



SEA YOU TOMORROW

On course for the future



**SUSTAINABILITY REPORT 2015
RESULTS AND OUTLOOK**

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SUSTAINABILITY REPORT 2015
RESULTS AND OUTLOOK



Letter to the stakeholders

In Costa Cruises we are looking ahead. Ahead towards a future that is increasingly sustainable and that always puts social responsibility at the center of our way of doing business. We are aware of the commitment required to achieve tangible and meaningful results and we recognize how crucial it is, in a context like ours, to address environmental and social issues coherently and consistently.

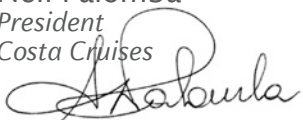
Events in 2015 underlined the importance of sustainable development on the global agenda. Vital questions for the future of the planet like the need to tackle the challenge of climate change urgently, reiterated at COP 21 Paris, the importance of guaranteeing sustainable agriculture, eliminating hunger and under-nutrition, and limiting food waste, as stressed at the Milan Expo, and the United Nations Sustainable Development Goals all point the way forward in the direction of new equilibriums as we rethink the future. Costa Cruises is more committed than ever to making a telling contribution in this sense.

We firmly believe that in an international market like the cruise industry, a global vision, efficiency and capacity to invest in the continuous renewal of the fleet and the product are vital components for successful, sustainable business. By creating a development model that leverages significant financial resources, unique know-how and excellent human capital, and is aimed at bolstering important and lasting values for the market as a whole, we can confidently pursue the path to long-term sustainability.

This new edition of the Sustainability Report shows the route we have embarked on, the many impressive results we have achieved and our plans for the future, notably our new LNG-fueled ships, which are currently under construction and are designed to provide a truly memorable cruise experience while guaranteeing a considerably lower environmental impact.

Today more than ever, Costa Cruises is a responsible global citizen, broadening our horizons by adding new routes and destinations, bringing people together and generating employment and development opportunities wherever we operate. This makes us proud and even more determined to carry out those actions required to ensure that tomorrow's cruisers can experience the same thrills and excitement as today's.

Neil Palomba
President
Costa Cruises



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SEA YOU TOMORROW

The sea is the natural element for our ships every day of the year; it is also synonymous with the excitement and thrill of travel.

The places we sail to stand out on account of their splendid natural scenery and artistic heritage. Planning sustainable growth means protecting the environment (the source of life), so that the planet - together with its natural beauty and precious resources - can be handed down intact to future generations.



INFINITE HORIZONS

The **Costa Crociere Group** is the largest Italian tour operator.

The Group, which is headquartered in Genoa (Italy), belongs 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 with a fleet of 100 ships carrying over 10.8 million guests a year. The Costa Crociere Group manages the Operating Lines **Costa Cruises** and **AIDA Cruises** with a total of **26 Italian-flagged ships** in service and **7 new vessels due for delivery** by 2020.

The Group is a global player with a strong European identity. It operates mainly 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.

Our identity

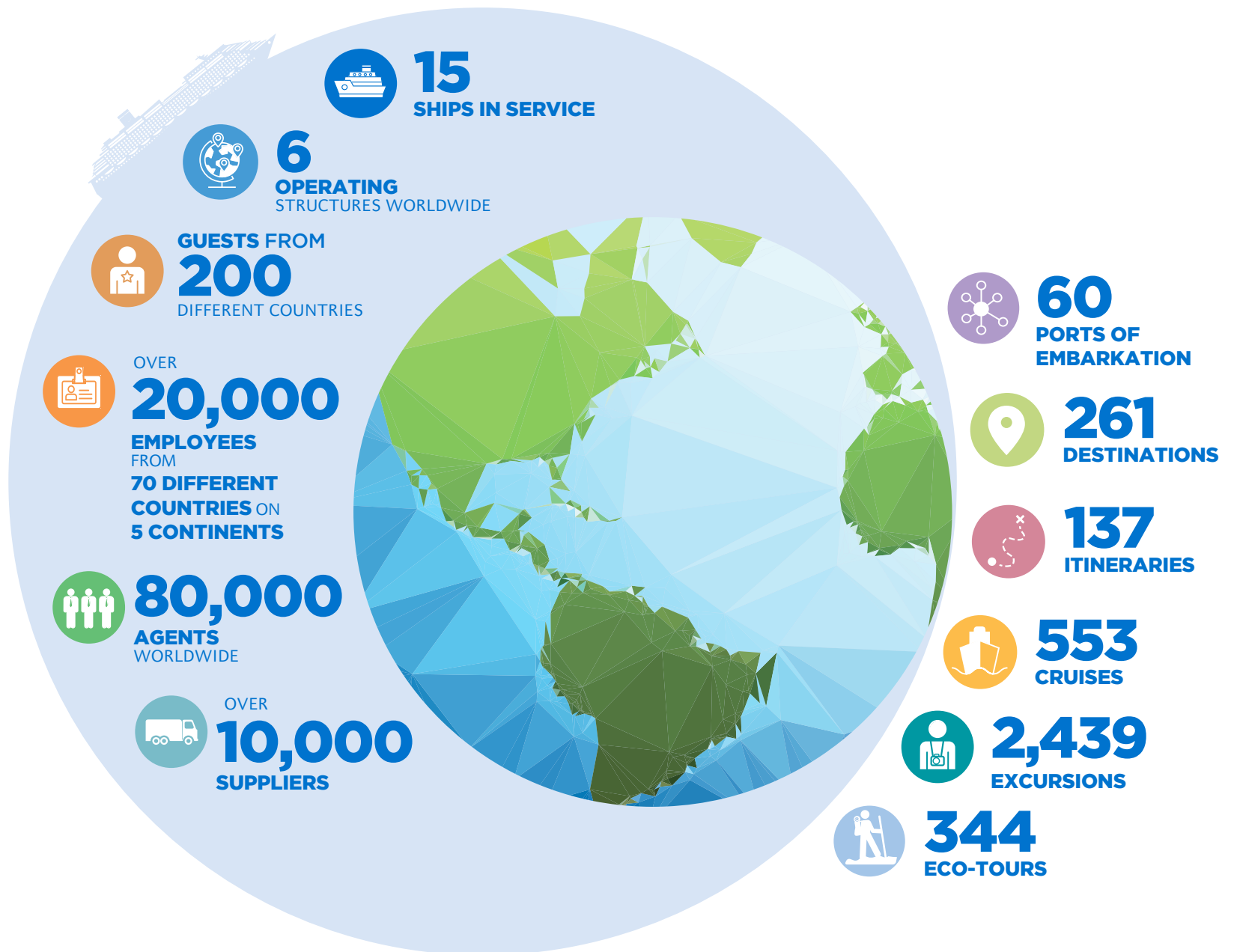
For some 68 years now, Costa Cruises has epitomized the very best in Italian style and hospitality. We are driven by our determination to let our guests discover the finest and most important destinations worldwide by delivering exceptional cruise experiences, giving them the chance to explore places and interact with many different cultures on five continents, while respecting the communities visited. At the same time, as the only cruise

company with Italian-flagged ships, we are aware of the responsibility and the privilege of being the only truly global ambassador for Italy's values and representing Italian excellence in our ports of call. We do this in collaboration with the Italian Embassies in the different countries we visit, organizing shipboard receptions and other ways of promoting Italian culture and traditions locally and internationally.

Group structure



Costa Cruises: a world evolving together with the world



Highlights 2015

MARCH

ROUND-THE-WORLD CRUISE

Costa Crociere celebrates the first (86-day) "Round-the-World" cruise specially for the Chinese market, departing from Shanghai on the Costa Atlantica.

TUNIS

Terrorist attack at the Bardo Museum involving tourists on a shore tour.

APRIL

COSTA SERENA IN SHANGHAI

The Costa Serena is deployed regularly in China, with Shanghai as her main port, joining the Costa Atlantica and Costa Victoria.

COSTA CROCIERE FOUNDATION

Launch of environmental and social projects.

MAY

MILAN PROTOCOL

Costa Cruises is the first travel company to sign the Milan Protocol and formally undertakes to reduce food waste, help eliminate hunger and under-nutrition, and raise awareness of the importance of a healthy lifestyle.

JUNE

ARTISTI DEL GUSTO

The Costa Diadema is the location for an episode of *Artisti del Gusto*, broadcast on National Geographic Channel, promoted by illy.

JULY

AGORA PROJECT

Kick-off of international project for the involvement of Travel Agents in the realization of the guest experience.

ALITALIA PARTNERSHIP

3-year agreement signed with Italian airline (100,000 seats).

WHALESAFE LIFE+

Costa Cruises partners whale protection project.

SEPTEMBER

MÉDECINS SANS FRONTIÈRES

Donation in support of the *Centro di Primo Soccorso e Accoglienza* in Pozzallo providing assistance to refugees.



JULY

LNG: CRUISE SHIPS

Costa Cruises announces that it has placed an order for the construction of two new generation LNG-powered cruise ships with the Meyer Werft shipyard.

AUGUST

COSTACLUB CRUISE

The Costa Fortuna sails from Amsterdam on a special cruise for CostaClub Members previewing the latest product innovations.

SEPTEMBER

NEW COSTACLUB

Costa Cruises celebrates the 15th anniversary of CostaClub and previews the launch in 2016 of the new version of the loyalty program.

ROUND-THE-WORLD CRUISE

The Costa Luminosa leaves on a "Round-the-World" cruise: 98 days, 5 continents, 39 superb destinations in 24 different countries.

FIRST TREKKING CRUISE

Costa Cruises announces the departure of the first trekking theme cruise in collaboration with the *Federazione Italiana Escursionismo*.

COFFEE4CHANGE

Costa Cruises supports a campaign promoted by Oxfam in support of coffee-farming communities in the southern hemisphere.

OCTOBER

FULL MARKS FROM THE CDC

The Costa Luminosa obtains a perfect score (100) at an inspection conducted by the US Centers for Disease Control and Prevention (CDC).

LINKEDIN TOP 100

Costa Cruises is one of the world's 100 best recruiting enterprises, the only cruise company in the list.

NOVEMBER

UNISG PARTNERSHIP

Establishment of strategic partnership with the *Università di Scienze Gastronomiche* in pursuit of a sustainable food experience.

10 MILLION CRUISERS

Prize awarded to the 10 millionth cruiser in Savona since 1996.



NOVEMBER

MEMORANDUM OF UNDERSTANDING

3-year agreement between the Municipality, the Port Authority and Costa Cruises for sustainable development of the cruise industry in Savona.



DECEMBER

EMPLOYEE VOLUNTEERING PROGRAM

Launch of scheme for active engagement of employees in community support programs.

