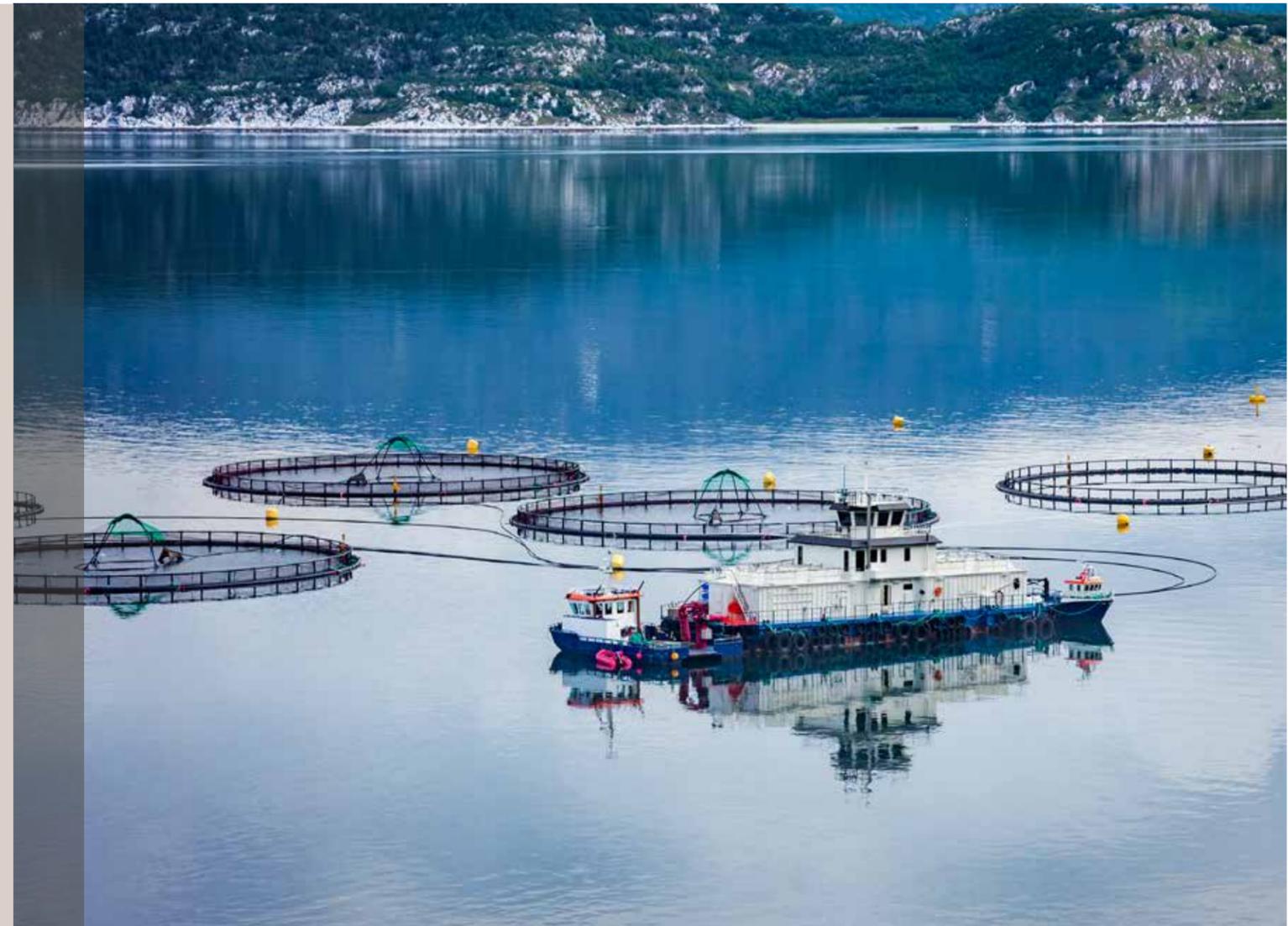
Camanchaca became the world's first salmon producer to earn four stars for the **Global Aquaculture Alliance's (GAA) Best Aquaculture Practices (BAP)** certification. This standard, which is highly valued by consumers, retailers and food service operators throughout the world, guarantees that salmon production is performed in a socially and environmentally responsible manner and is safe for human consumption.

Camanchaca is also a founding member of the **Global Salmon Initiative (GSI)**, an alliance representing 50% of the world's farmed salmon production. This initiative recognizes the role that salmon farming can play in satisfying the growing global demand for healthy proteins in a sustainable manner over the next few decades. All this is in line with Goal 2 of Agenda 2030, which emphasizes the urgent need for sustainable solutions to end hunger in all its forms and for the widespread promotion of sustainable food production systems.

### Oleificio Zucchi and Bertarello: quality, tradition and sustainability

Bringing sustainability to the table means seeking out partners who will not only guarantee the quality expected but also ensure respect for the environment. As far as concerns olive oil, Costa has chosen two of the finest Italian producers. One is **Oleificio Zucchi**, which has always made management of the supply chain one of its top priorities. Respect, equity and transparency are core values for this Cremona-based company that is committed to selecting the best olives and ensuring traceability. The exchange of digital information between the stakeholders comprising the supply chain, facilitated by Oleificio Zucchi, enables the latter to analyze, compare and certify all the sustainability aspects (more than 150 requirements) for the oil produced by the enterprise. Oleificio Zucchi's collaboration with the environmental group *Legambiente* (giving rise to Zucchi oil “Recommended by Legambiente”) further bolsters its traceability control system, this being fundamental for this type of product.

The same attention to the productive process according to sustainability parameters is shared by **Azienda Agricola Bertarello**, whose olive oil is 100% organic and natural. This firm has abolished the use of manmade chemicals, pesticides and any other substances obtained or derived from GMOs. In addition to European and domestic IT certification BIO 006 G 1883 (shown on labels as “organic farming”), i.e. all ingredients and the finished product are fully traceable, Bertarello's production is kosher certified, meaning that the entire production process is subjected to even stricter checks in order to rule out any possible contamination from insects and so on, which would make the end product non-kosher, i.e. non-compliant with Jewish religious dietary law.





### SHIPBUILDING AND DRY-DOCKING: CREATION OF VALUE AND SPECIALIZED KNOW-HOW

Costa Cruises has made major investments in the shipyards of **Meyer Weft**, notably in Turku (Finland) where the Costa Smeralda is under construction, and those of **Fincantieri**, which is building the Costa Venezia. Another related activity of great importance is dry-docking, involving the carrying out of scheduled and extraordinary maintenance of a ship out of the water, with particular regard to the underwater portion of the hull. Costa's acquisition of a 33% stake in Chantier Naval de Marseille (with an investment of around €10 million) is a good example of how the Company is engaged in the creation of value in Europe. The French port is set to become the main dry-docking center for the ships of the Costa Crociere Group (Costa Cruises and AIDA). The following vessels underwent dry-docking in 2017: the Costa neoClassica in the Port of Genoa; the Costa Magica and Costa Pacifica in Marseille; the Costa neoRomantica and Costa Serena in Shanghai.

The impact of these dry-docking operations is not just economic; it also leads to the creation of specific technical and professional expertise gravitating in and around the yard. The design and maintenance of a cruise ship require highly specialized skills and hubs of excellence as well as infrastructure accommodating next-generation, state-of-the-art mega-ships.

### Promoting sustainability in business processes

Although digital channels account for an increasing share of the market, travel agencies are still one of the most important sales tools for Costa Cruises and often the first point of contact between the Company and its customers. Prospective cruise passengers are often in search of a travel consultant, somebody who can help them come up with a personalized package holiday in line with their expectations. Costa relies on its travel agent partners. The **Costa Sales Academy on Board** provides travel agents with specific training in sales techniques and the latest product news. Meanwhile, the **web platform Costa extra** continues to play an innovative role as one of the biggest online business

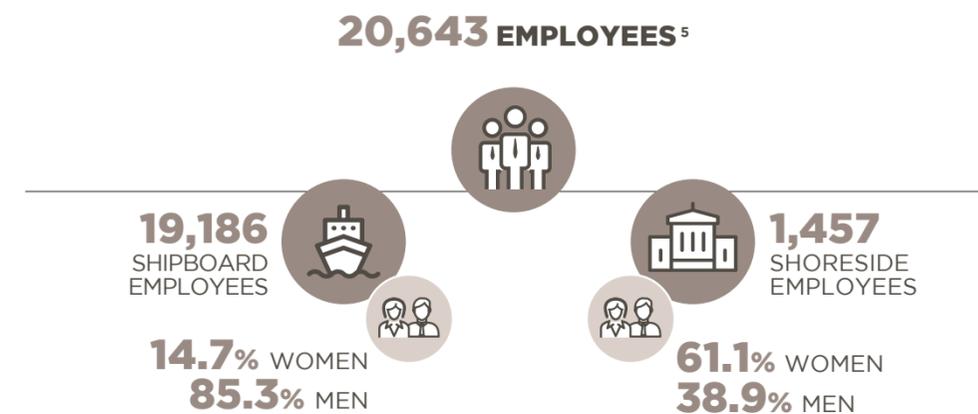
communities in the travel industry, for agencies in Italy, France and Spain, allowing users to exchange information and share training techniques in real time. The relationship with travel agents is also important in conveying the sustainability and social responsibility aspects of our cruises. These elements are included in the specific training provided to agents, so that they will underline them as distinguishing features of Costa's wide-ranging, top quality offer. The idea is that sustainability should be one of the criteria on which the decision to purchase a cruise is based, as part of a general drive towards sustainability goals.



# OUR HUMAN CAPITAL

Costa Cruises' human capital is characterized by its rich diversity in terms of professionalism, multiculturalism and skills; empowerment of our people is a key policy of the Company, which always seeks to implement shared solutions designed to reconcile business demands with those of the individual. Particularly with regard to employment on board, where crew members work and live for months in an industry-specific situation, everyone's job satisfaction and personal motivation are vital for the successful management of communal living

and social relations. Costa's **People Strategy** is designed to capitalize on diversity and multiculturalism, while promoting engagement and empowerment and investing in skill and talent (both shoreside and on board). Consistent with this approach, the Company encourages feedback from employees, trade unions and other employee associations. In line with industry practice, Costa's remuneration system is structured so as to guarantee wages based on objective criteria for all employees, equity and non-discrimination.



<sup>5</sup>100% of employees covered by cruise industry collective bargaining agreements.



**461**  
EMPLOYEES  
HAVE CHOSEN  
SMART<sup>6</sup> WORKING

### ITALY'S FIRST "SMART" CRUISE COMPANY

In 2017 we launched "Sm@rt Working Costa – Moving Forward!", a project giving employees the chance to work remotely (from home or any other convenient location of their choice) one day a week.

Smart working is nothing short of a workplace revolution: the idea is that you can seamlessly transition from home to meetings to the office, with the latter becoming a network to all intents and purposes. Projects are assigned with set objectives and measurable results. This program is designed to improve the work-life balance, by allowing employees to work how, where and when they choose and reduce commuting time. Costa's project received the **Smart Working Award 2017** from the Observatory of the School of Management at Milan Polytechnic, as a model of excellence and innovation in this field.

According to a study by the Polytechnic's Smart Working Observatory, the "mobile office" is a growing trend bringing benefits to employees, companies and – last but not least – the environment.

- About 8% of the Italian workforce are engaged in agile working (in 2013 the figure was 60% lower)
- An effective Smart Working scheme can result in a 15% increase in individual productivity (equivalent to a total of €13.7 billion nationally)
- One day a week of remote working means around 40 hours less commuting or the equivalent of 135 kg of CO<sub>2</sub> emissions per year for each worker.

<sup>6</sup>Data as of March 2018.

## Capitalizing on diversity

With employees from 70 different nations, diversity is one of the cornerstones of our human capital management policy. Capitalizing on this diversity means providing an inclusive work environment, which is crucial in the confined spaces of the ship, and taking advantage of the opportunity to enhance our service by using our people's variety of thought and their cultural sensitivity. This is only possible if you adopt an open approach, foster talent and creativity, and – above all – celebrate diversity and inclusion. An integral part of our People Strategy is the **Diversity & Inclusion** program, which was launched to

bolster actions and human resources management policies focusing on cultural pluralism, a key asset for a cruise industry operator. Our action plan aims to achieve integration and a work environment with equal opportunity for professional advancement, where no form of discrimination is accepted. Managing multiculturalism on board means harmonizing the work of many nationalities, creating opportunities for cultural enrichment and finding the right balance for the different professions. Costa Cruises has a whistleblowing system for all (shoreside/shipboard) employees, which they can use to report any

wrongdoing in the workplace (see page 32). In 2017 Costa adopted the **Italian Charter for Equal Opportunities and Equality at Work** promoted by *Fondazione Sodalitas*, which provides a set of values for enterprises helping them disseminate an inclusive corporate culture fostering diversity while contributing – in the process – to the success and competitiveness of the business. The Charter lays down guidelines that can be used to shape human resources policies and combat all forms of discrimination in the workplace – notably those based on gender, age, disability, ethnicity, religion and sexual orientation.



**WELFARE FOOD COMMITTEE**

HAS THE TASK OF CATERING FOR THE DIFFERENT CUSTOMS AND TRADITIONS OF CREW MEMBERS WHILE AT THE SAME TIME ENSURING THEY HAVE A HEALTHY AND BALANCED DIET.



**PROXIMITY PROGRAM**

DESIGNED TO ASSIGN CREW MEMBERS WITH SPECIAL FAMILY NEEDS TO SHIPS ON CONVENIENTLY LOCATED ROUTES.

 <p><b>INVEST IN FEMALE LEADERSHIP</b></p> <p>Genderenergy is a program aimed at reducing the gender gap in key management positions. The program cuts across corporate functions and provides specific training courses in female leadership for all women in positions on board and shoreside, taking into account the specificity and particular features of the organizational setting.</p>	 <p><b>GUARANTEE THE RIGHT TO FREEDOM OF SEXUAL ORIENTATION</b></p> <p>Costa Cruises extended the Company welfare system to partners in same-sex civil unions and de facto couples before the entry into force of the so-called Cirinnà Law (2016) on civil rights.</p>	 <p><b>BRIDGE THE GENERATION GAP AT WORK</b></p> <p>Costa introduced a reciprocal mentorship program between employees aged over 50 and the younger generation in order to facilitate the exchange of professional experience and enable the sharing and use of the knowledge possessed by “digital natives”.</p>	 <p><b>INCLUDE PEOPLE WITH DISABILITIES</b></p> <p>The Company has undertaken to extend the employment opportunities available at its headquarters to people with disabilities.</p>
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**THE LONG ROAD TO ENDING GENDER INEQUALITY**

The pathway to sustainable development necessarily includes ending gender inequality and promoting diversity. If, on the one hand, substantial progress has been made in efforts to end poverty, the same cannot be said about global inequality; indeed, the gap between the super-rich and the remainder is actually increasing with the richest 1% of the population owning half of the world’s wealth<sup>7</sup>.

The problem of inequality is closely linked to the lack of equal opportunity: employment opportunities, opportunities for development and the chances of individual success in life depend on factors such as gender, religion, ethnicity and socio-economic background. Victims of inequality have limited access to quality education and professional training, and are more likely to end up in unskilled labor on low incomes, these factors being associated with social exclusion and discrimination.

Equal opportunity is a recurring theme in the 2030 Agenda: the UN envisages a world in which equal opportunity permits the full realization of human potential and contributes to shared prosperity.

<sup>7</sup> Source: Credit Suisse.

- 5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Inequality of opportunity is particularly marked with regard to female employment – even more so in developing nations, where women have less access to education, health care and economic resources. In these countries, women are particularly concentrated into the more “invisible” activities, such as domestic labor and unpaid work. It is clear that corporate policies favoring inclusion and diversity provide enterprises with a significant competitive edge because they make for a more creative, harmonious and productive work environment.





### Building skills and professionalism: a model recognized worldwide

The cruise industry may be extremely capital intensive but it is the preparation and skill of the human resources that really make the difference: it is our people who guarantee high service standards, who generate innovation, who build social relations. Accordingly, we conduct performance reviews of all the members of the Costa workforce (using the Performance Management system) in order to help us determine how effectively we monitor, maintain and improve employee competencies. The state of the cruise industry – forecasts of substantial growth in the medium to long term with the

introduction of new ships and new players in the various markets – makes it imperative for us to consolidate our relations with our human capital. We do this by focusing on values and on the empowerment of our people and setting up job-specific programs both ashore and on board. If we want to remain competitive, we need not only to identify the skills we require today but also – and above all – to consider our requirements to support the structured growth and evolution of the Company over time. In 2017 Costa announced plans for some 4,500 new hires by 2022; the debut of our new ships means we must necessarily hire

and train new crew members – both hotel staff and marine operations personnel. Training is a way of empowering people, of improving teamwork and honing individual skills, of building awareness of one’s own potential and the possibilities for career advancement. Given the specificity of the cruise industry, where there is high employee turnover (particularly in certain job categories on board) and rotation of crews (shoreside reserve pool waiting to replace colleagues currently embarked), Costa Cruises is committed to providing all its employees with the competency they need to guarantee continuity of excellent service before, during and after the cruise experience. For **shipboard personnel**, training takes

place both before and during their career on board. We have 8 training institutes located in various parts of the world. These veritable “labs”, which simulate job-specific core activities in fully functional facilities and provide continuous training for hotel and hospitality service staff, are recognized as models of excellence both within and outside the cruise industry. Not only do these centers guarantee the successful induction and integration of Costa’s new hires on board, they also have a positive social and economic impact in terms of the development of the local hospitality training industry with the upskilling of local young people. Costa’s internationally acknowledged trademark Italian hospitality is taught at Villa Figoli, the headquarters of our

**4,500**  
**NEW HIRES**  
BY 2022  
(SHIPBOARD EMPLOYEES)

**2,250**  
**YOUNG PEOPLE TRAINED**  
IN 2017

SHORESIDE  
TRAINING HOURS  
**22.7** SHORE  
**88.27** SHIP  
TOTAL TRAINING HOURS  
**1,099,154**

state-of-the-art **Academy of Advanced Training for Shipboard Hotel Services**. During the reporting period the following additions were made to the curriculum: the first **Istruzione Tecnica Superiore (ITS) training course for shipboard pastry chefs and bakers** and two new courses for Guest Service and Cruise Staff. The tuition is intended for people who are unemployed or first job seekers, with guaranteed employment on board for all those who successfully complete their studies.

Key aspects for the Company include the food experience on board and the associated systematic review we conducted of our food preparation processes in accordance with the criteria of sustainability, healthy nutrition and reduction of wastage (see page 106). In addition to specific courses dealing with these issues, the **School of Trades** project continued in 2017; this initiative, managed in partnership with leading Italian food brands, sees the direct involvement of our food handlers and other key personnel in highly specialized seminars and workshops held by our partners at their training facilities. A similar approach is used with our shore tours personnel, who attend a training program dealing with the art of storytelling run by external partners and designed to enhance our employees' communicative skills and the way they describe the locations visited on our excursions.

Costa Cruises has set up a number of partnerships with leading Italian and international universities, building the professional skills of many crew members. The Company has long-term alliances with several prestigious academic institutions, the aim being to

foster talent throughout the tourism value chain – from food service (Academia Barilla, Cantine Ferrari, Università del Caffè Illy, Università degli Studi di Scienze Gastronomiche di Pollenzo, Centro Arte, Scienza e Tecnologia dell'Alimento) to all-round hospitality industry training (Master's in Tourism at the Universities of Genoa and Lecce).

Also in 2017, Costa launched the first ever **school-to-work transition scheme** in the industry: 4 female high school students were given the chance to embark and obtain hands-on experience of a career on board at the guest services reception desk and shore tours office. Costa Cruises' commitment to training young people for the tourist industry was recognized by **Confindustria** (General Confederation of Italian Industry), who awarded the Company the **Bollino di Qualità Educativa**, certifying best practices in school-to-work transition for students from secondary schools and technical institutes.

In addition to hotel and hospitality training, there is a focus on instructional and ongoing training of deck, engineering and environmental officers. This is carried out by Carnival Maritime, notably at Carnival Corporation's **Arison Maritime Center**, recognized as being the most progressive maritime center of its kind in the world for training and continually improving industry-wide safety and excellence. This facility features state-of-the-art equipment and instructional tools including cutting-edge full-mission bridge and engine room simulators providing participants with access to the visual environments of some of the world's main cruise ports, the operation of the



machinery space and the emergency systems. Every year around 4,000 of the Corporation's officers take part in this superior maritime training experience. The simulators provide a wide array of scenarios and sea conditions, including ship traffic and weather events, and guarantee rigorous safety training. Continuous training

and proficiency in the intricacies and challenges of navigation and shipboard employment generally is a basic part of the Company's approach to human resources and each employee takes part in highly specialized skills development courses according to their position and level of responsibility.

## TRAINING AND EMPLOYMENT



**8**  
TRAINING SCHOOLS  
WORLDWIDE

**2,250**  
TRAINEES  
(ORIENTATION  
COURSE)

**75 %**  
OF  
TRAINEES  
HIRED  
IN 2017



**ACCADEMIA  
DEL MARE**

**25**  
ENGINE  
CADET  
OFFICERS

**25**  
DECK  
CADET  
OFFICERS



**FUNDED  
PRE-EMBARKATION  
TRAINING**  
(EUROPEAN SOCIAL FUND  
AND REGIONAL &  
PROVINCIAL PUBLIC BODIES)

**15**  
SESSIONS  
**384**  
TRAINEES  
**175**  
TRAINEES HIRED



**HOSPITALITY  
ACADEMY**  
VILLA FIGOLI

**6**  
FSE COURSES  
**96**  
TRAINEES



**SCHOOL  
OF TRADES**  
**93**  
PARTICIPANTS

Personal and professional development is one of the cornerstones of Costa's human resources management strategy. Similar to the approach used on board, our **shorebased employees** also follow specific training and development paths aimed at enhancing decision-making, managerial skills and leadership. Costa has personalized leadership programs for managerial positions with the objective of ensuring talent development and career advancement. In 2017, in order to hone managerial skills and develop leadership, we launched several programs designed to respond to specific needs that had emerged. As part of our medium to long term business growth plan, we require

a managerial pool that is ready to tackle new challenges and work in increasingly complex positions. Mentoring and business coaching for people in key positions are also used to improve managerial competency and foster the critical thinking needed to support Costa's growth in line with its strategic positioning. Consistent with this long-term approach is our management of the talent pool, with structured paths to professional growth and mechanisms in place to identify talent and reward performance. As is the case for other career paths, job rotation and cross-functional expertise are central elements in guaranteeing the necessary all-round professional experience for our future

senior managers. Internal mobility is an important means of aiding professional advancement and disseminating best practices across the Company; the empowerment of Costa's human capital is also brought about by job rotation and filling positions vacant by recruiting internally. This develops cross-functional competence and improves teamwork. Specialized training is, of course, essential for a business operating in the cruise industry and Costa provides it using two main methods: e-learning platforms and partnerships with professional training schools. In both cases the aim is to guarantee consistently high quality in all areas of the Company's business.