Trends in the cruise industry

Global cruise industry



23.2
MILLION

GLOBAL CRUISE
PASSENGERS
IN 2015

10.8
MILLION

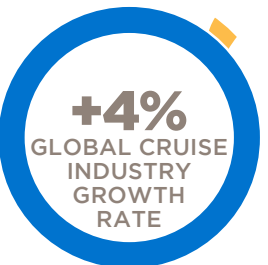
SAILED ON BOARD
ONE OF **CARNIVAL**
CORPORATION'S SHIPS

2.6
MILLION

ON A MEMBER OF THE
COSTA CROCIERE
GROUP'S FLEET

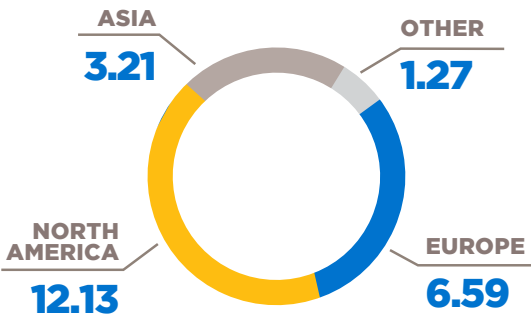
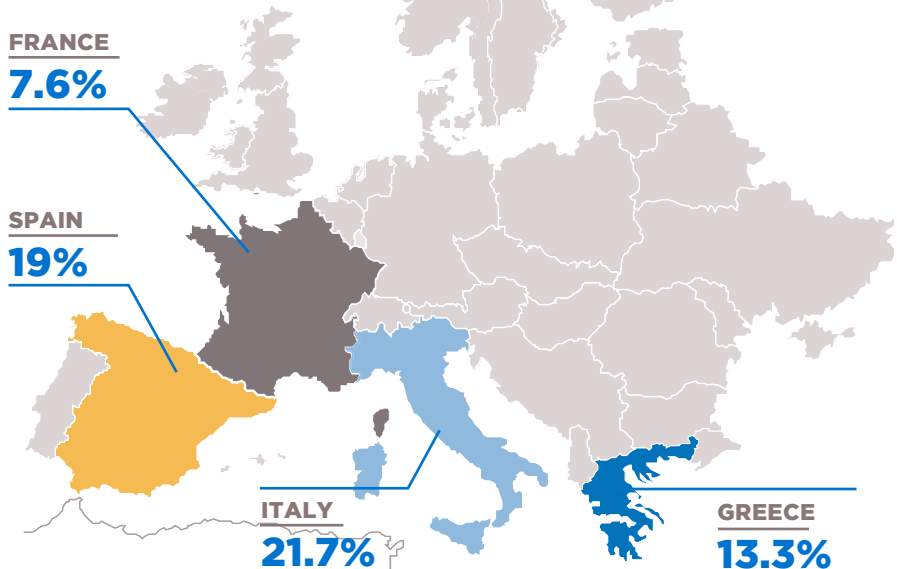


GLOBAL TOURISM



COMPARED TO THE
PREVIOUS YEAR

Main cruise destinations (Europe)



GUESTS BY SOURCE COUNTRY
(MILLION PASSENGERS)

Economic impact generated in Italy

4.5
BILLION EUROS
OF DIRECT EXPENDITURE

103,010
JOBS

The cruise industry is experiencing a period of structural growth and will continue to generate significant economic and social benefits, with specific regard to shipbuilding, the delivery of shipboard services and the organization of shore tours, thus constituting a crucial driver in terms of economic development in various parts of the world.

Cruising remains one of the most popular forms of vacation and it is a relatively young industry, set to develop and innovate continuously so as to respond to the range of expectations and specific demands of the international market.

Costa's goal is to strengthen its leadership by marketing trend-setting products and services while guaranteeing the sustainable management of their direct impacts on the communities with which it interacts and on the environment.

MACRO-TRENDS

CUSTOMERS

- Growing sensitivity vis-à-vis the value of the service offered (transparent service, pricing and Company policies).
- The ship perceived as a destination (not just as a means of transport) and as part of the vacation experience.
- Cruising as quality time bringing the extended family together with different generational targets (grandparents and grandchildren).

- Increasing popularity of *impact cruises*: travel experiences featuring excursions where you can work side-by-side with local volunteer organizations on social or environmental projects.

- Growing interest in the actions undertaken to mitigate environmental impacts and reduce food wastage.

- Growing awareness of health issues and of the nutritional principles and sustainability characteristics of the items on the menu on board.

LOCAL COMMUNITIES

- Working with local stakeholders to enhance, preserve and protect habitats and communities.

- Growing interest in and acknowledgement of the positive impact in terms of job creation.

- Request to identify synergies stemming from partnerships with (national and local) organizations so as to launch new initiatives providing hospitality for cruise guests.

REGULATORY AGENCIES AND AUTHORITIES

- Further evolution of the regulatory landscape with specific reference to shipboard safety and environmental compliance (e.g. confirmation of the limits for effluent in the Baltic Sea, adoption of the Polar Code comprising new environmental rules for shipping in polar waters).

Organizational structure

To strengthen the business and respond more effectively to market trends, in 2015 the Costa Crociere Group changed its organizational structure by merging and integrating¹ the Marine Operations function into the newly established subsidiary Carnival Maritime GmbH headquartered in Hamburg (Germany). This was done to concentrate in the one center of excellence all the fleet operations

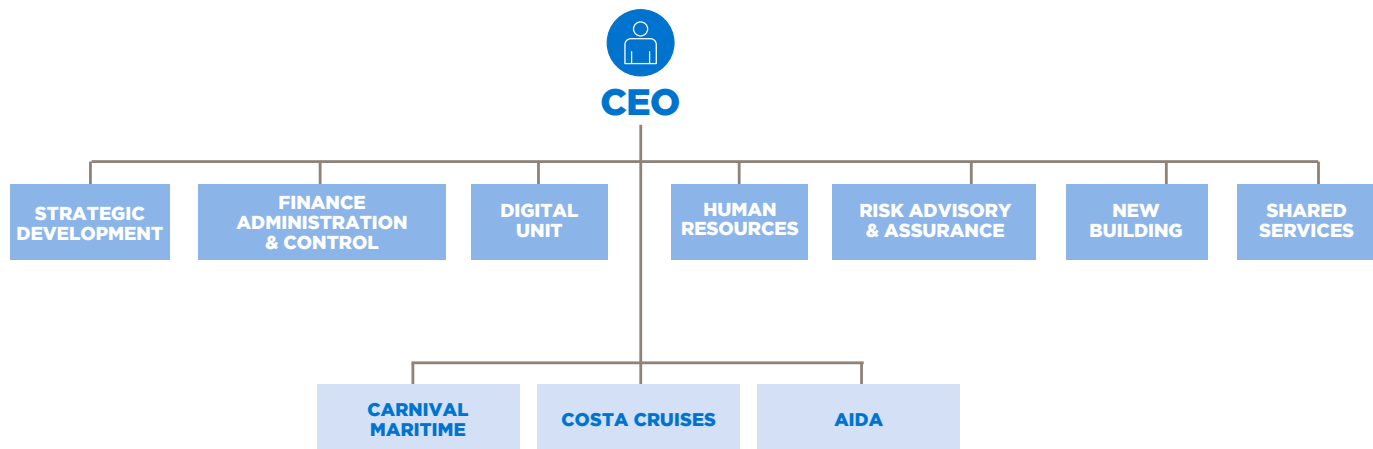
activities of both Costa Cruises and AIDA Cruises, thereby enabling greater synergies in terms of expertise and technological infrastructure.

The same logic was behind the appointment of the Costa Asia President, who will be directly overseeing the development of the rapidly growing cruise industry in China. The strategic objectives guiding the reorganization were as follows:

- Reduction in complexity
- Creation of greater synergies between the different brands
- Improved efficiency in terms of operating costs and investments
- Sharing and implementation of best practices
- Greater focus on reference markets, especially China

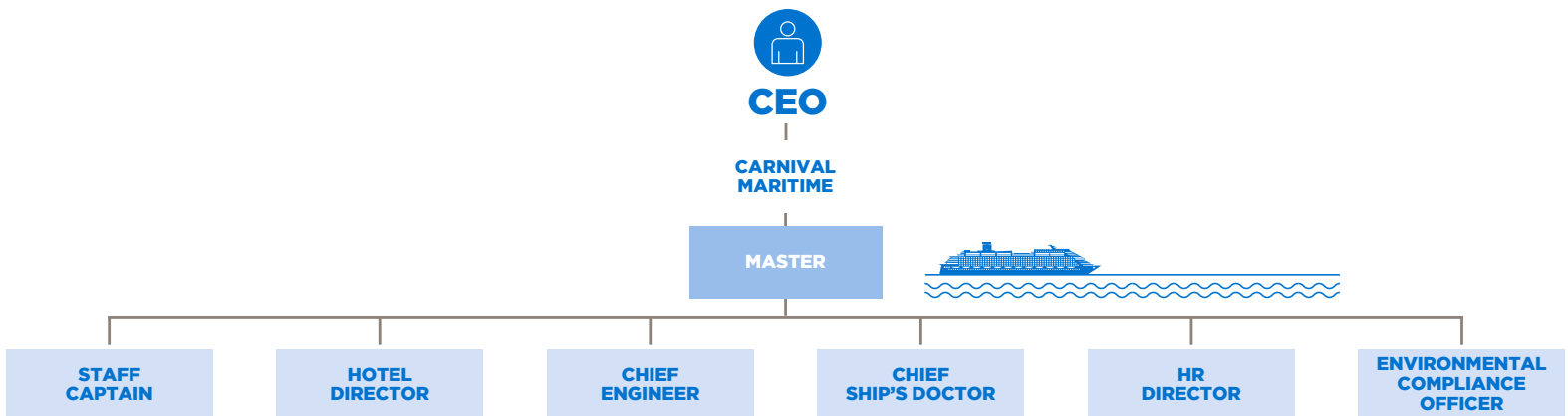
¹ The merger involved a total of 161 people.

Costa Crociere Group





Shipboard personnel organizational chart



ECONOMIC PERFORMANCE AND INVESTMENTS

The Costa Crociere Group performed well in fiscal 2015 and continued to enjoy a substantial recovery. The Group carried a total of 2.6 million guests during the reporting period, which was substantially in line with the number of passengers carried in 2014; this result was achieved in the context of ongoing economic headwinds and the consequences of the terrorist attacks in Tunisia and Paris, which negatively impacted demand in the tourism industry internationally but especially in the Mediterranean. Operating income was 482 million euros, a slight increase on the previous year (477 million euros)². If we leave to one side the impact of extraordinary operations, the increase in profit in 2015 amounts to 32 million euros in absolute terms, up 6.3% on the previous year. This positive result was accomplished partly on account of the growth in revenues (+86 million euros), driven by the increase in passenger capacity following the entry into service of the ship Costa Diadema at the end of 2014, and also thanks to energy-saving efforts with a range of initiatives and actions aimed at the monitoring and reduction of fuel consumption, fuel being one of Costa's major cost items. In 2015 the average cost per metric ton fell by 25.6%, enabling a saving in the income statement.

² The 2014 figure was impacted by extraordinary impairments to the tune of 26 million euros following the termination of the charter contracts for the Iberocruceros brand ships, while operating income in 2015 includes depreciation for the amount of 53 million euros for the writedown of the ship Costa neoRiviera following an impairment test carried out at the end of the fiscal year.

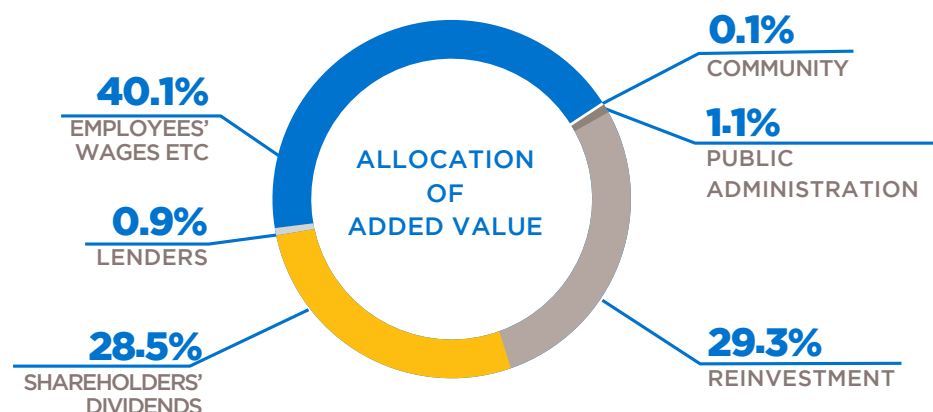
³ Added Value was calculated for the Costa Crociere Group using the continuing operation principle.