**Health and Safety first**  
For Costa Cruises, protecting the health and safety of its employees is a top priority. We do our utmost, above and beyond compliance with regulatory requirements, to guarantee a safe workplace ashore and – above all – on board. We have continuous job-specific safety training programs and these are particularly intensive for deck and engine crew members. General health and safety training in Costa's shoreside offices is provided in the classroom with practical courses for First Aid & Emergency Responders. In 2017 the Company delivered 148,251 health & safety training hours, including distance learning.

### SPECIALIZED TRAINING TO COMBAT UNEMPLOYMENT

Sustainable economic growth requires the creation of job opportunities in secure work environments. Regrettably, in many countries the unemployment rate is currently very high, especially among less educated sections of the population. In Europe alone, there are approximately 7 million NEETs<sup>8</sup>, or young people who are economically inactive. Unemployment and underemployment are often linked to a systemic shortage of technical and specialized skills. Basic literacy skills across the world have improved substantially but the same cannot be said with regard to achieving universal education goals for all.

The 2030 Agenda includes two closely related specific educational targets:

- **4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- **8.6** By 2030, substantially reduce the proportion of youth not in employment, education or training.

Clearly then, quality education goes hand in hand with the development of professional skills and competencies, and is also a necessary precondition for sustainable development and the creation of specialized labor. The correlation between employment and education is

acknowledged in the European Pact for Youth, a mutual engagement of business and EU institutions to develop or consolidate partnerships in support of youth employability and inclusion. In Italy this has led to the establishment of a multi-stakeholder network of enterprises<sup>9</sup> engaged in the promotion of innovative school-to-work transition models, entrepreneurial skills and quality business-education partnerships. Quality education is also a way of reducing social inequality: it was calculated that for the period 1985–2005 every additional year of schooling (on average) resulted in a 1.4% reduction in the Gini coefficient<sup>10</sup>, one of the most commonly used measures of income and wealth inequality.

<sup>8</sup> Not engaged in Employment, Education or Training

<sup>9</sup> In Italy the *Piano di Azione* (the National Action Plan) is promoted by Fondazione Sodalitas and Banca Etica. Costa Cruises has joined the Path 4 Youth network and takes part in its business action programs.

<sup>10</sup> Source: United Nations. The Gini coefficient provides an index to measure income inequality in any given country.



# TOMORROW



# WHAT WE ARE DOING





# HALVING FOOD WASTE



Management of food-related issues is one of the most complex challenges for a cruise operator. The ship is like a floating city, with thousands of residents – guests and crew – who all have different expectations, desires, needs and constraints. Catering for them and dealing with all the associated implications requires a huge planning and organizational effort, especially considering the scheduling of procurement and the logistic complexity stemming from the specificity of the ship. Costa Cruises considers that recognizing the value of food on board and promoting responsible consumption are central to our sustainable development strategy. Hence the launch of our integrated

4GOODFOOD program, a global first for the cruise industry, with the aim of halving food waste on board our ships ten years ahead of the United Nations 2030 Agenda Sustainable Development Goals. Thanks to this program, the Company has become one of the **Friends of Champions 12.3**, a network of companies and organizations that are part of the worldwide movement to halve food waste and loss (Goal 12.3). Our project is unique insofar as it engages everyone (inside and outside the organization) directly involved in the preparation, serving and donation of food and food surpluses, and also on account of the substantial social, environmental and economic impact. This far-reaching program is

unparalleled – in the cruise industry and beyond – in terms of its ambition, complexity, scope and (above all) the value of the anticipated results. The activity is based on the engagement of key stakeholders, experts and external partners. It was necessary to have the proactive involvement of suppliers, consultants, crew members, partners, supervisory authorities and – last but by no means least – our guests on board. The pilot project was successfully developed and tested on the Costa Diadema and is now being gradually implemented fleetwide.

The 4GOODFOOD program is based on the following pillars:





**THE 4GOODFOOD PROGRAM: -50% FOOD WASTE BY 2020**





VALUE AND RESPECT FOR FOOD



In order to avail itself of the latest expertise in this field, Costa established a long-term partnership with the *Università di Scienze Gastronomiche di Pollenzo* so as to carry out a full review of all its internal food service processes and the gradual remodeling of the food experience on board with an approach based on sustainability. The purpose of the alliance is to promote a food sustainability model and to raise awareness of the value of food and the principles of good, healthy and sustainable nutrition. The entire range of food&wine offerings was reviewed and reshaped starting in 2015 with the focus on quality and simplicity – wholesome ingredients with great nutritional value. The first stage of this review was the construction of a model based on the proximity and seasonal availability of produce. Accordingly, the buffet and restaurant menus were carefully assessed and revised, prioritizing the above criteria

and introducing more than 500 dishes and recipes reflecting Italy's unrivalled culinary heritage and the Mediterranean diet, while considering the expectations and demands of our international clientele. This way our culinary offer, based on the tradition of the Mediterranean diet, one of the most sustainable and complete in the world, becomes one of our distinctive features, with the offer of taste sensations combining a multitude of flavors, quality products and guaranteed nutritional value. Among other things, all this entailed the need to analyze the supply chain in detail so as to ensure the purchase of quality raw ingredients and local sourcing, as far as possible. Approximately 15% of our fresh produce is supplied directly from the ports of call; this creates value for the local economies concerned while having a positive effect in terms of the environment (reduced logistics).

**54 MLN MEALS**  
A YEAR PREPARED  
ON THE  
COSTA FLEET  
= FEEDING

**LONDON**  
**6 TIMES**  
OR  
**90% OF**  
THE POPULATION  
OF ITALY

HEALTHY EATING:  
LEARNING BY PLAYING

Consciousness-raising re healthy eating habits is a central concern for Costa. The partnership with **Barilla** and **Maestri del Gusto** (Madegus) has led to a program specially devised for our young guests on board, the aim being to promote a healthy diet with lots of fruit, vegetables and cereals. Often, children's intake of these food categories is too low or lacking altogether: according to a study by the **European Food Information Council (EUFIC)**, average consumption of fruit and vegetables in Europe is just over half of the amount recommended by the WHO<sup>1</sup>.

The message is conveyed by means of a simple card game specifically designed for use on board, where the key role is played by different kinds of fruit and vegetables. Each time a child decides of their own volition to eat a healthy food item, they receive a prize in the form of a card they can use during games organized for them on board by the Kids' Staff in the Squok Club. The game, called **Squok and 5 planets that need saving**, is proving very popular with our junior guests, who in this way are prompted (but not forced) to try new foods and associate healthy eating with the idea of benefits and rewards.

<sup>1</sup> World Health Organization.



## REDUCTION OF WASTE DURING PREPARATION AND CONSUMPTION

Reduction of food waste during processing is clearly one of the main aspects of the 4GOODFOOD program. To guarantee a systematic and meticulous approach to this question on board, with analysis and quantification of the amount of food thrown away during preparation of meals, Costa Cruises started a partnership with **Winnow** a company specializing in optimization of processes in professional kitchens with the aim of ensuring continuous improvement and sustainability.

The resulting operational plan led to the **mapping of wastage at food processing and preparation level**. This was done by placing kitchen scales in each strategic area on the ship, weighing what was put in the bin and keeping a centralized record of the different food

categories and the different types of wastage at each stage of the process: ingredients not used, food thrown away during actual preparation, uneaten food on guests' and crew members' plates and so on.

The data collected and analyzed were used to review and reshape Costa's food preparation process and determine what actions were to be implemented in order to **train and engage crew members working in the culinary area**. If the partnership with Winnow was fundamental for the measurement stage of the project, our galley staff played a vital role in terms of rationalizing and streamlining the different food handling processes. Waste reduction is not just an ideal, something embraced by the Company as a whole, but also a full-

fledged productive process involving all Costa's relevant stakeholders. Giving food value also means reducing waste: this is the message of the **TASTE DON'T WASTE** campaign, a veritable call to action for responsible consumption promoted fleetwide. The principles underlying "Taste don't Waste" are awareness, respect and collaboration: if everyone shares these values, this will lead to the generation of new ideas and resources. The aim of this call to action is to bring about the proactive engagement of guests as socially aware citizens. The campaign, implemented across the fleet, addresses values and emotions; it is based on sensitization not imposition, and takes account of the rich multicultural mix of our clientele and the fact that they are holidaymakers. The goal is to obtain the proactive engagement of guests, who play their part as informed and conscientious consumers. Their attention is drawn to the importance of a balanced diet and good eating habits in relation not only to health but also to environmental impact. The fact that our customers have an extended stay on board gives us the chance to repeatedly convey the message promoting the benefits of healthy eating and a healthy lifestyle. Costa Cruises believes this is a fundamental step on the path to promoting responsible behaviors and good citizenship in a more far-reaching project revolving around returning resources to the community.



## EXTENSIVE TESTING OF THE PROGRAM DIRECTED AT RESPONSIBLE CONSUMPTION ON BOARD

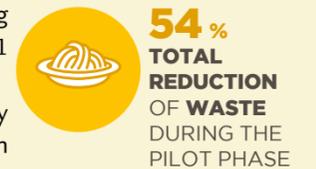
The 4GOODFOOD program was extensively tested on the Costa Diadema in order to determine its effectiveness and the correct perception of the initiative.

The initial phase of the project revealed that, in any event, Costa Cruises' flagship was well placed from the outset with regard to food waste. According to a report produced by WRAP<sup>2</sup> (the Waste & Resources Action Programme, world leaders in helping organizations achieve greater resource efficiency), the average shorebased restaurant wastes 284 grams of food per person per meal. This compares to the 216 grams per person per day measured on the Diadema prior to the launch of the 4GOODFOOD program.

The implementation of the monitoring process and of the consequent corrective actions led to a 54% reduction in waste during the experimental phase. If assessed in terms of environmental impact, the test phase resulted in a saving of 1189 metric tons of CO<sub>2</sub>, namely the emissions of 231 motor vehicles in a year.

The awareness of consumers (crew and guests) is key to the success of the program and a significant driver in the mitigation of waste and, consequently, in achieving the target of a 50% reduction. The crew training scheme regarding the operational aspects of the Winnow project, healthy eating habits and responsible behaviors was found to be effective. The crew concerned showed they had assimilated the campaign message by more than halving the amount of food left over and therefore to be thrown away.

As far as concerns guest behavior, monitoring of customers' satisfaction and their perception of the **TASTE DON'T WASTE** campaign was conducted by the citizen and consumer rights group **Cittadinanza Attiva**. The results of the initial test were excellent: more than 90% of the guests viewed the campaign – and the invitation to play an active part – favorably and the amount of food they wasted in the buffet dropped by about 20%; this is tangible evidence that the call to action was heeded and shows that putting food quality first is directly linked to recognition of the value of, and respect for, food. It also reflects market trends, with the younger generations increasingly proactive and sensitive to change.



<sup>2</sup> Overview of Waste in the UK Hospitality and Food Sector (2013 data).