Added Value

The net Added Value³ distributed in 2015 amounted to 1,377 million euros, a year-on-year increase due both to the higher revenue from cruise sales and to the lower intermediate production costs; the breakdown is as follows:

40.1% for employees' salaries, wages and social contributions

- 1.1%** for the State and Public Administrations in the form of income tax paid by Group companies
- 28.5%** for shareholders in the form of dividends
- 29.3%** for Company growth by means of reinvestment of a portion of net income (including 2.3% set aside for the Legal Reserve and 27% for depreciation of technical and intangible fixed assets used in the production process)
- 0.9%** for lenders remunerated by means of financial charges
- 0.1%** for the community by means of initiatives in support of organizations and associations



| TOTAL ADDED VALUE | 11/30/2015 | 11/30/2014 | 11/30/2013 |
|---|-------------------------|-------------------------|-------------------------|
| A - Value of production | 3,397,757,751.05 | 3,325,730,760.88 | 3,193,892,570.00 |
| 1. Revenues from sales and services | 3,348,790,624.99 | 3,262,399,781.86 | 3,155,540,034.00 |
| 4. Other income | 48,967,126.06 | 63,330,979.62 | 38,352,536.00 |
| Revenues from typical production | 3,397,757,751.05 | 3,325,730,761.48 | 3,193,892,570.00 |
| B - Intermediate production costs | 1,991,055,787.28 | 2,024,042,246.91 | 2,101,547,111.70 |
| 6. Consumption of materials | 575,022,416.78 | 641,308,781.01 | 710,394,611.00 |
| 7. Costs for services | 1,366,545,867.73 | 1,290,165,102.01 | 1,330,272,551.00 |
| 8. Leases and rentals | 13,750,518.38 | 51,090,129.92 | 29,214,234.00 |
| 10. Other accruals | 8,130,327.34 | 7,444,607.06 | 4,868,849.00 |
| 11. Other operating charges | 27,606,657.05 | 34,033,626.91 | 26,796,866.70 |
| CURRENT GROSS ADDED VALUE | 1,406,701,963.77 | 1,301,688,514.57 | 1,092,345,458.30 |
| C - Additional and extraordinary items | | | |
| 12. +/- Balance of additional items | -11,385,892.27 | 46,992.63 | -16,674,304.00 |
| Additional (revenues)/costs | -11,385,892.27 | 46,992.63 | -16,674,304.00 |
| 13. +/- Balance of extraordinary items | -18,308,671.74 | 3,342,644.64 | -1,355,768.00 |
| ADDED VALUE | 1,377,007,399.76 | 1,305,078,151.84 | 1,074,315,386.30 |

Expansion of the fleet

Following the entry into service of the flagship Costa Diadema, the largest cruise ship ever built in Italy, and ahead of the delivery of the other vessels already under construction, in 2015 the Costa Crociere Group made further important progress in its fleet expansion and modernization strategy. As part of a broader memorandum of agreement signed by Carnival Corporation & plc, in 2015 plans were announced for 6 new buildings, the first of which is due for delivery in 2019. These investments will lead to a 52% increase in the Group fleet's overall passenger capacity.

The new ships are a real innovation for the market, setting new standards for the whole industry and pioneering a

new era in the use of sustainable fuels. Four of the six new ships announced by Carnival Corporation will be built by the Meyer Werft shipyards in Papenburg (Germany) and Turku (Finland); they will be the first cruise liners to be powered at sea by Liquefied Natural Gas (LNG).

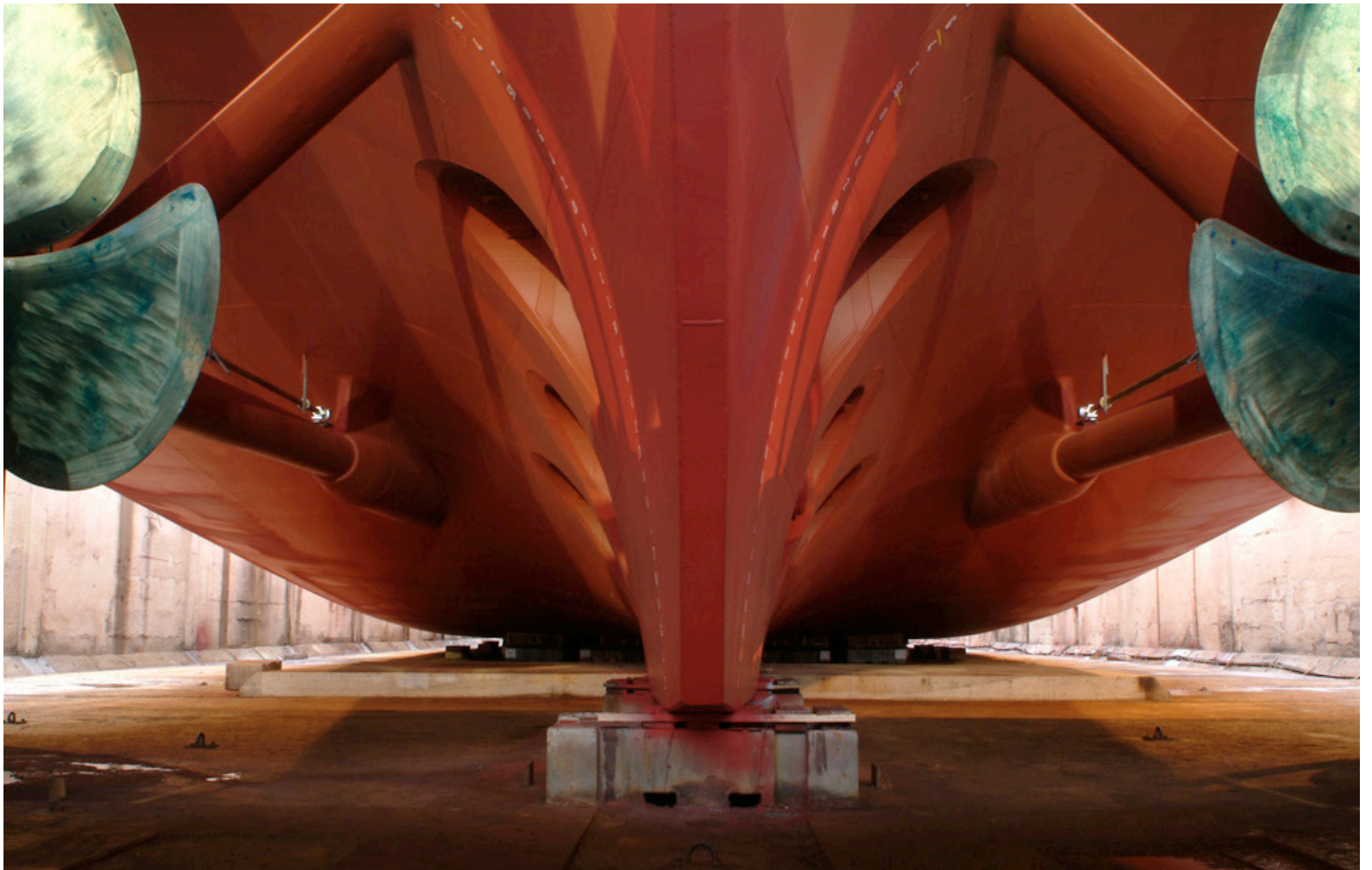
The other two newbuilds are part of a 3 billion euro contract with Fincantieri with construction work taking place at its Monfalcone and Marghera shipyards.

Finally, it is pointed out that in March 2015 the Group acquired ownership of the ship Costa neoRiviera, which was previously bareboat chartered from the Company Grand Cruise Shipping Unipessoal Lda.

RESPONSIBILITY AND SUSTAINABLE VALUE CREATION

Costa Cruises is aware of its importance in the value chain and especially of the positive economic and social contribution it can make in the countries in which it operates, by means of its model of sustainable development.

This awareness is reflected by Costa's commitment to ethical and responsible management of the different forms of capital (financial, human, social and relational, intellectual and environmental) at its disposal and acts as a stimulus to consolidation of a distinctive approach to business designed not only to create value but also to share it with the local community, particularly in the ports of call.



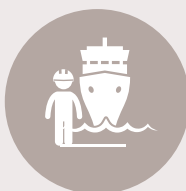
IN THE YARD

- BUILDING OF NEW SHIPS •
- DRY-DOCKING •

- DECOMMISSIONING AND SHIP BREAKING •

2 SHIPS
DRY-DOCKED

4 SHIPS
ON ORDER



BOOKING

- CONSULTANCY SERVICES TO DEFINE THE VACATION DETAILS

80,000
TRAVEL
AGENTS



EMBARKATION

- INFRASTRUCTURE •
- TRANSFERS •
- GUEST HOSPITALITY •
- SUPPLIES •
- LOCAL TOURISM (TRANSIT) •



60
PORTS OF
EMBARKATION



**COSTA
CRUISES**

ON BOARD

- HOSPITALITY
- WELLNESS
- ENTERTAINMENT
- GOURMET EXPERIENCE



553
CRUISES



AT DESTINATION

- GUEST HOSPITALITY •
- SUPPLIES OF FRESH FOODSTUFFS •
- MINOR REPAIRS & MAINTENANCE •
- LOGISTIC SERVICES •

261
PORTS OF CALL

LOCALLY

- LOCAL TRANSPORT
- TOURS
- MUSEUMS, CULTURAL SITES, PARKS
- RELATIONS WITH TOURISM BODIES
- TRAINING SCHOOLS

2,439
EXCURSIONS

Our principles and values

Respecting human rights and acting with integrity in all business dealings is part and parcel of our corporate culture and our determination to operate responsibly. Costa Cruises' basic principles underpinning the commitment to maintaining the highest ethical standards when interacting with stakeholders are set out in Carnival Corporation & plc's [Code of Business Conduct and Ethics](#), which is fully embraced and applied by the Company, available at the website.

The Code of Business Conduct and Ethics is a statement of the Corporation's core values and is designed to facilitate transparency, respect and dialogue in relationships between stakeholders. All corporate policies and Company procedures are defined and structured in accordance with the provisions of the Code and provide additional operational guidance on specific matters dealt with therein, such as:

- Respecting human rights

- Valuing diversity and promoting inclusion
- Business integrity
- Conflicts of interest and tackling forms of corruption
- Environmental protection and promoting sustainability.

These general principles are also embodied in rules of conduct for dealing with different stakeholders. In this regard, in accordance with the relevant rules and requirements, the Company also abides by the [ILO core conventions](#) and the [OECD Guidelines](#) for Multinational Enterprises.

The fact that Costa Cruises is by definition a multicultural enterprise makes the Company all the more conscious of the need to respect human rights. Costa is committed to recognition of fundamental human rights not only in its own activities but also with regard to those carried out by its partner organizations.

Governance system

Good corporate governance is central to Costa Cruises' sustainable business success and is strictly related to promoting high ethical standards and transparency in all Company activities, safeguarding the interests of all our stakeholders.

Costa Cruises' corporate governance system is based on international best practices in line with the directives of Carnival Corporation&plc.

The Company also has a **Business**

Management Model in accordance with the provisions of Legislative Decree no. 231/2001, which plays a part in guaranteeing transparency values and corporate accountability when dealing with internal and external stakeholders. In 2015 there were 4 management review meetings held to discuss critical issues and nonconformities, which were dealt with in compliance with the set procedures.

Vision - Carnival Corporation

In a global market like the cruise industry, vision, efficiency and the capacity to invest in renewal of the fleet and the product are key to a successful sustainability strategy. For Costa Cruises, being part of **Carnival Corporation** means having access to financial resources, techniques and expertise that only a large-scale enterprise can provide. The ready availability of these kinds of capital, deployed in the context of a model of development that also capitalizes on inimitable Italian style and hospitality, enables Costa Cruises to make the most effective choices combining business and sustainability goals. The resulting business setting guarantees **continuity in terms of the creation of wealth** (cruise industry and market) while working with a long-term approach to the sustainable development of the Company.



Compliance when doing business

In Costa Cruises' business model suppliers, consultants and travel agents play a key role because they represent the Company vis-à-vis customers and other stakeholders. For this reason our contracts and agreements with them include specific terms and conditions whereby they agree to abide by the **Costa Cruises' Business Partner Code of Conduct and Ethics**, which was revised again in 2015.

A similar approach is adopted for the standards and procedures defined by Carnival Corporation&plc in the **Anticorruption Policy & Guidelines** and **Antitrust Policy & Guidelines**. Compliance with the Guidelines and implementation of the associated activities is mandatory for our employees and business partners.