## WASTE MONITORING SYSTEM

- 1 PLACEMENT** OF KITCHEN SCALES TO MEASURE FOOD WASTE
- 2 CATEGORIZATION** OF WASTE IN 3 STEPS
- 3 FEEDBACK** IN REAL TIME: WASTAGE AND IMPACT IN TERMS OF CO<sub>2</sub>
- 4 DAILY** AND WEEKLY ANALYSIS OF TRENDS



#### RECOVERY AND MANAGEMENT OF SURPLUS FOOD



**23,000**  
PORTIONS DONATED  
FROM JULY 2017  
TO MARCH 2018



TOGETHER WITH  
**BANCO ALIMENTARE**



An integral part of the program is the surplus food donation scheme launched by Costa with the food bank charity **Fondazione Banco Alimentare Onlus**. In a self-contained system like the ship, with a very large number of meals served each day, it is virtually impossible to completely eliminate the surplus. The introduction of **Law no. 166/2016** (the so-called “Gadda Law”) concerning the donation to charity and distribution of food and pharmaceutical products in order to reduce waste, allowed us to start this scheme whereby surplus food on board our ships is retrieved,

taken ashore and donated to people in need; these “ready to eat” meals, which are prepared on board but not served to guests, would previously have been discharged at sea. This is a great opportunity for Costa to retrieve unserved food and, using the network of one of the biggest charitable organizations, distribute it via local associations to the needy, creating a different type of relationship between ship and shore. Before we could do this, we had to fulfill specific new procedures for the preparation of the food for offloading and work in close consultation with the **Customs**

**Office** and the local **Border Control Public Health & Safety Agency**. The ground-breaking nature of this project and the associated multi-stakeholder approach have resulted in a **blueprint** that can be used in the future by other shipping companies, who will be able to implement this model for the management of surplus food (characteristics, preservation and transport) so that they can donate it ashore while guaranteeing compliance with food safety standards. Our partnership with *Banco Alimentare* kicked off officially in Savona on July

22, 2017; in what was a first for global shipping, the first delivery ashore of surplus food was offloaded and donated to **Fondazione L’Ancora**, which runs a shelter for disadvantaged youth in the town of Varazze (near Savona). This project is ongoing and Costa plans to extend it to other ports in Italy and the Mediterranean and to also expand the scale of operations by persuading other operators to take part. In December 2017 the scheme started operating in the Port of Civitavecchia in favor of **La Repubblica dei Ragazzi**, a local foster care group home (see page 83).



ESTABLISHMENT OF THE FIRST **50 FOOD GARDENS** FUNDED BY COSTA CRUISES

**12** IN MOZAMBIQUE  
**26** IN TANZANIA  
**12** IN SOUTH AFRICA

**GIVING RESOURCES BACK TO THE COMMUNITY**



Directly linked to the TASTE DON'T WASTE campaign and to the call to action regarding responsible consumption of food, Costa Cruises is supporting the protection of biodiversity by helping to establish a network of environmentally aware farmers in African. We are reinvesting the equivalent of the reduced negative impacts generated each year by the responsible behavior and actions of guests on board (this can be calculated by Winnow's software) in the growth of the network of Food Gardens in

Africa, promoted by the Slow Food Foundation for Biodiversity. This started with an initial contribution of funding for the setting-up of the first 50 food gardens in 2018. From now on, the number of gardens to be funded will depend on the amount of food saved by the guests on board. Therefore, the 50 gardens set up this year are just the first step in our joint commitment to contributing to global efforts to tackle food waste, eliminate hunger and under-nutrition, and protect biodiversity.

**PRESENTING BIODIVERSITY. FOOD GARDENS IN AFRICA PROJECT**

Set up in order to support the associated projects, the Slow Food Foundation for Biodiversity works to protect food biodiversity and promote sustainable agriculture. The Foundation is especially active in the southern hemisphere, in countries where the protection of biodiversity is vital to the survival of local communities. It runs projects such as Food Gardens in Africa, Slow Food Presidia (recovering traditional processing methods, safeguarding native breeds and local plant varieties), Ark of Taste (cataloguing small-scale quality productions at risk of extinction that belong to the cultures, history and traditions of the entire planet) and Earth Markets (development of a worldwide network of local farmers' markets respecting the Slow Food philosophy, i.e. fair prices and sustainable agriculture). Launched in 2010, the Food Gardens in Africa project has created approximately 3000 gardens in schools and communities across the continent, mobilizing over 60,000 people (farmers, students, teachers and agronomists) in 35 African countries. The gardens are practical models of sustainable agriculture; they use compost made with discarded vegetables, manure and ash, and a mixture of traditional and modern techniques for the efficient deployment of resources. The food garden network is developing gradually thanks in no small measure to the process of teaching young people and farmers. The project aims to make a difference in the short term but is also designed to ensure the long-term development of a social economy linked to the land and environment. The Slow Food Foundation for Biodiversity's Food Gardens in Africa project promotes an idea of agriculture based on knowledge of the terrain and respect for biodiversity: an agriculture that is capable of meeting the nutritional requirements of African communities without distorting social relations, while respecting local cultures, the land and its ecological equilibrium. The whole project revolves around the presence of local coordinators directly involved in the establishment and management of the gardens and in the creation of a network of farmers who are aware of the value of their own land and culture.



Slow Food Foundation for Biodiversity



## THE IMPORTANCE OF FOOD SUSTAINABILITY

One of the most critical issues to be tackled in order to continue on the pathway to sustainable development is the system of food production and consumption. The exponential growth of the population in the last hundred years has caused a radical change in the global production system that has had to reinvent itself and create more and more food at lower and lower cost, adversely impacting both the environment and human welfare.

The magnitude of the problem makes mobilization imperative. The United Nations 2030 Agenda lists food sustainability as one of its top priorities for the next 15 years. Indeed, food and related issues account for the highest number of Sustainable Development Goals (SDGs) and rightly so, because they have a direct impact on health and on the economy.

As part of its SDGs, the UN calls for a global shift aimed at ending hunger and malnutrition, and creating the conditions for a model of agricultural production that sustains natural resources, combats soil degradation and climate change, and reduces food waste.

Reduction of food waste is an opportunity across the board: for the economy, for food security and for the environment. Food waste accounts for close to US\$940 billion in annual global economic losses. A study commissioned by the World Resources Institute (WRI) shows that, in addition to ensuring a positive economic return, informed investments in this area will result in significant environmental benefits, alleviating pressure on agriculture and natural resources and, importantly, enhancing food security.

More specifically, **Target 12.3** calls for **cutting in half per capita global food waste** at the retail and consumer level, and reducing food losses along production and supply chains (including post-harvest losses) by 2030.

### THE SCALE OF THE PROBLEM:

- Food production now takes up 40% of the Earth's land surface
- About 70% of freshwater is used for irrigation
- 1/3 of CO<sub>2</sub> emissions come from the global food system
- Livestock account for 35-40% of methane emissions
- 30% of biodiversity loss can be attributed to food production

Not only the environment: another very critical aspect is the rapid **spread of chronic diseases related to poor diet** (e.g. diabetes, obesity, cancer) in recent years because of failure to eat enough of the right kinds of foods. Possible causes include a diet rich in animal protein, fat and sugar and poor in fruit and vegetables (vitamin deficiency).

The good news is that we can rise to these multiple and complex challenges by acting together and transforming our world. We need to rethink the system as a whole and promote a different integrated approach to global food production, based on personal welfare, local production and the enhancement of natural ecosystems. The sustainable diet par excellence is the traditional Mediterranean diet; it is varied, with a vast range of vegetables and legumes, and condiments that are typically low in saturated fat. This is the chance to rediscover and promote worldwide the flavors and produce that are synonymous with the Italian culinary tradition.

Source: One Planet Food, WWF

2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND



## Food security

According to the definition used by FAO (United Nations Food and Agriculture Organization), food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. The global challenge therefore consists in achieving fair government and correct management of these fundamental aspects. Food security is directly and indirectly linked to many of the 2030 Agenda SDGs, especially Goal 2. The Zero Hunger goal is intrinsically interconnected with all the others insofar as farming plays a vital role in attainment of the targets dealing with eradication of poverty, health issues, water, biodiversity, energy,

sustainable cities and climate change. It is imperative to ensure the availability of food for a growing global population and, at the same time, to guarantee the quality and safety of the food produced and distributed. This requires a multidimensional approach and the identification of a viable path to sustainable development involving all stakeholders. Costa Cruises' 4GOODFOOD project is a practical example of tangible action in this direction, the aim being to halve food waste on our ships by 2020. As part of a broader vision, the Company seeks to promote and disseminate on board the culture of responsible consumption, healthy eating and sustainable procurement. Our future depends on it.



# WORKING TOGETHER FOR SUSTAINABLE DEVELOPMENT

One of the recurring themes of the 2030 Agenda is collaboration, which is viewed not only as a means (doing things together is more effective) but also an end unto itself: doing things together has intrinsic value because it means accepting the same basic objectives and sharing means and resources. Costa has embraced this approach and chosen to take part in a number of innovative sustainable development projects, designed and run jointly with the stakeholders directly involved in the Company's key

processes. Accordingly, our project partners are public institutions, organizations from civil society, researchers and consultants, suppliers, ports, local communities and – first and foremost – our customers. Costa's ambition is not only to build a sustainable business reality, but also to fine-tune its leadership so as to guide the transition towards a globally sustainable system capable of generating positive impacts for all the stakeholders. To achieve this, the Company has based its strategy

on participatory dialogue and the strengthening of relations with the different interested parties, not necessarily with a business objective, but promoting the advancement of a shared vision and a common pathway to growth.

Costa sees itself as a team player in a broad context producing long-term synergies implementing models and systems of reference that will have a positive impact with the proactive engagement of everyone sharing the same ideals. Our core business is to

provide the most enjoyable vacation possible for our cruise guests, which necessarily includes interacting with the local communities in the various ports of call. This gives rise to an opportunity allowing us to work on several fronts and to continuously broaden our horizons.

Sustainability therefore becomes a central element also in this sense and offers us the possibility of defining operational aspects from a new perspective while transferring the latter to our stakeholders.



## PARTNERSHIP



### RAISING

AWARENESS OF YOUNGER GENERATIONS TO THE IMPORTANCE OF A HEALTHY AND VARIED DIET

3 GOOD HEALTH AND WELL-BEING



### PROMOTION

OF AN AUTHENTIC EXPERIENCE FOR CRUISERS AND CONTRIBUTION TO THE DEVELOPMENT OF SUSTAINABLE TOURISM

8 DECENT WORK AND ECONOMIC GROWTH



### SHARED

VALUE CREATION AND IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT/GROWTH PLANS FOR THE TOWN

11 SUSTAINABLE CITIES AND COMMUNITIES



### DONATION

OF FOOD SURPLUS TO NEEDY PEOPLE IN THE COMMUNITY AND GIVING VALUE TO FOOD

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



**SUPPORT INNOVATION AND COMPETITIVENESS**  
SIGNATORY TO THE ALLIANCE FOR THE CIRCULAR ECONOMY



### COLLABORATION

IN RESEARCH PROJECTS FOR THE PROTECTION OF THE MEDITERRANEAN SEA

14 LIFE BELOW WATER



**RECOVERY AND RECYCLING**  
OF ALUMINUM COLLECTED ON BOARD





One of the most significant initiatives exemplifying this new approach to sustainable development is the “**Alliance for the Circular Economy**”. Costa Cruises was one of the signatories to this agreement, which was endorsed by one leading Italian enterprise (operating internationally) in each of the industries represented, with the aim of improving the performance of the nation’s companies in terms of innovation, competitiveness and environmental performance. Other signatories include Enel and Intesa Sanpaolo, which both promoted the alliance, Novamont, Gruppo Salvatore Ferragamo, Bulgari, Fater and Eataly – all committed to sustainability and all ambassadors for Italian excellence. This is a historic venture, which marks a radical change of mentality with an accelerated transition to a circular economy business model, increasing resource productivity and transforming methods. Costa will do its utmost to promote best practices and encourage other shipping companies to develop structured

paths for the recycling of secondary raw materials. This means looking for opportunities to manage waste produced on board and offloaded in port. We have already undertaken numerous responsible management actions: on board our ships we carry out 100% waste separation with preparation of the different materials collected so that they are already ready for unloading in port and consignment to shoreside waste contractors for recycling. Thanks to the Manifesto and our joint efforts with some of the other signatories, we will be able to carry out sustainability projects for the recycling of plastic and glass, crossing the barriers between industries and turning what used to be considered waste into a valuable resource. Hence partnerships become a key strategic element allowing a large corporation like Costa to continue to look to the future, in a process of continuous improvement and identification of issues of common concern to parties both within and outside the Company.

17 PARTNERSHIPS FOR THE GOALS



### STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

The 2030 Agenda for Sustainable Development, adopted by the United Nations General Assembly, clearly identifies the global challenges en route to viable models balancing the three dimensions of sustainable development: the economic, social and environmental. However, at the same time it stresses the importance of collaborative partnerships, these being fundamental in order to implement the plan:

*“We are determined to mobilize the means required to implement this Agenda through a revitalized Global Partnership for Sustainable Development, based on a spirit of strengthened global solidarity, focused in particular on the needs of the poorest and most vulnerable and with the participation of all countries, all stakeholders and all people”<sup>3</sup>*

It is no coincidence that the last of the 17 goals deals specifically with partnership. The other goals all depend on international cooperation and partnerships, which will in turn lead to a reinvigorated Global Partnership for Sustainable Development. The benefits of this will be felt both between and within countries, especially developing nations. It is commonly acknowledged that none of the areas dealt with by the Agenda (finance, technology, development, trade) can be tackled successfully without a development model hinging on multi-stakeholder partnerships:

- **17.16** Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.
- **17.17** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

The SDGs therefore give the private sector an extremely significant role to play, the suggestion being that companies should rethink the role of business and focus on long-term development. Promotion of the circular economy, social innovation and shared value means reshaping your approach to doing business, anticipating market trends and responding to the expectations of consumers, who are more and more sensitive to these issues. For this reason as well, the SDGs are universally recognized and increasingly applied as corporations come to terms with the impacts of their operations, create value and engage all their internal and external stakeholders.

<sup>3</sup> 2030 Agenda for Sustainable Development, UN, 2015.



# ANTICIPATING THE FUTURE

Anticipating and responding to changes in the holiday industry and everything that goes with that in terms of lifestyles, emotions and expectations is central to the design of cruise ships, which must necessarily be operationally viable for decades, and therefore require futuristic design elements and innovations guaranteeing state-of-the-art hospitality and enhanced guest experience today and over time. Indeed, while the itineraries and entertainment on offer can be changed relatively easily, the ship's interior spaces and amenities are designed to be fixed and durable but also flexible so as to adapt to changing needs and demands. Accordingly, Costa's strategy for new builds is based on pre-emptive analysis of the aspirations and values of its future guests, in particular Millennials, who will be embracing cruise travel more

than ever before.

In response to changing consumer preferences and market needs, Costa Cruises has decided to opt for an "orange branding" strategy. The color orange is identified with a series of elements that are already an integral part of what we are about and which we intend to further develop and enhance in coming years: more specifically, we offer excitement, warmth and sociability, providing a setting where guests naturally tend to engage and share. The concept of sharing underpins the shipboard experience. Based on this idea of the vacation, Costa's new ships are equipped with more public spaces, specially designed to adapt to the cultures and lifestyles of consumers in our different key markets. The **Costa Venezia**, specially commissioned for the Chinese market, is a prime example of the Company's

thinking. This ship, under construction at Fincantieri's Monfalcone yard and due to enter service in March 2019, has a series of features related to the management of interior spaces and specifically designed so as to target a category of tourists who view the cruise ship itself as an alternative and novel kind of holiday destination.

Costa was the first international cruise company to invest in the Chinese market and to see its huge potential for development; indeed, China has the highest growth rate of any market. Marketing our product in this part of the world entailed tailoring it to a cultural setting that was very different from the one we were used to operating in. The **Costa Venezia** is a further step forward in this direction; the new ship will feature a multi-sensory virtual tour of the iconic city of Venice, with state-of-the-art

infrastructure and technology. Creating a dedicated product conveying the value of a 'Western' experience is part of the challenge; the shipboard hospitality and entertainment will follow the same logic and be designed to convey the value and authenticity of Italian-made excellence and Italian style at sea.

If the **Costa Venezia** epitomizes our capacity to respond to changing market dynamics, our other new build **Costa Smeralda** reflects the way we pre-empt market trends. The ceremony for the cutting of the first plate of the **Costa Smeralda** was held on September 13, 2017. This ship, scheduled to enter service in 2019, will showcase our commitment to responsible innovation and the fun of a vacation. She will be fully powered by LNG both in port and at sea, enabling a significant reduction in

**COSTA VENEZIA**  
**135,500**  
 GROSS TONNAGE  
**2,116**  
 GUEST CABINS  
 WITH MAXIMUM CAPACITY OF  
**5,260**  
 PASSENGERS  
**694**  
 CREW CABINS



**BOLLYWOOD-THEMED WEDDING ON THE COSTA FASCINOSA**

Closely related to the concept of going orange on vacation is the idea of celebrating your wedding on board a cruise ship. Even more so when it is a celebration like the one that took place on the Costa Fascinosa in 2017: for the first time ever, an entire cruise ship was chartered by a private individual for a family celebration. Indian retail magnate Rizwan Sajan chose the Fascinosa as the location for his son's wedding and exclusively booked the whole ship for a short Mediterranean cruise. The family invited over 1000 guests and all of the ship's amenities were tailored to the occasion, with 60 Indian chefs guiding food preparations and themed events designed around a 2015 Indian romantic comedy. This one-off event testifies to the appeal of Italian excellence among consumers in emerging Asian markets, where Costa was the first cruise operator to recognize the huge growth potential and offer regular services, thus favoring development of the local industry.

**COSTA SMERALDA**  
**184,037**  
 GROSS TONNAGE  
**2,612**  
 GUEST CABINS  
 WITH MAXIMUM CAPACITY OF  
**6,500**  
 PASSENGERS  
**898**  
 CREW CABINS  
 ACCOMMODATING UP TO  
**1,646**  
 CREW MEMBERS

exhaust gas emissions. The use of this, the world's cleanest burning fossil fuel, obliged us to rethink the design and layout of all the ship's interior spaces and, consequently, of some key processes linked to the management of specific areas. The architects retained by Costa turned this into an opportunity to incorporate sustainability in the design, particularly with regard to the galleys and food preparation systems. Costa's new ships will be designed to be more like a home away from home, a place where you can share enjoyable holiday moments together; they will have more public spaces and numerous areas devoted to the wellbeing of guests and crew. This review of the interior layout on board is based on the principle of responsible innovation as a top priority

in pre-empting future trends and meeting the expectations of tomorrow's cruisers. An important part of the enhanced customer experience will be played by interactive platforms and devices so that, from the moment our guests first engage with us, their experiences will seamlessly be powered by their preferences. The Costa Smeralda will retain Costa Cruises' trademark Italian flair in terms of style and design. She will actually have her very own museum on board (another global first for the industry), showcasing Italy's inimitable art, fashion and industry. Right from the design stage then, Costa conceives of the cruise experience as an opportunity to convey positive messages and values. Consciousness-raising campaigns and calls to action regarding sustainable development issues and

associated objectives will be an integral part of our new model of the cruise experience. Our new strategic vision particularly targets first timers, i.e. people who are interested in trying out a cruise experience; Costa's structured growth plan and the consequent expansion of the fleet in the next few years will provide us with the increased capacity we need to accommodate these new guests as well as the means to meet and exceed their expectations and those of all our customers, first and foremost Millennials. In line with these objectives, Costa Cruises has 'embarked' on a process to directly engage its key stakeholders – travel agents and employees – insofar as they must play a vital role in building public awareness of a new vacation concept based on the values associated with going orange.

# NOTES CONCERNING THE METHOD

Costa Crociere S.p.A.'s Sustainability Report 2017 (hereinafter "the Report" or "the document") is the twelfth edition of this document, which is designed to provide stakeholders with a complete as possible account of the economic, environmental and social impacts of the different activities performed by the Company. The Report is drawn up in accordance with the G4 Sustainability Reporting Guidelines prepared by the Global Reporting Initiative (GRI)<sup>1</sup>, with a compliance level "in accordance-core". The matters reported in the document are linked to the Sustainable Development Goals (SDGs) launched by the United Nations in 2015 as part of the 2030 Agenda, which lays down 169 targets for humanity and the planet, thus constituting a veritable call to action for the public sector, the business world and civil society. Costa is working to help achieve the Sustainable Development Agenda by 2030 and the Company's performance in 2017 should be interpreted and measured in terms of its efforts in this direction.

## Report boundary and reporting process

The Sustainability Report is drawn up annually by Costa Crociere S.p.A.'s Sustainability Department, which engages the relevant corporate functions involved in the data gathering process. The information presented has been obtained from Costa's in-house IT systems and

databases, and validated by the data owners. The report boundary covers operations and activities performed in 2017 by Costa Cruises (referred to herein both as a brand and as a company). Conversely, the Added Value and financial data concern the parent company (Costa Crociere S.p.A.) and the brands Costa Cruises and AIDA, and refer to the civil code balance sheet as approved by the Shareholders' Meeting. Where information pertains to any other definition of the report boundary, specific mention of this is made in the discussion of the particular performance indicator concerned. For the sake of completeness and internally consistent presentation of information, the organizational dimension includes data updated at the time of issue of the Report (March 2018).

The main reporting principles, in accordance with those laid down by the GRI and appropriately applied and adapted to Costa Cruises' operating context, are set out below. For details of the proper coverage of the standard disclosures and indicators, see the table in the appendix.

## Sustainability context and materiality

The choice of topics dealt with, as well as the scope and range of performance indicators, are consistent with the material issues for the Company and linked to the aspects defined by the G4 "Specific Standard Disclosures", in accordance with

the GRI-G4 guidelines.

The in-depth discussion of certain topics also voluntarily takes into account the issues dealt with by Legislative Decree no. 254/2016, which transposes into Italian law the European Directive on non-financial reporting.

Costa Cruises' sustainability framework also includes a discussion of the issues identified by Carnival Corporation & plc. This led to the development and review of the sustainability plan and the sustainability strategy.

## Clarity

The Sustainability Report is designed so as to be readily understandable and it is written in plain, simple language mirroring the style used in Costa's institutional communication generally. It is published in English as well as Italian. Where relevant, the Report provides links to other documents or websites, including references to non-Company sources.