In 2015 the Company continued to concentrate on the promotion of preventive measures and the dissemination of internal procedures with the specific objective of raising all employees' awareness of

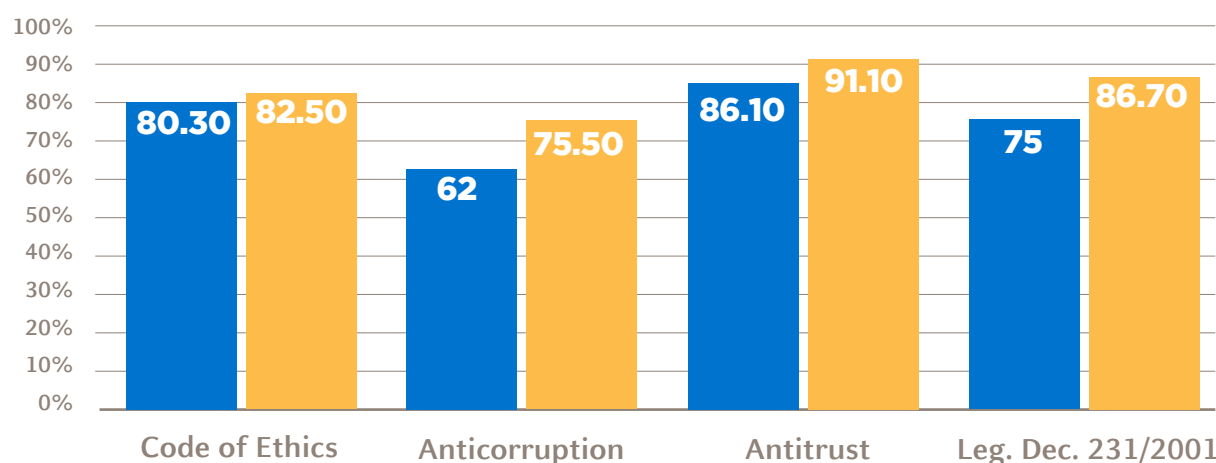
the above issues and strengthening the senior management's commitment to tackling all forms of corruption, as well as guaranteeing full compliance with the applicable national and international laws. Costa Cruises asks its employees and other stakeholders to monitor compliance with the Company's internal regulations and report any apparent nonconformity using the Carnival Corporation hotline or via the website www.carnivalcompliance.com; strict confidentiality is guaranteed⁴. Reported violations are screened and investigated.

Where necessary, appropriate corrective actions are taken. In 2015 there were 41 reports lodged, 8 of which were totally or partly confirmed and duly dealt with by the Company. It was confirmed that 6 incidents of discrimination occurred on board, 4 of which were dealt with directly on the ships while the other 2 were handled by the relevant shoreside department.

⁴ Procedure for filing Complaints and Reporting Nonconformities (available in 8 languages)

22,775
TOTAL HOURS
"ETHICS AND COMPLIANCE"
TRAINING

On board e-learning 
Shoreside e-learning 



% of completion as per Jan 10 2016

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.

Risk and opportunities are identified by management using a holistic risk framework and a risk management capability model aligned with the organization's strategy and Board/Management priorities.

This framework is part of the Enterprise Risk Management program, which is facilitated by the **Risk Advisory and Assurance Services** (RAAS) Department.

Risk prioritization occurs by actively engaging management and the Board of Directors to determine which risks within the ERM risk framework are appropriate for further evaluation.

Therefore, the ERM program acts as a catalyst for supporting the business to recognize and manage variables that would affect the ability to achieve objectives, as well as to identify the capabilities needed to effectively manage those variables, which in turn will increase the chance of mission success. It is through this evaluation process that opportunities to manage risk are identified.

Pursuant to this program, the Risk Advisory & Assurance Services 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**.

MANAGEMENT SYSTEMS: APPROACH AND PRINCIPLES

PREVENTION

Plan and establish objectives and processes necessary to achieve the required and expected results

IMPLEMENTATION

Define and implement the established plan and processes

DETECTION

Study the actual results of implementation and compare against the expected results

FEEDBACK AND IMPROVEMENT

Take action on significant differences between actual and planned results. Analyze these differences to determine their root causes. Determine where to apply changes that will improve the process or results

15

**HESS AUDITS
ONE ON
EACH SHIP**

In 2015 audits were held fleetwide (15 HESS Audits, one on each ship, and 11 Verification Visits to certify the progress/closure of corrective actions). In compliance with the **ISM Code**, which requires verification to be carried out within three months, an ISM/ISPS Additional Internal Audit was conducted on 10 ships following the internal reorganization and transfer of responsibility for fleet operations to Carnival Maritime GmbH in 2015. For the other five ships, so as to avoid duplication, the audit was performed parallel with the scheduled ISM/ ISPS - HESS Internal Audit activities.

KEY SUSTAINABILITY IMPACTS (RISKS AND OPPORTUNITIES) AND ASPECTS

- **Protecting** the health and safety of guests and crew
- **Ensuring** the security of guests, crew and ships
- **Preserving** the natural environment
- **Remaining** transparent in sustainability performance and accountability
- **Managing** and using the best resources efficiently and sustainably
- **Minimizing** fuel consumption
- **Reducing** CO₂ emissions
- **Improving** natural resource management
- **Operating** worldwide in a changing regulatory landscape
- **Partnering** with communities/ports-of-call

The commitment to fully complying with all requirements related to health, environment safety and security throughout all business activities and to the prevention and management of the associated risks is guaranteed at all levels in line with the shared top-down approach designed by Carnival Corporation for all its Operating Lines. **Carnival's Board-level HESS Committee** was established to assist the Boards of the Operating Lines in fulfilling their responsibility to supervise and monitor HESS and sustainability-related policies, programs and initiatives at sea and onshore. Within each Operating Line the process of planning and auditing on board and in the shoreside offices is managed by the **Risk Advisory and Assurance Services (RAAS) Department**, which is required to submit audit reports of HESS processes and performance to the ships and Operating Line headquarters. Senior management reviews the HESS Policy annually; any updates are duly announced and disseminated within the organization.

INTEGRATION OF SUSTAINABILITY INTO THE BUSINESS

Costa Cruises is well aware of the strategic importance of sustainability for the business and the extent to which it can contribute to the long-term creation of value for the Company and its stakeholders. The integration of sustainability into Costa's corporate culture and operations is increasing together with the conviction that a cruise line does not just take tourists from place to place but has a far wider role forging links between people, economies and cultures and generating a positive impact on the communities with which it interacts.

During the reporting period there was an even sharper focus on the constant pursuit of efforts to reconcile Company growth with environmental protection, sharing of value and development of the ports of call. In this context, the integration of sustainability factors into business processes starts with the identification of operational means and activities giving rise to opportunities for shared value creation, based on a pre-emptive anticipatory and proactive approach.

For this reason, mechanisms are in place enabling constant feedback and periodical dissemination of the main information regarding the projects undertaken. To this end, in 2015 a sustainability web platform* was set up to provide updates about the relevant programs and ongoing initiatives.

*www.costacruise.com/sustainability

At the helm of sustainability

Responsibility for implementation of sustainability strategies and policies rests with the Costa Crociere CEO and the brand Presidents. The **Sustainability Steering Committee** is comprised of representatives from the corporate functions most directly involved in implementation of the **Sustainability Plan**. The Committee is responsible for attainment of the set objectives. The **Sustainability Department** is in charge of coordination of the relevant activities vis-à-vis the associated corporate functions and external stakeholders. This department interacts with the senior managers of the corporate functions responsible for the operational management of the main sustainability areas and has the task of supporting them in the analysis of impacts and the definition of potential areas of intervention. The department also plays a central role in promoting a corporate culture based on operating responsibly.



Dialogue with stakeholders

⁵ International Maritime Organization

⁶ Cruise Lines International Association

⁷ ECSA - European Community Shipowners' Associations: the national shipowner associations of the EU and Norway

⁸ IMEC - International Maritime Employers' Council: the only international employers' organization dedicated to maritime industrial relations

⁹ ICS - International Chamber of Shipping: the principal international trade association for the shipping industry, representing shipowners and operators in all sectors and trades.

¹⁰ Confitarma (*Confederazione Italiana Armatori*) is the Italian Shipowners' Confederation.

First and foremost, integrating sustainability into the business model depends on an ability to listen so as to be able to understand stakeholders' expectations and interests. Costa Cruises operates in a business setting that is dynamic, diversified and multicultural. This makes it all the more necessary to fine-tune and enhance stakeholder relationships and encourage constructive stakeholder feedback with a view to implementing joint actions regarding issues deemed particularly important. In this context, consultation with different stakeholder groups enables the Company to identify the latest trends and changes in all the areas associated with its field of operations.

Costa Cruises is actively involved in constructive dialogue and stakeholder engagement activities with public sector representatives and trade organizations,

both in Italy and abroad, with discussion embracing technical and regulatory aspects as well as issues arising from the economic, social and environmental impact of cruising. More specifically, Costa Cruises liaises continually with the main organizations in the cruise industry and in the broader maritime industry - namely **IMO**⁵, **CLIA**⁶, **ECSA**⁷, **IMEC**⁸, **ICS**⁹ and **Confitarma**¹⁰ - and is an active member of a number of working groups engaged in addressing a broad range of topical sustainability issues. Costa has particularly close links with local organizations (e.g. **Port Authority, Municipality and local representatives**) in the different ports of call; these relations are cultivated in a spirit of close cooperation in order to define hospitality and facilities for cruisers, and identify joint initiatives benefiting the local economy and fostering the local cultural heritage.

Stakeholder engagement



EMPLOYEES

- DEVELOPING AND CAPITALIZING ON EMPLOYEE COMPETENCIES
- INTERNAL MOBILITY AND EMPLOYEE GROWTH
- VALUING DIVERSITY
- SHARING OF ETHICAL PRINCIPLES
- INCREASINGLY OCCUPATIONAL HEALTH & SAFETY-CENTRIC CORPORATE CULTURE
- TWO-WAY COMMUNICATION (SHIP AND SHORE)



TRAVEL AGENTS

- SHARING OF STRATEGIES
- CONSOLIDATION OF PARTNERSHIPS
- ONLINE TRAINING AND INFORMATION ABOUT THE PRODUCT



SUPPLIERS

- SHARING OF OBJECTIVES
- INVOLVEMENT IN ACTIONS TO REDUCE ENVIRONMENTAL IMPACT
- PERFORMANCE MONITORING AND EVALUATION



CUSTOMERS

- MONITORING OF CUSTOMER SATISFACTION
- MULTICHANNEL COMMUNICATION (WEBSITE AND SOCIAL MEDIA PLATFORMS)



GOVERNMENT AGENCIES

- CONSTRUCTIVE ENGAGEMENT ON ISSUES OF CONCERN TO THE INDUSTRY



ENVIRONMENT

- MITIGATION OF IMPACT
- ENERGY EFFICIENCY
- PROTECTION OF WATER RESOURCES
- WASTE MANAGEMENT
- PROTECTION OF BIODIVERSITY



MEDIA

- TRANSPARENCY OF INFORMATION



NGOs

- SOCIAL COMMITMENT



LOCAL COMMUNITIES

- INTERACTION WITH LOCAL AUTHORITIES AND ORGANIZATIONS IN ORDER TO BENEFIT THE REGION



Growing partnership between Costa Cruises and the town of Savona

Costa's alliance with the Ligurian town of Savona began in November 1996. The links have grown stronger over time, thanks to the massive support of the local Port Authority, other local institutions and indeed the townspeople.

Since 2003, the year when Savona became Costa's main homeport, the Company has made major investments here (totaling 12.6 million euros), above all in the construction of the **Palacrociere**, a state-of-the-art cruise terminal.

In 2015 the Savona Palacrociere handled **230 calls** with over 1 million passenger movements, up 3% on 2014; the facility employs around 150 people engaged in port operations, security and hospitality services.

The partnership strengthened further in November 2015, with the signing of a **Memorandum of Understanding** by Costa, **the Municipality of Savona and the local Port Authority** setting out a shared vision for the long-term sustainable development of the cruise industry and tourism in the township. The three main areas of focus in the agreement – on which Costa will be working jointly with the Savona signatories – concern environmental protection, creation of social and economic value locally, and dissemination of the results achieved.

As regards the environment, Costa is already engaged in a series of initiatives aimed at energy efficiency and the reduction of exhaust emissions, as well as monitoring

of the noise impact of ships during port operations. The actions planned under the agreement will also cover regulation of vehicle access to the Palacrociere and the further improvement of the process of recycling and disposal of shipboard waste.