## Balance and comparability

Where available, figures are provided illustrating the trends for the 3-year period 2015-2017. The Report discloses all relevant indicators and topics, irrespective

of whether the results are favorable or unfavorable compared with previous reporting periods. Where meaningful comparison is not possible, this is due to:

- information not reported in previous years and which would have been impractical to collect;
- use of different calculation methods from those adopted previously. For some indicators, only qualitative information about results or outcomes is presented.

## Accuracy and reliability

The Report is prepared in consultation with the functions concerned and the Group's top management and has been approved by Costa Crociere S.p.A.'s legal representatives.

The Sustainability Report has been externally audited by the independent auditors PricewaterhouseCoopers.

## Timeliness

This edition of the Sustainability Report is published in digital form and can be downloaded from the Company's website. It is also sent by email to key stakeholders. For information contact the Sustainability Department - sustainability@costa.it

<sup>1</sup> The Global Reporting Initiative is an independent standards organization involving an international multi-stakeholder consultation process for the development and dissemination of guidelines for sustainability reporting. The resulting comprehensive Sustainability Reporting Framework is widely used around the world. It includes the Reporting Guidelines, setting out the Principles and Indicators organizations can use to measure and report their economic, environmental and social performance. In this way, Sustainability Reports can be used to compare performance within an organization and between different organizations over time.

# Summary of indicators 2017

## ENVIRONMENT ASPECT

(EN3) Energy consumption within the organization(*)	U.M.	2015	2016	2017
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(\*) The sum of the indicators differs from the total shown due to rounding up and down of the figures.

<b>Total consumption(*)</b>	Gjoules	<b>18,786,493</b>	<b>18,568,248.21</b>	<b>18,128,426.04</b>
- <i>shipboard</i>		18,772,883	18,555,896.37	18,115,517.4
- <i>shoreside</i>		13,609	12,351.84	12,908.64
<b>Total fleet consumption</b>	MT	<b>461,205</b>	<b>456,378.16</b>	<b>447,142.8</b>
- <i>HFO</i>		383,967	328,795.57	258,866.1
- <i>LSFO</i>		1,750	59,411.18	142,146.2
- <i>MGO</i>		75,488	68,171.42	46,130.4

(\*) Conversion factors applied: fuel 1 TM=40.19 GJ; MGO 1 TM= 43.33 GJ

(EN5) Pattern of fleetwide fuel consumption(*)	U.M.	2015	2016	2017
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<b>Total shoreside consumption</b>	g/ALB-nm(**)	<b>144.96</b>	<b>138.85</b>	<b>138.5</b>
	MT/kALBD(***)	<b>35.5</b>	<b>35.06 (****)</b>	<b>34.7</b>
	TOE (Tons of Oil Equivalent)	<b>1,061.49</b>	<b>974.14</b>	<b>1,012.81</b>
- <i>heating</i>		120.05	120.05	120.05
- <i>electricity</i>		941.44	854.09	892.76225

(\*) Data includes all current fleet, excluding from all years any ships transferred out to another brand or sold externally.

(\*\*) ALB-nm stands for Available Lower Berth nautical miles; Available Lower Berth is a standard cruise industry metric of ship passenger capacity and refers to the number of guest beds available on a cruise ship, assuming two people occupy a cabin. Combining this metric with distance travelled in nautical miles allows the incorporation of guests carried by the fleet as well as the fact that they are transported over distances. Data includes all current fleet, excluding any ships transferred out to another brand or sold externally.

(\*\*\*) MT= metric tons of fuel consumed; ALBD = ALBDs (Available Lower Berth Days) is a standard measure of passenger capacity for the period, which the Company uses to perform rate and capacity variance analyses to determine the main non-capacity driven factors that cause its cruise revenues and expenses to vary. ALBDs assume that each cabin the Company offers for sale accommodates two passengers and is computed by multiplying passenger capacity by revenueproducing ship operating days in the period.

(\*\*\*\*) Updated by Finance for 2018 reporting.

(EN15) Total direct and indirect GHG emissions by weight	U.M.	2015	2016	2017
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CO <sub>2</sub> from fuel use	ton	1,443,357	1,429,633.94	1,402,015.2
CO <sub>2</sub> from refrigerant releases		31,462	43,603.47	34,041.96

(EN18) GHG emissions intensity	U.M.	2015	2016	2017
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	kg/ALB-km <sup>(*)</sup>	0.2465	0.2349	0.2344
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(\*) ALB-km stands for Available Lower Berth kilometers; Available Lower Berth is a standard cruise industry metric of ship passenger capacity and refers to the number of guest beds available on a cruise ship, assuming two people occupy a cabin. Combining this metric with distance travelled in kilometers allows the incorporation of guests carried by the fleet as well as the fact that they are transported over distances. Data includes all current fleet, excluding any ships transferred out to another brand or sold externally.

(EN20) Emissions of ozone-depleting substances(*) CFC-11 equivalent	U.M.	2015	2016	2017
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(\*) The ODP (ozone depletion potential) conversion factors are those given in the Montreal Protocol Technical Papers.

(EN21) Air Emissions(*)	U.M.	2015	2016	2017
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NO <sub>x</sub>	ton	29,978	29,664.58	34,969.4
SO <sub>x</sub>		18,360	17,334.10	16,248.4
Particulate (PM) <sub>5</sub>		554	547.65	325.8
Specific emissions of NO <sub>x</sub>	g/ALB-nm	9.4	9.03	10.89
Specific emissions of SO <sub>x</sub>		5.8	5.27	4.91
Specific emissions of PM		0.174	0.167	0.08

(\*) For the calculation of the volume of SO<sub>x</sub>, NO<sub>x</sub> and PMs the Company uses conversion factors laid down by Carnival Corporation for the evaluation of ship emissions. There are no GHG emissions standard metrics in the cruise line industry. With the aim of guaranteeing a system of control and management of the level of impact generated by each ship (from operating the diesel-electric and diesel power plants) the parent company has implemented measures based on existing International Maritime Organization (IMO) regulations, including the voluntary introduction of a Ship Energy Efficiency Operational Indicator (EEOI) as a monitoring tool for managing passenger ship efficiency performance over time.

(EN8) Water withdrawal/consumption	U.M.	2015	2016	2017
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<b>Total water withdrawal by source - shipboard</b>	m <sup>3</sup>	<b>3,927,084</b>	<b>4,099,526.65</b>	<b>3,910,834.9</b>
- <i>Water supplied</i>		1,252,843	1,394,345.50	1,178,171.0
- <i>Water produced</i>		2,763,565	2,729,211.20	2,794,050.1
<b>Water consumed per person per day - shipboard(*)</b>	liters	<b>221</b>	<b>226</b>	<b>221.6</b>

(\*) The calculation of the number of people on board per day was carried out by adding the number of passengers on board to the number of crew members (this is a set number for each ship) multiplied by the number of days in the year.

Water consumption in shoreside offices(**)	U.M.	2015	2016	2017
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(\*\*) Including Savona cruise terminal

(EN22) Wastewater	U.M.	2015	2016	2017
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<b>Total gray water</b>	m <sup>3</sup>	<b>3,293,164</b>	<b>3,060,446.60</b>	<b>2,944,302.9</b>
- <i>discharged at sea</i>		3,246,135	3,017,444.10	2,897,197.1
- <i>landed ashore</i>		47,029	43,002.50	47,105.8
<b>Total sewage</b>		<b>633,920</b>	<b>630,944.63</b>	<b>518,252.5</b>
- <i>discharged at sea</i>		632,287	623,731.83	515,015.5
- <i>landed ashore</i>		1,633	7,212.80	3,237.0
<b>Total bilge water</b>		<b>36,739</b>	<b>34,902.53</b>	<b>32,095.3</b>
- <i>discharged at sea</i>		33,971	31,834.27	26,893.8
- <i>landed ashore</i>		2,768	3,068.26	5,201.5
<b>Total wastewater per person per day</b>	liters	<b>222</b>	<b>203.33</b>	<b>196.2</b>
- <i>total gray water</i>		186	168.57	166.8
- <i>total sewage</i>		36	34.75	29.4

(EN23) Waste produced	U.M.	2015	2016	2017
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<b>Total shipboard waste(*)</b>	m <sup>3</sup>	<b>131,610</b>	<b>121,994.84</b>	<b>113,275.0</b>
- <i>total hazardous waste</i>	ton	836	701.73	689.96
<b>Total daily waste per person per day</b>	liters	<b>7.4</b>	<b>6.2</b>	<b>6.4</b>
<b>Disposal methods for waste produced on board</b>	%			
Discharged at sea		12	12.98	13.2
Landed ashore		81	83.19	84.3
Incinerated		7	3.83	2.5

Waste recycled by category	U.M.	2015	2016	2017
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Cat. A (plastic) & cat. C (domestic waste)	%	7.4	18.53	25.3
Cat. D		53.7	62.94	47.8
Cat. F (operational waste)(**)		18	4.94	9.3

(\*) Data includes Marpol Cat F (operational waste) as usual. Differently from last year, the amount of Cat F in cubic meters was calculated starting from the amount of Operational Waste discharged ashore (in kg).

(\*\*) All hazardous and non-hazardous solid wastes not covered by the other categories. This includes slurries, materials used for normal maintenance, cargo stowage and handling, as well as cleaning agents and additives.

## SHIPBOARD WASTE CATEGORIES (MARPOL)

Marpol category	Type of waste	Method of disposal
A - Plastic	Plastic materials	Collected on board in separate containers, subsequently treated in compactors to reduce volume and then discharged at port reception facilities.
B - Food	Food wastes (fruit, vegetables, dairy products, meat products and fish etc).	Collected on board separately and treated in the pulper for processing in compliance with overboard discharge requirements (distance from the coast: 3 nautical miles and 12 nautical miles inside IMO-defined special areas). Alternatively, discharged at suitable port reception facilities.
C - Domestic wastes	Material generated in the accommodation spaces on board the ship, except for gray water.	Separation at source of: paper, glass, crockery, metal and aluminum. Specificwaste reduction treatment for each particular type: pulping, crushing and/or compacting, incineration (including aerosol cans) and discharge at port reception facilities.
D - Cooking oil	Any type of edible oil or animal fat used or intended to be used for the preparation or cooking of food.	Collected on board separately and discharged at port reception facilities.
E - Incinerator ashes	Ash and clinkers resulting from shipboard incinerators used for the incineration of garbage, except for plastic products which may contain toxic or heavy metal residues.	Collected on board separately and discharged at port reception facilities.
F - Operational	All hazardous and non-hazardous solid wastes not covered by the previous categories. This includes slurries, materials used for normal maintenance, cargo stowage and handling, as well as cleaning agents and additives.	Collected on board separately based on type, classificationand assigned European Waste Code (EWC), then discharged at port reception facilities. This does not include potentially infectious waste from the medical infirmarieson board or oily rags used.

Social Aspect - SHIPBOARD PERSONNEL				
<b>(G4-10) Shipboard employee count</b>	<b>U.M.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Average shipboard employee count(*)	no.	12,173	12,312	12,078
(*) The data shown refers to the average number of employees currently embarked.				
Average number of employees in the shoreside reserve pool (waiting to replace colleagues currently embarked)		6,549	6,467	7,108
<b>By gender</b>	<b>%</b>			
Women		14.8	14.3	14.7
Men		85.2	85.7	85.3
<b>By age group</b>	<b>%</b>			
18-25		14.8	13.8	15.2
26-30		30.1	30.1	28.9
31-35		22.6	22.4	21.8
36-40		15.1	15.1	14.8
41-45		8.1	8.7	9.0
46-50		4.2	4.5	4.9
>50		5.2	5.3	5.4
<b>By geographical area</b>	<b>%</b>			
Italy		12.3	12.0	11.6
Europe (except Italy)		3.8	3.5	3.6
South and Central America		12.6	11.9	9.7
Asia		71.2	72.5	74.8
Other		0.1	0.1	0.3
<b>(LA1) Turnover(*)</b>	<b>U.M.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Terminations / Average employee count	%	20(**)	20.15	22.7
(*) Turnover is intended to mean the ratio between the number of terminations and the average employee count during the fiscal year of reference; for shipboard personnel, the calculation is based on the average number of employees currently embarked and those seafarers not embarked who are waiting to replace their colleagues on board. (**) Miscalculation in 2015.				
<b>(LA6) Number of injuries</b>	<b>U.M.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total</b>	<b>no.</b>	<b>1,013</b>	<b>1,006</b>	<b>1,139</b>
- Number of reportable injuries		617	618	715
- Other		396	388	424
Days off work (*)	no.	2,269	6,429	2,081
Index of frequency		2.57	2.51	2.91
Index of gravity		9.42	26.16	8.46
<b>(LA9) Training(*)</b>	<b>U.M.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
(*) The sum of the indicators differs from the total shown due to rounding up and down of the figures.				
<b>Total hours of training</b>	<b>no.</b>	<b>986,228</b>	<b>801,795</b>	<b>1,066,087</b>
- Environmental		112,240	55,718	57,447
- Health		50,232	53,108	61,950
- Safety		241,328	95,882	84,831
- Security		30,809	28,616	30,293
- Job skills		356,481	231,159	326,675
- Language		35,610	24,517	33,878
- Managerial		39,988	36,285	6,371
- Orientation		92,533	252,605	427,168
- Train the trainer		3,348	2,373	3,008
- Other		23,661	21,533	34,469
<b>Hours per person</b>	<b>no.</b>	<b>81</b>	<b>65.1</b>	<b>88.27</b>

SHORESIDE PERSONNEL				
<b>(G4-10) Shoreside employee count</b>	<b>U.M.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Shoreside employees at 11/30	no.	1,435	1,414	1,457
Note: It is pointed out that, given the nature of the business and the type of planning adopted for shipboard personnel, the average shipboard employee count shown in the table was calculated using the Full-Time Equivalent (FTE) method. For the sake of consistency of the figures and reporting, FTE units were also used to calculate the number of shoreside employees.				
<b>By gender</b>	<b>%</b>			
Women		59.9	60.7	61.1
Men		40.1	39.3	38.9
<b>By age group</b>	<b>%</b>			
18-25		3.3	3.4	3.0
26-30		17.2	15.4	14.5
31-35		20.3	21.4	20.7
36-40		18.4	17.3	18.3
41-45		16.9	17.2	16.1
46-50		11.7	13.3	13.2
>50		12.3	12.1	14.3
<b>By geographical area</b>	<b>%</b>			
Italy		61.6	57.9	56.6
Europe (except Italy)		21.3	20.4	19.4
South and Central America		7.2	6.3	6.0
Asia		7.8	13.4	15.8
Other		2.1	2	2.2
<b>By type of contract</b>	<b>%</b>			
Open-ended		87.2	84	82.5
Temporary		12.8	16	17.5
<b>By position</b>	<b>%</b>			
Executives		5.9	5	4.8
Line managers		18.9	17.5	18.2
Employees		75.1	77.3	76.9
Blue collar workers		0.1	0.1	0.1
<b>(LA1) Personnel turnover(*)</b>	<b>U.M.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Terminations/Average employee count	%	13.6	7.5	6.7
(*) Turnover is intended to mean the ratio between the number of terminations and the average employee count during the fiscal year of reference; for shoreside personnel the calculation is based on the number of employees at the end of the fiscal year, plus the number of terminations during the year.				
<b>(LA3) Return to work and retention rates after parental leave (Italy)(*)</b>	<b>U.M.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	%	100	88.90	94.74
(*) The method of calculation was changed and updated in 2015.				
<b>(LA6) Accidents</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>
Days of absence/Days worked		2.82	3.52	2.98
(*) The number of days of absence from work (excluding paid vacation, family leave, study leave and maternity/paternity leave) as a proportion of the total number of days worked.				

(LA6) Accidents	U.M.	2015	2016	2017
<b>Total accidents</b>	no.	15	13	7
- In the workplace		4	6	3
- Outside the workplace		11	7	4
<b>Days off(*)</b>	no.	411	533	95
- Days of absence due to workplace injuries		54	217	55
- Days of absence due to injuries outside workplace		357	316	40
<b>Frequency index</b>	no.			
- for accidents at work		1.99	3.27	1.63
- for accidents outside the workplace		5.46	3.82	2.18
<b>Severity index</b>	no.			
- for accidents at work		0.03	0.12	0.03
- for accidents outside the workplace		0.18	0.17	0.02

(\*) The number of days of absence from work (excluding paid vacation, family leave, study leave and maternity/paternity leave) as a proportion of the total number of days worked.

(LA9) Training(*)	U.M.	2015	2016	2017
<b>Total hours of training</b>	no.	30,891	23,688	33,068
- Environmental		0	0	341
- Health		824	0	2
- Safety		2,265	1,256	1,468
- Security		0	0	0
- Job skills		10,059	6,509	10,912
- Language		8,197	8,733	7,018
- Managerial		4,247	3,353	2,168
- Orientation		302	600	560
- Train the trainer		2,768	72	144
- Other		2,230	3,166	10,455
<b>Hours per person</b>	no.	21.5	16.8	22.70
<b>Total hours of shoreside and shipboard training per year</b>	no.	1,017,119	825,483	1,099,154

(\*) The sum of the indicators differs from the total shown due to rounding up and down of the figures.

## SHORESIDE AND SHIPBOARD PERSONNEL

(HR3)/(LA16)/(HR12)	U.M.	2015	2016	2017
<b>Total number of incidents of discrimination and actions taken / Grievances about labor practices / Number of grievances about human rights (via OBC Complaint)</b>	no.			
- Reported on board		6	19	26
- Dealt with shoreside		2	7	2

(HR3)/(LA16)/(HR12)	U.M.	2015	2016	2017
<b>Total number of incidents of discrimination and actions taken / Grievances about labor practices / Number of grievances about human rights (via Carnival Corporation hotline)</b>	no.			
- Reported ship and shore		41	41	77
- Wholly or partly confirmed		8	7	26

## SUPPLY CHAIN

(G4-12) Suppliers	U.M.	2015	2016	2017
<b>Current suppliers(*)</b>	no.	10,032	8,744	11,251
Suppliers qualified during the year		1,098	2,166	2,239

(\*) Includes the categories food & beverage, hotel, technical (services and materials) and fuel.

(G4-12) Purchases	U.M.	2015	2016	2017
<b>Distribution of purchases by type (in % terms)</b>	%			
Food & beverage		8	39	35
Hotel		31	8	5
Technical		26	28	29
Bunker		35	25	31
<b>Distribution of purchases by area of procurement (in % terms)</b>	%			
Asia		9	13.3	16.5
Europe		77	75.9	74.2
Middle East		1	0.8	0.4
North America and Caribbean		8	5	5.3
South America		2	1.7	2.7
Rest of world		3	3.3	0.9



**INDEPENDENT REPORT ON THE LIMITED  
ASSURANCE ENGAGEMENT OF THE CORPORATE  
SOCIAL RESPONSIBILITY REPORT AS OF 30 NOVEMBER 2017**

**COSTA CROCIERE SPA**



***Independent report on the limited assurance engagement of  
the Corporate Social Responsibility Report as of 30  
november 2017***

To the Board of Directors of Costa Crociere SpA

We have carried out a limited assurance engagement on the Corporate Social Responsibility Report (hereinafter the "Report") of Costa Crociere SpA (hereinafter "Costa Crociere" or the "Company") for the year ended 30 November 2017.

***Responsibility of the Directors for the Corporate Social Responsibility Report***

The Directors are responsible for preparing the Report in compliance with the *G4 Sustainability Reporting Guidelines* defined in 2013 by the *GRI - Global Reporting Initiative*, as indicated in the paragraph "Methodological note" of the Report, and for that part of internal control that they consider necessary to prepare Corporate Social Responsibility Report that is free from material misstatement, whether due to fraud or unintentional behaviours or events. The Directors are also responsible for defining the sustainability performance targets of Costa Crociere, for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

***Auditor's responsibility***

We are responsible for the preparation of this report on the basis of the work performed. We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)*, issued by the IAASB (*International Auditing and Assurance Standards Board*) for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the Report is free from material misstatement. The procedures consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the Report, analysis of documents, recalculations and other verification procedures.

Our company applies the *International Standard on Quality Control 1 (ISQC (Italy) 1)* and, therefore, maintains an overall quality control system that includes directives and procedures on the compliance with the ethical principles, with the professional principles and with the applicable laws and regulations.

***PricewaterhouseCoopers Advisory SpA***

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Società soggetta all'attività di direzione e coordinamento della PricewaterhouseCoopers Italia Srl  
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The procedures we performed consisted in verifying compliance of the Report with the principles for defining the content and the quality of a sustainability report set out in the *G4 Sustainability Reporting Guidelines*, and are summarised as follows:

- comparing the financial information reported in chapter “The Economic Dimension” of the Report with the information included in the Company financial statements as of 30 November 2017 on which we issued our audit opinion, in accordance with articles 14 and 16 of legislative decree n° 39 of 27 January 2010, on 20 March 2018;
- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to the Company’s strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the processes underlying the generation, recording and management of quantitative data included in the Report. In detail, we carried out:
  - meetings and interviews with management of Costa Crociere to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for the Report preparation;
  - a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the Report;
  - verification onboard the ship Costa Diadema, in order to obtain evidence of the reliability of shipboard processes in place underlying the treatment of the information, as well as, on a sample basis, to cross check data relating to the said shipboard processes towards supporting documents;
- analysing the internal consistency of the qualitative information described in the Report and its compliance with the guidelines identified in the preceding paragraph “Responsibility of the directors for the Corporate Social Responsibility Report”;
- obtaining a representation letter, signed by the legal representative of Costa Crociere SpA, on the compliance of the Report with the guidelines identified in the paragraph “Responsibility of the directors for the Corporate Social Responsibility Report”, as well as the reliability and completeness of the disclosed information.

Our limited assurance work was less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000 (*reasonable assurance engagement*) and, consequently, it does not provide us with a sufficient level of assurance necessary to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.



### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the Corporate Social Responsibility Report of Costa Crociere SpA as of 30 November 2017 has not been prepared, in all material respects, in compliance with the *G4 Sustainability Reporting Guidelines* defined in 2013 by the *GRI - Global Reporting Initiative* as disclosed in the paragraph “Methodological note” of the Report.

Genoa, 6 June 2018

PricewaterhouseCoopers Advisory SpA

*Signed by*

Paolo Bersani  
(Partner)

*This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers.*

## Content Index GRI-G4

The following table is designed to help the reader find the location in the Report of the GRI-G4 indicators. For each indicator the table provides a reference to the sections or pages of the 2017 Sustainability Report or to other publicly available sources.