On a social and economic level the goals of the Memorandum are **to create new employment opportunities** locally and to consolidate relations with the local community. An integral part of the agreement is the **training both of young people** from Savona, in the form of work placements at the Palacrociere, and of employees already working at the terminal so as to further enhance the level of service delivered to cruise passengers. There will also be educational programs for local secondary school students and forms of cooperation with universities for research projects dealing with the cruise industry and tourism. The Palacrociere will open its doors to the town with visits from school groups, open days, cultural events and lectures.

The joint management – under the terms of an agreement between the Municipality of Savona, the Port Authority, the local Chamber of Commerce and Costa – of the **"Info Point"** located in the port next to the cruise terminal will also help **improve the quality of service** and tourist information provided for the Company's guests.

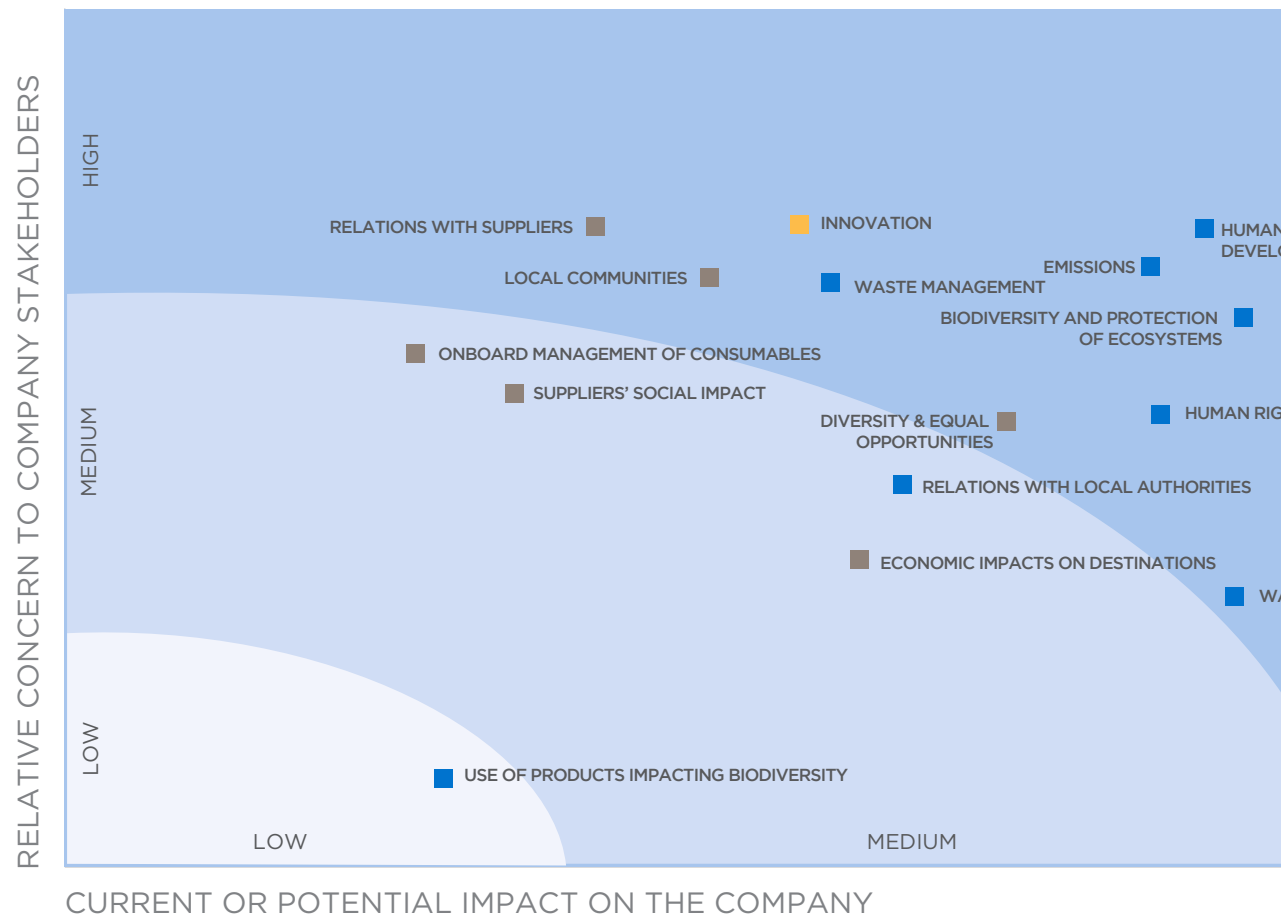
Material issues and sustainability actions

The material issues that emerged in the feedback obtained from stakeholders as part of the analysis of materiality carried out in 2014 helped design the Company's long-term development strategy and map out the priorities defined in Costa Cruises' [Sustainability Plan](#).

The materiality assessment was ongoing in 2015.

The Company conducted additional activities with stakeholders to this end, the outcome of which was a largely unchanged picture of the key issues; these findings will be used to boost Costa's sustainability strategy and its reporting processes. The material issues on which attention will continue to be focused in the sustainability roadmap are:

- Health & safety of guests and crew
- Integration of sustainability with product and service development
- Protection of biodiversity and ecosystems
- Control and reduction of emissions
- Fostering of the artistic and cultural heritage in the local destinations
- Respect for diversity and creation of an inclusive environment



That these are indeed considered central issues by stakeholders is confirmed by the fact that they are basically in line with those identified by Carnival Corporation's own materiality analysis. In terms of specific plans and programs, Costa Cruises – following the findings of the materiality analysis and in line with Carnival Corporation's **2020 Sustainability Goals** laying down specific environmental, social and governance (ESG) objectives – continued to work on projects concerning:

- Review of the food&wine experience focusing on the need to ensure a balanced diet

- Integration of sustainability principles into the management of purchasing with a particular focus on the food & beverage segment

- Fostering and development of policies on diversity and inclusion

- Greater engagement with stakeholders in the ports of call in general and Costa's homeport of Savona in particular and definition of a medium-to-long term development plan.



OUR ROUTE TO SUSTAINABLE DEVELOPMENT

For us at Costa Cruises sustainability is an integral part of our *modus operandi* and our approach to planning the future. Sailing to the world's loveliest destinations so that guests can discover and enjoy them entails not only planning cruise routes but also having a clear idea of which way we wish to go in the long term. Our contribution to sustainable development is based on our capacity to harmonize the demands of the local communities in the ports of call and those of all our other stakeholders, sharing core values such as the awareness that, to be able to offer a memorable vacation to the tourists of tomorrow, we need to be constantly committed to making responsible choices for people and the planet.

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 ENVIRONMENTAL AND OTHER IMPACTS GENERATED IN AND AROUND THE PORTS OF CALL

- Increase energy efficiency and **reduce CO₂ emissions** from the use of fuel by 25% (by 2020)
- **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** on board
- **Set new standards** that go beyond international regulatory requirements
- Promote a **safety-centric corporate culture**

TOMORROW

PROMOTE A NUTRITIONAL APPROACH

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



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



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



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 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



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**



ENGAGE CUSTOMERS ON THE PATH TO SUSTAINABILITY

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

TRAVELING AND OPERATING IN SAFETY

Guaranteeing safety on board and throughout the voyage (including embarkation and disembarkation of guests) is Costa Cruises' top priority.

We do our utmost to foster a safety-centric corporate culture in order to prevent any potential risk and help ensure that safety is of the utmost concern to the cruise industry as a whole; accordingly, our approach to the standards and regulations issued by **IMO** (International Maritime Organization) and set out in the **SOLAS Convention**¹¹ goes beyond mere compliance.

The procedures implemented to guarantee the protection of guests, crew members and Company assets (ships, port terminals and IT systems) are managed using an integrated approach in accordance with the **Corporate HESS (Health, Environment, Safety & Security) Policy** and the guidelines laid down by Carnival Corporation (the most updated and efficient within the industry).

Costa Cruises' **Safety Management System** (SMS) ensures that occupational safety is an integral part of its shipboard and shoreside managerial processes with harmonization between the Corporation's practices and procedures, regulatory requirements and the **OHSAS 18001 standard**.

¹¹ SOLAS (Safety of Life at Sea) is the name of the IMO international convention concerning the safety of merchant ships.

Shipboard safety

Costa Cruises' ships are designed, built and maintained in full compliance with international safety standards laid down by maritime classification societies, which also audit the ships on a periodic basis to verify that safety standards are met. Additionally, in relation to safety, advanced navigational, weather monitoring and communication technologies are critical components of Costa's ship design providing the Master and his team with updates in real time and constant connectivity (via satellite) with the shoreside authorities. The Company has a fleet-wide satellite communication system to ensure constant global coverage.

In 2015 Costa introduced an electronic

system for the identification of people on board the ship and the management of emergency drills, using cards given to guests and a server that acts as a backup for the main system.

The human factor is as essential as technology when it comes to preventing dangerous situations. For this reason every Costa Cruises employee is trained to act in full compliance with procedures and so as to avoid any possible accident. The main objective is to guarantee that employees have a perfect understanding of the procedures and acquire the competencies they are required to apply in an emergency situation.

In 2015 the Company continued to work to create a culture where safety is always front of mind; initiatives in this direction included a shipboard program of sensitization and proficiency drills for crew members (with a total of 241,328 training hours) and shoreside operatives (with a total of 2,265 hours).

The process of sensitization also sees the direct involvement of guests, who take part in the regularly scheduled boat drills held in embarkation ports before departure. A safety video covering lifeboat, fire and general safety is also aired on the in-cabin television system for guest viewing.

241,328

HOURS
FOR CREW
MEMBERS'
SAFETY TRAINING

Shoreside security

Costa's port calls are managed by means of security processes designed to minimize security-related risk while allowing the smooth flow of guests, crew and supplies.

Security personnel (comprising third party suppliers and local authorities) maintain strict access control to the ships, with screening checkpoints similar to those found at airports. Costa employs a variety of technologies to assist security personnel, including systems for recognition of passengers on the ship's official manifest.

The choice of itineraries and destinations takes into account the risk factors associated with each country. Ongoing monitoring of the risks is conducted by Costa Cruises, which

analyzes the intelligence gathered and liaises directly with the port authorities as well as the relevant Embassies and Consulates and, if necessary, the Ministry of Foreign Affairs.

Possible changes of cruise route due to an emergency affecting a specific destination are assessed by the Carnival Maritime body in charge and by the **Company Security Officer**, who provides information required by Costa's internal organizations for the purpose of authorizing port calls and planning security measures.

This type of activity is carried out in real time in the event of security-related risks arising from a crisis involving any country on Costa Cruises' itinerary plan.



Costa Care Team in the front line

The **Care Team** is a special Costa emergency response unit. It is staffed by 180 shoreside operatives and 850 shipboard personnel. In 2015 the team handled 1700 individual cases involving medical transport, deaths due to natural causes and other individual crises. In August 2015 the **Crew Care Team** also started operating, providing assistance to individual crew members, and had handled a total of 287 cases by the end of the year ¹². The rapid response of the Costa Care Team proved vitally important when it came to assisting 160 of the guests traveling on the **Costa Fascinosa** who were targeted in the terrorist attack at the **Bardo Museum in Tunis** on March 18, 2015, in which five guests tragically lost their lives and another 8 were injured.