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)	
<b>Strategy and analysis</b>					
G4-1	Statement from the most senior decision-maker	SR	4	✓	
G4-2	Description of key impacts, risks, and opportunities	SR	33	✓	
<b>Organization profile</b>					
G4-3	Name of the organization	SR	8	✓	
G4-4	Primary brands, products, and/or services	SR	8	✓	
G4-5	Location of organization's headquarters	SR	8	✓	
G4-6	Countries of operation	SR	12	✓	
G4-7	Nature of ownership and legal form	SR	8	✓	
G4-8	Markets served	SR	13	✓	
G4-9	Scale of the reporting organization	SR	8, 12, 30	✓	
G4-10	Report the total number of employees by employment contract, gender and region	SR	91, 134, 135	✓	<i>The nature of the business does not allow the reliable and complete quantification of all the aspects indicated by the index, which has therefore been reported on the basis of the best information available</i>
G4-11	Report the percentage of total employees covered by collective bargaining agreements	SR	91	✓	
G4-12	Describe the organization's supply chain	SR	84	✓	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	SR	8	✓	<i>Corporate structure unchanged compared to 2016</i>
<b>Commitments to external initiatives</b>					
G4-14	Rules for the application of the precautionary approach or principle	SR	30	✓	
G4-15	Adoption of external codes and standards in the economic, social and environmental fields	SR	32	✓	
G4-16	List memberships of associations (such as industry associations)	SR	28	✓	

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)
<b>Report profile</b>				
G4-17	Report Profile	SR	130	✓
G4-18	Explain the process for defining the report content	SR	130	✓
G4-19	List all the material Aspects identified in the process for defining report content	SR	22, 130	✓
G4-20	For each material Aspect, report the Aspect Boundary within the organization	SR	22, 130	✓
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	SR	22, 130	✓
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	SR	130	✓
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	SR	130	✓
<b>Stakeholder engagement</b>				
G4-24	Provide a list of stakeholder groups engaged by the organization	SR	28	✓
G4-25	Basis for identification and selection of stakeholders with whom to engage	SR	28	✓
G4-26	Activities for stakeholder involvement	SR	28, 81	✓
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics	SR	28	✓
<b>Report Parameters</b>				
G4-28	Reporting period (such as fiscal or calendar year) for information provided	SR	130	✓
G4-29	Date of most recent previous report	SR	130	✓
G4-30	Reporting cycle	SR	130	✓
G4-31	Contact point for questions regarding the report or its contents	SR	131	✓
<b>GRI Content Index</b>				
G4-32	GRI Content Index	SR	142	✓
G4-33	External Assurance Report	SR	138	✓
<b>GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>				
<b>Governance</b>				
G4-34	Report the governance structure of the organization, including committees of the highest governance body	SR	32	✓
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	SR	32	✓
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	SR	33	✓
G4-41	Processes designed to prevent conflicts of interest	SR	33	✓

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)	
<b>Ethics and integrity</b>					
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	SR	32	✓	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	SR	32	✓	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	SR	32	✓	
<b>DMA</b>					
Economic		SR		✓	
		5, 9, 12		✓	
<b>Economic Performance</b>					
EC 1	Direct economic value generated and distributed	SR	30	✓	
EC 2	Financial implications and other risks and opportunities for the organization's activities due to climate change	SR	/	Not applicable	
EC 4	Financial assistance received from the Public Administration	CF	/	Not applicable	
<b>Market presence</b>					
EC 5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	SR	/	Not applicable	<i>Given the diverse origins of the workforce, the type of contract applied by country of origin is not applicable</i>
EC 6	Proportion of senior management hired from the local community at significant locations of operation	SR	/	Not applicable	
<b>Indirect economic impacts</b>					
EC 7	Development and impact of infrastructure investments and services supported	SR	9, 71, 88	✓	
EC 9	Proportion of spending on local suppliers at significant locations of operation	SR	84, 137	✓	
<b>Environmental</b>					
EN 1	Materials used by weight or volume	SR	/	Not applicable	<i>The nature of our business does not allow quantification by weight or value of some raw materials used</i>
<b>Energy</b>					
EN 3	Energy consumption within the organization (by primary energy source)	SR	132	✓	
EN 4	Energy consumption outside the organization (by primary energy source)	SR	/	Not applicable	
EN 5	Energy intensity	SR	132	✓	
EN 6	Reduction of energy consumption	SR	45	✓	
EN 7	Reductions in energy requirements of products and services	SR	/	Not applicable	

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)	
<b>Water</b>					
EN 8	Total water withdrawal by source	SR	61, 132	✓	
EN 9	Water sources significantly affected by withdrawal of water	SR	61, 132	✓	
EN 10	Percentage and total volume of water recycled and reused	SR	61, 132	✓	
<b>Biodiversity</b>					
EN 11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity	SR	/	Not applicable	
EN 12	Description of significant impacts of activities, products, and services on biodiversity	SR	50	✓	
EN 13	Habitats protected or restored	SR	54	✓	
EN 14	Number of IUCN Red List species and national conservation list	SR	/	Not applicable	
<b>Emissions</b>					
EN 15	Direct greenhouse gas (GHG) emissions (Scope 1)	SR	132	✓	
EN 16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	SR	/	Not applicable	
EN 17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	SR	/	Not applicable	
EN 18	Greenhouse gas (GHG) emissions intensity	SR	132	✓	With regard to cruise industry activity
EN 19	Reduction of greenhouse gas (GHG) emissions	SR	44	✓	
EN 20	Emissions of ozone-depleting substances (ODS)	SR	132	✓	
EN 21	NOx, SOx, and other significant air emissions	SR	132	✓	
<b>Effluents and waste</b>					
EN 22	Total water discharge by quality and destination	SR	133	✓	
EN 23	Total weight of waste by type and disposal method	SR	133	✓	
EN 24	Total number and volume of significant spills	SR	62	✓	
EN 25	Hazardous waste according to the Basel Convention	SR	133	✓	
EN 26	Biodiversity and related habitats significantly affected by the organization's discharges of water and runoff	SR	50	✓	
<b>Products and services</b>					
EN 27	Extent of impact mitigation of environmental impacts of products and services	SR	42, 44, 56	✓	

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)
EN 28	Percentage of products sold and their packaging materials that are reclaimed by category	SR	/	Not applicable
<b>Compliance</b>				
EN 29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	SR	62	✓ <i>There has been one (Costa Deliziosa) for a total of 5,000 euros.</i>
<b>Transport</b>				
EN 30	Significant environmental impacts of transport	SR	/	Not applicable
<b>Overall</b>				
EN31	Total environmental protection expenditures and investments by tipe	SR	/	Confidentiality
<b>Supplier Environmental Assessment</b>				
EN 32	Percentage of new suppliers that were screened using environmental criteria	SR	84, 137	✓
EN 33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	SR	/	Not applicable
<b>Environmental Grievance Mechanisms</b>				
EN 34	Number of grievances about environmental impacts filed	SR	62	✓
<b>SOCIAL</b>				
<b>Employment</b>				
LA 1	Total number and rates of new employee hires and employee turnover by age group, gender and region	SR	91, 134	✓ <i>The nature of the business does not allow the reliable and complete quantification of all the aspects indicated by the index, which has therefore been reported on the basis of the best information available</i>
LA 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	SR	/	Not applicable <i>There are no specific differences from a contractual point of view. Any benefits are granted proportionally to contractual working hours, based on the relevant legislation in each country and for this reason there are variations as to what is or is not included in relation to certain types of social security and/or insurance cover</i>
LA 3	Return to work and retention rates after parental leave, by gender	SR	135	✓
LA 4	Minimum notice period(s) regarding significant operational changes	SR	/	Confidentiality <i>As far as concerns minimum notice periods regarding operational changes, Costa Cruises informs and consults the workers' representatives prior to signing any agreements, in compliance with the relevant legislative requirements</i>
LA 6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	SR	134, 136	✓
LA 7	Workers with high incidence or high risk of diseases related to their occupation	SR	/	Not applicable

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)
LA 8	Health and safety topics covered in formal agreements with trade unions	SR	101	✓
<b>Training and education</b>				
LA 9	Average hours of training per year per employee by employee category	SR	134, 136	✓
LA 10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	SR	96	✓
LA 11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	SR	96	✓
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
<b>Equal Remuneration for Women and Men</b>				
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	SR	/	Confidentiality
<b>Supplier Assessment for Labor Practices</b>				
LA 14	Percentage of new suppliers that were screened using labor practices criteria	SR	84, 137	✓
LA 15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	SR	/	Not applicable
<b>Grievances about labor practices</b>				
LA 16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	SR	136	✓
<b>SOCIAL: HUMAN RIGHTS</b>				
<b>Investment and procurement practices</b>				
HR 2	Total hours of employee training on policies and procedures concerning aspects of human rights	SR	134, 136	✓
<b>Non-discrimination</b>				
HR 3	Total number of incidents of discrimination and actions taken	SR	136	✓
<b>Forced or compulsory/Child labor</b>				
HR 5	Operations and suppliers identified as having significant risk for incidents of child labor and measures taken to contribute to its effective abolition	SR	32, 84	✓
HR 6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of it	SR	32, 84	✓
<b>Security practices</b>				
HR 7	Security personnel trained in the organization's policies or procedures concerning aspects of human rights	v	32, 34, 134, 136	✓
<b>Indigenous rights</b>				
HR 8	Total number of incidents of violations involving rights of indigenous people and actions taken	SR	/	Not applicable
<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>				
<b>Supplier Human Rights Assessment</b>				
HR 10	Percentage of new suppliers that were screened using human rights criteria	SR	84, 137	✓

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)
HR 11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	SR	/	Not applicable
<b>Human Rights Grievance Mechanisms</b>				
HR 12	Number of grievances about human rights	SR	32, 136	✓
<b>SOCIETY</b>				
<b>Local communities</b>				
SO 2	Operations with significant actual or potential negative impacts on local communities	SR	70	✓
<b>Anti-Corruption</b>				
SO 3	Monitoring the risk of corruption	SR	32, 33	✓
SO 4	Communication and training on anti-corruption policies and procedures	SR	134, 136	✓
SO 5	Confirmed incidents of corruption and actions taken	SR	/	Not applicable
<b>Public policy</b>				
SO 6	Total value of political contributions by country and recipient/beneficiary	Code of Business Conduct and Ethics	/	Not applicable
<b>Anti-competitive behavior</b>				
SO 7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	SR	/	Not applicable
<b>Compliance</b>				
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	SR	/	Not applicable
<b>Supplier Assessment for Impacts on Society</b>				
SO 9	Percentage of new suppliers that were screened using criteria for impacts on society	SR	84, 137	✓
SO 10	Significant actual and potential negative impacts on society in the supply chain and actions taken	SR	84	✓
<b>Grievance Mechanisms for Impacts on Society</b>				
SO 11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		/	Not applicable
<b>PRODUCT RESPONSIBILITY</b>				
<b>Health and safety of consumer</b>				
PR 1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	SR	35, 119	v
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	SR	/	Not applicable
<b>Product and service labeling</b>				
PR 3	Information on products and services	SR	/	Not applicable

GRI-G4 Indicators	Publication	Reference (page)	Reporting	Omission (reason why)
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	SR	/	Not applicable
PR 5	Results of surveys measuring customer satisfaction	SR	80	✓
<b>Marketing Communication</b>				
PR 6	Sale of banned or disputed products	SR	/	Not applicable
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	SR	/	Not applicable
<b>Customer privacy</b>				
PR 8	Complaints regarding breaches of customer privacy and losses of customer data	SR	/	Not applicable
<b>Compliance</b>				
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	SR	/	Not applicable



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