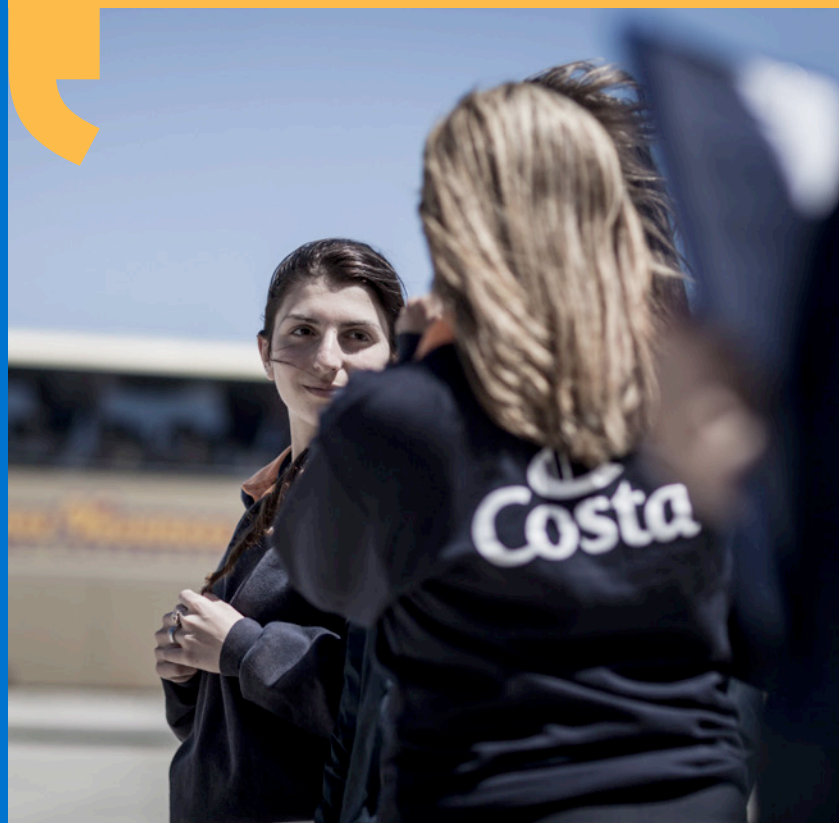
The team, consisting of shipboard and shoreside employees, arrived on the scene only a matter of hours after the attack together with the Costa management, psychologists and doctors, and they stayed with the families of the people involved until they were repatriated. Those guests who decided to continue on the cruise received group and individual counseling on board. Those who opted to return home early were repatriated and accompanied by Care Team members until arrival in their home countries. Costa Cruises also offered all the guests affected the chance to continue to receive psychological support from a network of accredited counselors during the period following the cruise.

¹² 93% of these were medical transport cases.

Safety first on shore tours

Safety is vital when you are planning a shore excursion. For Costa Cruises, safety means not only safeguarding the Guests but also offering them the same standard of quality and attention to detail that is found on board the ships. The more than 2400 Costa shore tours included in the brochure are arranged together with local tour operators so as to ensure compliance both with the regulations in force in the country concerned and with the strict rules enforced by our Company. These standards are tested by the **Destination Management** Department and by staff on board working for the **Tour Managers**, from 6 to 11 people depending on the size of the ship. Any problems arising are dealt with at once thanks to corrective actions agreed on in the planning stage with the tour operator.

Among the specific inspections carried out, by way of example, shipboard hotel personnel check the restaurants that are included on the tours, while technical staff inspect the coaches and other means of transport used ashore. Every effort is made to keep to schedule, thus avoiding any possible risk of missing the ship, and to provide the best possible shoreside assistance so as to coordinate the flow of Guests returning on board. Costa has systems for continuous tracking of its tour buses and groups, to check compliance with shore tour program specifications and times.



Accident prevention

Protecting the health and safety of workers is one of Costa Cruises' top priorities. The Company pays a great deal of attention to safety management on board with the aim of preventing risks and guaranteeing the highest safety standards for crew members.

Safety training, constant monitoring of risks and continuous updating of technology and Personal Protective Equipment are all integral parts of Costa's **Occupational Health and Safety Management System**, which is in compliance with applicable laws, general requirements and industry-specific rules, and in accordance with the **standard OHSAS 18001/2008**. The system procedures are defined centrally allowing the application of international safety requirements on all the ships and ensuring their perfect alignment with the Company's goals of prevention and reduction of risks. Periodic audits are conducted, both by internal corporate auditors and by external third-party certification and regulatory auditors.

In 2015 there were 15 internal audits and 1 external audit (ships and shoreside offices).

At every level of the organization the highest priority is placed on the development of a corporate culture of prevention, workplace safety and – as a direct corollary of this – the safety of the guests. Accordingly, the work education programs include a large amount of on-the-job training designed to prioritize hands-on experience, especially with regard to employees engaged in maintenance of the ship and the engine room. In 2015 Costa Cruises delivered 294,649 health and safety training hours (ship+shore).

As far as concerns the number of shipboard accidents (the number of shoreside accidents is negligible), there was a marked improvement compared to 2014, with regard both to frequency and to gravity. In absolute terms the number of accidents reported in 2015 was 617, as against 779 the year before, which works out to a decrease of 20.8%.

294,649

**TRAINING HOURS
ON HEALTH
AND SAFETY**

-20.8%

**SHIPBOARD
ACCIDENTS
REPORTED**



CARING FOR THE ENVIRONMENT, NATURALLY

*Our job is to make it possible for any person wishing to do so to sail to the **world's loveliest destinations** and, at the same time, to guarantee **stewardship of the marine environment** as well as of the environment in and around the ports of call. We do this with passion and we tackle the extreme complexity of the cruise business without overlooking the slightest detail, with the specific objective of minimizing our environmental footprint. Tackling climate change while protecting natural resources and human health is something that concerns the Company as a whole in careful environmental management that also involves the ship's guests, the logistics chain and local organizations in the ports of call, entailing compliance with internal requirements often stricter than those laid down in the relevant regulations and standards. In order to retain our leadership in this area, which constitutes a competitive advantage, **we have far-reaching investment plans aimed at finding solutions that are safe, ecologically sustainable and economically viable**, combining use of the best conventional technologies with alternative systems, while embracing aspects of ship design and directly involving all the relevant stakeholders, with the awareness that this is the way forward towards a sustainable future for the cruise industry.*

Our approach to mitigating environmental impact

The possible impact long-term impact of the growth of Costa's business on marine biodiversity and the ecosystem makes it imperative to adopt rigorous environmental management standards and procedures and ensure a balanced approach based on sustainable interaction, i.e. managing increasing numbers of cruise guests and the consequent impacts generated. In the cruise industry, management of fleet operations is strictly related to the following factors: use of fuel and electricity, control and minimization of emissions and water consumption, disposal of wastewater, waste reduction and disposal.

Other indirect environmental impacts are linked to the supply chain and to passengers' travel to and from the port of (dis-)embarkation.

In Costa Cruises environmental management is defined and implemented by means of specific action plans for each area of intervention, and backed up by continuous environmental training for its crews; all the relevant activities are carried out in full compliance with the guidelines laid down by Carnival Corporation (an integral part of the HESS Policy) and are deliberately designed to go beyond regulatory requirements.



* Increase due to the addition to the fleet of the Costa Diadema.

Potential impacts



LAND POTENTIAL IMPACTS

- **NATURAL
RESOURCE
DEPLETION**
FOOD
GOODS/PRODUCTS
WATER
FUEL/ENERGY
- **SOIL AND GROUND
WATER POLLUTION**
SOLID WASTE
RECYCLABLE WASTE
HAZARDOUS WASTE



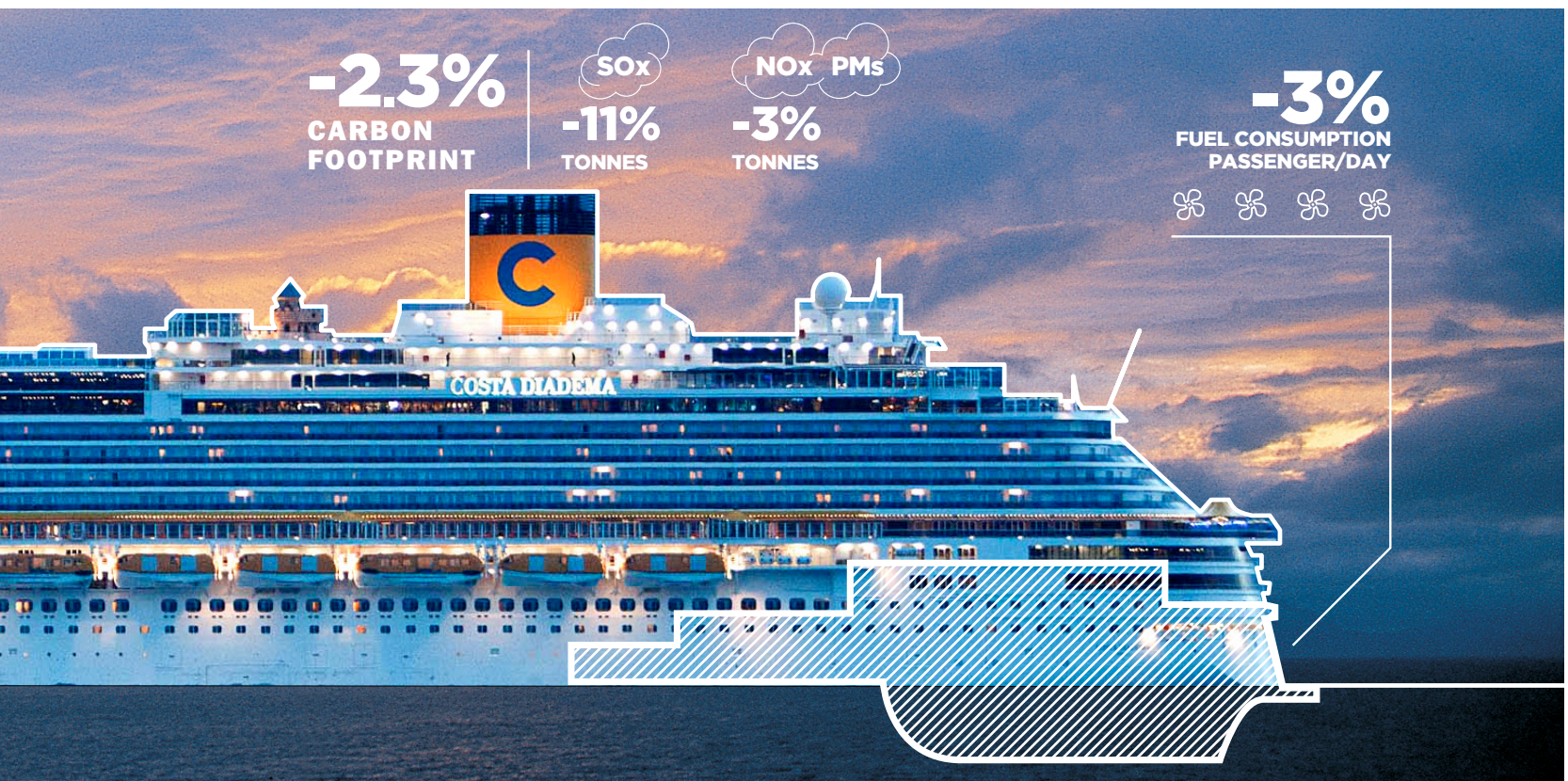
AIR POTENTIAL IMPACTS

EMISSIONS:
AIR POLLUTION
CLIMATE CHANGE
OZONE LAYER DEPLETION



WATER POTENTIAL IMPACTS

SPILL/DISCHARGE:
OIL SPILL
WATER POLLUTION
BIODIVERSITY IMBALANCE



Responsibility and tools for environmental management

| | |
|--|--|
|  ENVIRONMENTAL PLAN | <p>Sets out short and long-term objectives and is a cornerstone of Costa Cruises' approach to sustainability.</p> |
|  ENVIRONMENTAL MANAGEMENT SYSTEM ISO14001 | <p>Complies with the directives defined in the Environmental Plan and is implemented on board and in the shoreside offices. Responsibility for this rests with the Marine Operations Department¹, which is in charge of guaranteeing compliance with the relevant rules and regulations, defining improvement objectives and the investment plan (for the fleet and shoreside activities), monitoring performance indicators and managing projects to reduce the Company's environmental footprint. Shipboard coordination is the responsibility of the Environmental Officer, who oversees implementation of procedures and monitors the ship's environmental performance.</p> |
|  SHIP ENERGY EFFICIENCY MANAGEMENT PLAN | <p>Required by IMO regulations, the Plan provides details of the energy-saving efforts for that particular ship, namely a series of actions ranging from streamlining of various processes to the implementation of technical measures and ship maintenance.</p> |
|  WASTE MANAGEMENT PLAN | <p>Provides specifications for the management of the different waste streams in accordance with the MARPOL Convention.</p> |
|  SOFTWARE PLATFORM | <p>Constitutes the main means of monitoring the environmental performance of each ship, devising new action plans, realigning programs and setting new objectives. The platform also provides access to training materials and the associated documentation (e.g. operational procedures, manuals etc.).</p> |
|  ENVIRONMENTAL TRAINING AND EDUCATION OF EMPLOYEES | <p>All shipboard employees receive regular training tailored to their specific job responsibilities. In 2015 Costa delivered a total of 112,240 environmental training hours for crew members and Officers, an increase of 6.3% compared to 2014.</p> |

¹ In September 2015 this responsibility was transferred to the subsidiary Carnival Maritime.



Sustainability investments: LNG-fueled vessels

For Costa Cruises, addressing climate change means innovation, renewal and commitment of financial resources. Costa's fleet enhancement strategy, based on the introduction of newer and more fuel-efficient vessels, underpins the decision to invest in the design and building of cruise ships that will be powered by **LNG (Liquefied Natural Gas)**. LNG is considered one of the most "environmentally friendly" fossil fuels available and is set to become the fuel of choice for shipping, both economically and in terms of reduced environmental impact. This type of fuel is free of **sulfur oxide (SOx)** emissions, while it also enables very significant reductions in **both nitrogen oxide (NOx)** emissions (of up to 85%) and **PM (particulate matter)**, with PM in the exhaust gas being almost entirely eliminated (a 95%-100% reduction).

From a safety perspective, LNG, consisting primarily of methane and used in its liquid form for storage or transportation, offers the same - if not better - guarantees than conventional fuels. Governed by the provisions of the **IGF Code**², the use of LNG is subject to strict requirements concerning the location, installation, control and monitoring of the relevant propulsion plant, machinery, systems and equipment on board.

On Costa Cruises' new ships, LNG will be used to power dual-fuel engines. With the dual-fuel engine system, Marine Gas Oil can be used when LNG is unavailable, thus providing total redundancy for propulsion and energy production systems under 'safe return to port' regulations.

² International Code of Safety for Ships using Gases or other Low Flashpoint Fuels: provides prescriptions for the design and construction of ships so as to minimize the environmental and safety risks associated with the use of LNG and other low flashpoint fuels.

Energy efficiency and carbon footprint

³ Two kinds of fuel are used on board Costa's ships: 1) Heavy Fuel Oil (HFO), a type of blended oil used in ship's engines and for the generation of electricity and 2) Marine Gas Oil/Marine Diesel Oil (MGO/MDO), which is more refined fuel intended for marine use, employed for auxiliary services. In accordance with the Corporation's internal regulations, HFO is further broken down into two categories: High Sulfur Fuel Oil (HSFO) and Low Sulfur Fuel Oil (LSFO); the latter has a reduced sulfur content and is a much cleaner fuel than the former. Costa Cruises uses LSFO whenever requested.

Optimization of fuel use and reduction of emissions are strategic sustainability objectives for Costa Cruises.

Ahead of the renewal of the fleet with the introduction of the first LNG-powered vessels, these issues are tackled by means of a multipronged approach comprising all possible areas of intervention and practical solutions for the 15 ships currently in service, without ever impinging in any way on safety, which remains the number one priority.

ENERGY CONSUMPTION AND DIRECT EMISSIONS

Ship propulsion and operations account for almost all shipboard energy consumption and direct emissions of CO₂. IMO regulations include as a basic requirement the development of a ship-specific **Ship Energy Efficiency Management Plan** (SEEMP).

Efforts to reduce consumption of shipboard fuel³ concentrate mainly on optimization of **vessel speed** and **course** adjustment, implementation

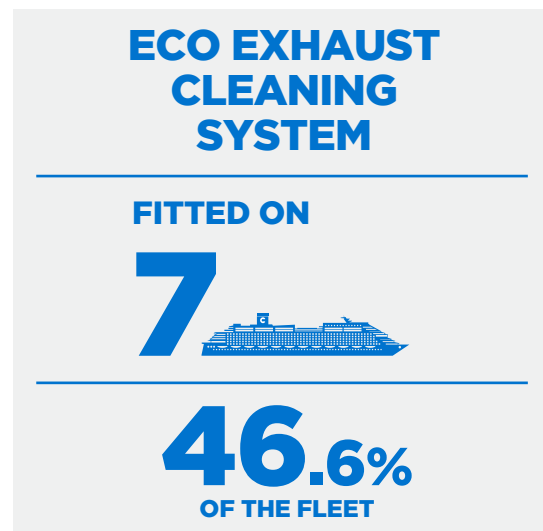


of **technical solutions** for reducing consumption and **ship efficiency performance management**. Monitoring of environmental performance is conducted thanks to the use of business intelligence software, which enables the analysis of detailed comparative data regarding shipboard energy consumption, compliance with optimum speed for each leg of the cruise as well as with scheduled departure and arrival times in the different ports, and optimization of use of generators and auxiliary engines. The system is engineered to minimize deviations from the optimal energy consumption profile and to identify potential further energy-saving measures⁴. Costa has included in its **Environmental Plan** a series of other shipboard and shoreside energy efficiency projects and initiatives, specifically linked to efforts to reach Carnival Corporation's target of a 25% reduction in greenhouse gas (GHG) emissions⁵.

In 2015 the Corporation carried out pilot projects mainly on 4 ships with specific measures (high efficiency compressors and upgrade of the automation programs) implemented for optimization of air conditioning systems, resulting in a massive 40% reduction in electrical load (loads not related to propulsion), without affecting top-of-the-range comfort for guests.

2015 also saw further work on the project for installation on board of the

ECO Exhaust Gas Cleaning (ECO-EGCTM) system; this industry-leading technology will set a new course in environmental protection. It comprises a filtering system and uses seawater to remove more than 90% of pollutants from the exhaust gases irrespective of the ship's operating condition – at sea, during maneuvering and in port.



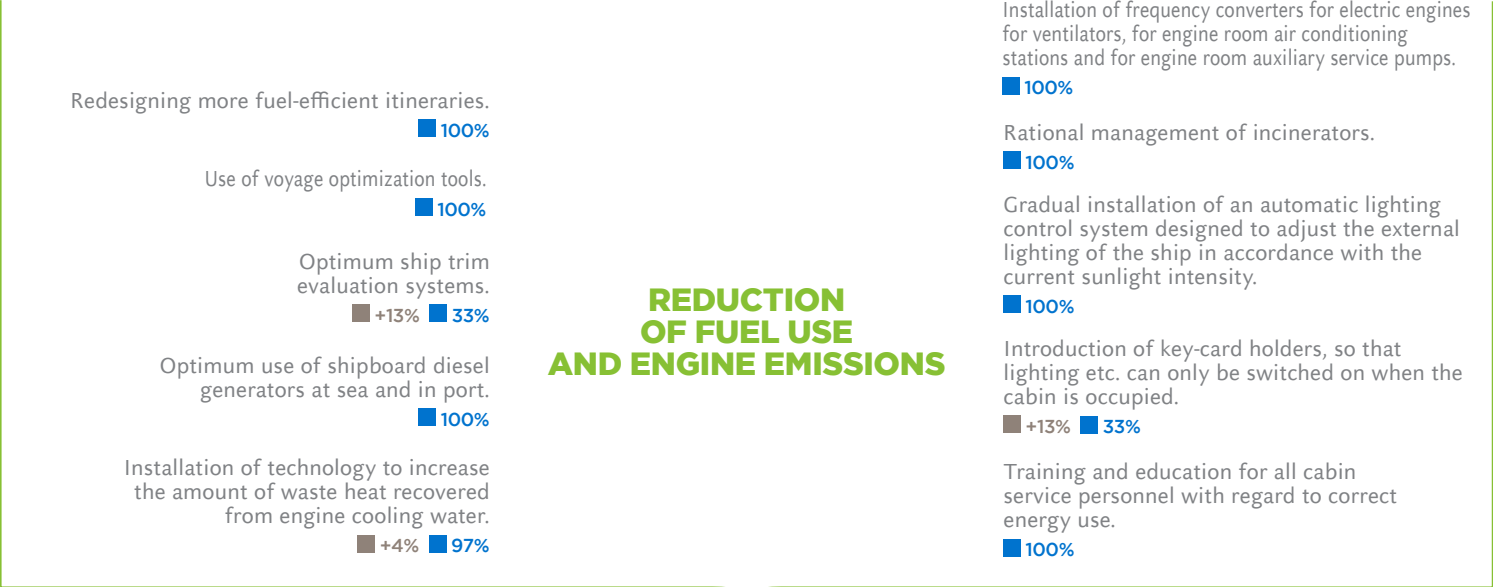
Together, these actions led to a 4.8% year-on-year reduction in Costa's specific energy consumption in 2015 and an 18.8% decrease in four years, exceeding the annual target.

⁴ This type of approach is in line with Carnival Corporation's internal system of measurement for consistent comparison of results from the different Operating Lines based on three indicators: 1) Efficiency: g/ALBNM, 2) Itinerary Distance: NM/Op Days, 3) Consumption (derived from the sum of the first two): MT/kALBD.

⁵ The target is a 25% reduction by 2020 when compared to emissions in 2005.

-4.8%
ENERGY CONSUMPTION

Energy efficiency: the projects





The presence of Costa ships in Savona has no significant effect on air quality

During the period from March through July 2015 Costa ships called at their homeport of Savona 89 times. The large number of calls coincided with the busiest cruise season in the Mediterranean, when central heating systems in local buildings were switched off. These were optimum conditions for a **specific study of air quality** commissioned by Costa Cruises and conducted by SIGE, one of Italy's leading environmental engineering and monitoring companies, which collaborates regularly with various government agencies. The initiative was part of a Memorandum of Understanding for sustainable development in the cruise industry in Savona, which Costa Cruises signed together with the Municipality and the local Port Authority.

The results yielded by the study, carried out using methods in compliance with the most stringent scientific criteria adopted for this type of survey (including validation by means of statistical tests designed to correlate the different variables involved), show that the presence of Costa's ships in port in Savona has no significant impact on air quality in the urban area immediately adjacent to the Palacrociere cruise terminal. It was found that, though the concentrations of some pollutants⁶ varied, at all times the air quality index levels remained **well below the limit values stipulated in public health standards**⁷.

⁶ sulfur dioxide (SO₂), nitrogen dioxide (NO₂) and benzene, dust (total suspended particulates) and metals (nickel and vanadium).

⁷ See Legislative Decree no. 155/2010.

⁸ 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; CO₂ emissions related to capital goods have not yet been calculated.

* Amount calculated for the whole Carnival Group and for Costa Cruises proportionally based on the number of ships in its fleet.

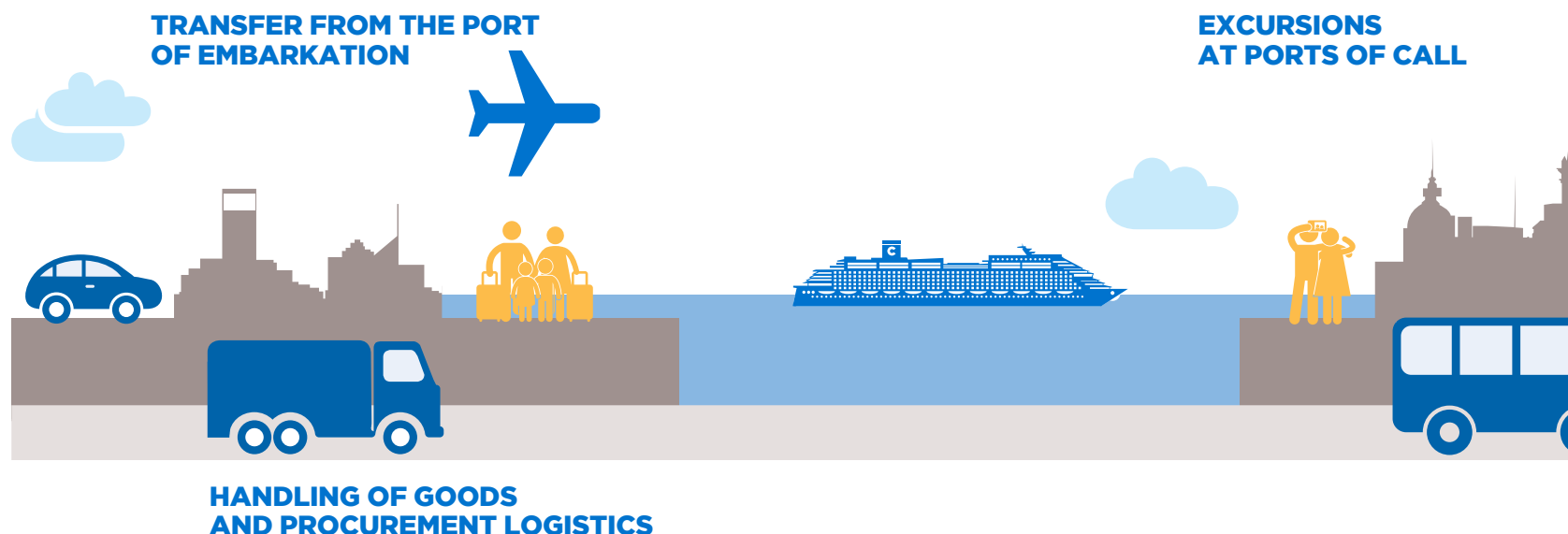
INDIRECT EMISSIONS

With regard to indirect emissions like guest transport to and from ports of embarkation, business travel and logistic activities related to transport and deliveries of supplies, Carnival Corporation makes estimates for each Operating Line⁸. Based on this estimate, the portion attributable to Costa Cruises’ upstream activities for 2015 amounted to 6,870 metric tons of CO₂*. In this connection Costa Cruises is engaged in the assessment and promotion of alternatives to transport by road and, where possible, by air. The most significant initiative is the

partnership with Trenitalia for “train + cruise” packages in Italy, which began in 2014. The Rail&Cruise formula has had a positive effect in terms of the indirect impact of Costa’s operations, shifting some traffic from road to rail and reducing emissions in and around the ports concerned.



Detailed information regarding Carnival Corporation’s assessment and reporting of “Scope 3” indirect GHG emissions is available at www.carnivalcorp.com



Protection of water resources

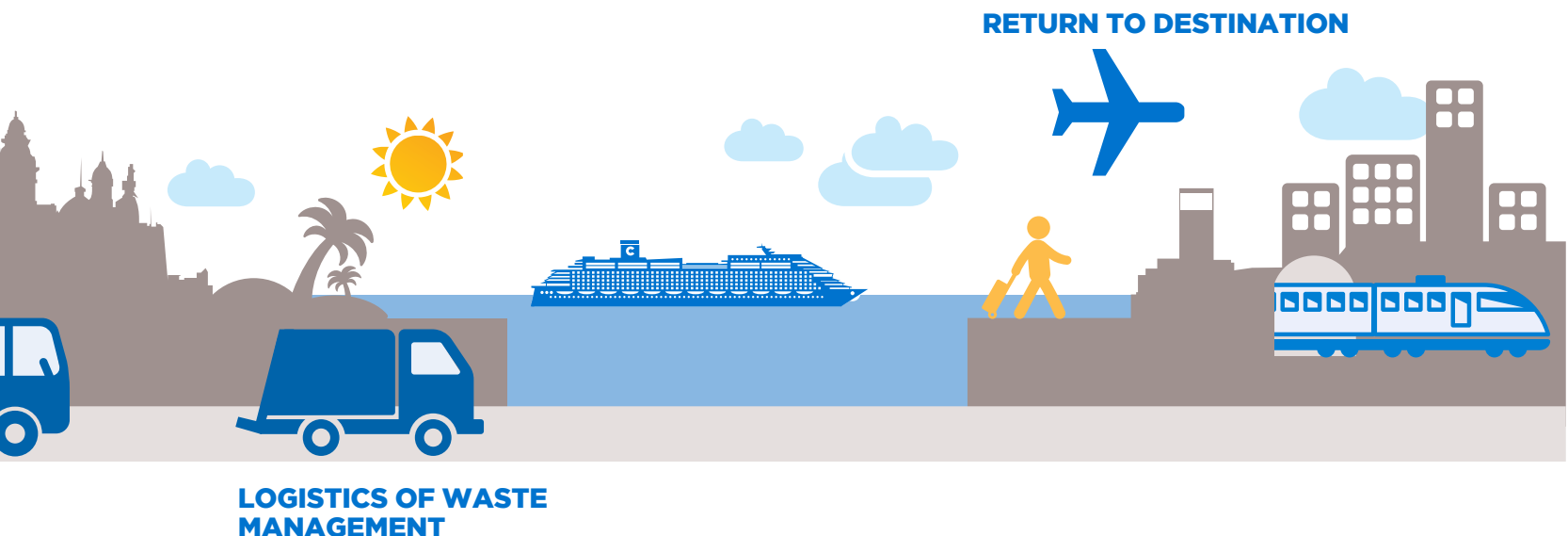
Water is one of the most precious natural resources, increasingly under threat from the effects of climate change, industry and development. Ensuring an adequate supply and quality of water – something which cannot be taken for granted in many parts of the world – is a precondition for sustainable economic growth and social welfare. Responsible water management has always been one of Costa Cruises' top priorities.

SUPPLY CRITERIA AND MANAGEMENT OF CONSUMPTION

Most the water on the ships for human use is produced on board by means of special desalination plants.

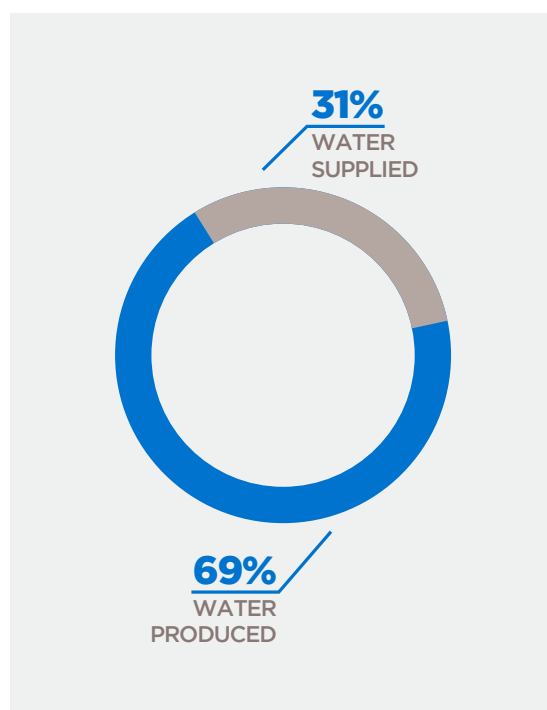
The percentage of water generated on board from seawater varies considerably from ship to ship depending on a range of factors such as the itinerary, cruising speed, sea and weather conditions, and the type of equipment on board. In 2015, 69% of the water used was produced in this way, up from 62% the previous year (a 7% increase).

The rest of the water used on board is supplied at the ports of call; the choice of locations is based on **continuous mapping of water sources** in the different geographical areas of operation around the world and Costa arranges its supplies so that water is bunkered in ports of call



where it is abundant, of high quality and safe (based on parameters defined in international standards).

Before it is distributed, the water procured is suitably treated, disinfected and made safe to drink.



The use of water for all the routine activities on board (e.g. cleaning of cabins and public areas, management of pools, food preparation etc.) is governed by structured management processes. The Company believes that reducing water consumption is a key element of responsible environmental management; importantly, it also means reduced demand for supplies of water in the ports of call.

The overall consumption of water, which is directly proportional to fleet expansion and growth in the number of passengers carried, increased by 9% in 2015, whereas average consumption was practically unchanged at 221 liters per person per day.

WASTEWATER MANAGEMENT

The types of wastewater produced on board are bilge water, gray water, ballast water and sewage⁹. Efficient wastewater treatment and management is a vital issue, in relation both to the impacts generated directly on the marine environment and to the protection of the health and safety of workers. For this reason Costa Cruises has adopted a series of very restrictive measures, deliberately designed to go beyond international regulatory requirements. The table on page 53 provides details of the [shipboard wastewater management system](#).

Despite all the measures and precautions taken, it is always possible that a spill or discharge of wastewater constituting an environmental incident may occur (at sea or in port). There were 3 spills of mineral oil or fuel that occurred in 2015 and all three 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. In any

⁹ Sewage is intended to mean flush water and liquid waste.



BILGE WATER

NORMALLY GENERATED IN THE MACHINERY SPACES OF THE ENGINE ROOM DURING VESSEL OPERATION; CONTAINS OIL RESIDUES.

Preventive processing (by means of a special a double bilge [oily water] separator) so that the oil content of the treated bilge water does not exceed 15 parts per million (ppm) as per the applicable regulations (MARPOL Convention, Annex I).

Voluntary (fleetwide) installation of redundant systems that monitor treated bilge water a second time prior to discharge to ensure it contains less than 15 ppm of oil before being discharged overboard. This sophisticated control and monitoring system: 1) only permits overboard discharge if the oil content does not exceed the foregoing limit 2) enables a constant recorder reading of all the relevant information. If the system reading indicates 15ppm or greater of oil, it will sound an alarm and automatically stop the discharge. Bilge water from Costa's ships is discharged only when the ships are underway at sea and proceeding at a speed of not less than 6 knots.

Bilge water not meeting discharge criteria and oil residues/sludge are kept in on-board storage tanks and then offloaded for shoreside disposal or recycling depending on available shoreside infrastructure.



SEWAGE

FLUSH WATER AND LIQUID WASTE FROM TOILETS AND MEDICAL FACILITIES.

All the ships in the fleet are equipped with IMO-certified sewage purification plants known as Marine Sanitation Devices (MSDs); treated sewage is only ever discharged at a distance greater than 12 nautical miles from the nearest land and while the ship is traveling at a speed of not less than 6 knots.



BALLAST WATER

SEAWATER THAT IS INTENTIONALLY PUMPED INTO AND OUT OF TANKS TO CONTROL AND ADJUST A SHIP'S DRAFT, LIST, TRIM AND STABILITY.

Ballast water is not subject to any specific requirements regarding processing and treatment. Costa is currently testing ballast water systems with treatment technologies guaranteeing performance levels required by the guidelines of BW2004 (International Convention for the Control and Management of Ships' Ballast Water and Sediments), which is yet to enter into force. Sequential ballast water exchange is conducted in the open sea (200 nautical miles from the nearest land and in water of at least 50 meters in depth) en route from one marine area to another. The ship discharges ballast water in the open sea before reaching the new area of destination. This procedure, which is mandatory only in certain countries, is standard practice fleetwide, meaning that Costa has pre-empted a requirement that has not yet entered into force.



GRAY WATER

WASTEWATER FROM GALLEYS, SINKS, SHOWERS, LAUNDRIES, COLLECTION IN SCUPPERS OF RAINWATER AND WASHING WATER USED TO CLEAN THE EXTERIOR OF THE SHIP.

Under Costa's own policy, gray water is only discharged when the ships are underway at sea at a distance greater than 12 nautical miles from the nearest land and proceeding at a speed of not less than 6 knots; gray water is not discharged in port.

In any event the minimum distance from shore for discharge of gray water is 4 nautical miles; this minimum is adopted by the cruise industry voluntarily (gray water is not subject to international regulations), except in case of an emergency and provided notification is given to the local port authorities.

event, any spill or discharge constituting an environmental incident is reported immediately to the competent external authorities in the port/territorial waters where the incident occurred. There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

No grievances about environmental impacts were filed by stakeholders during the reporting period.

Integrated waste management

Cruise ships carry thousands passengers at a time and are essentially floating hotels, with all the amenities that accompany them, plus they have the additional constraints associated with travel by sea; this makes it necessary to minimize the amounts of the different types of waste produced and adopt a structured approach to their management and disposal.

The cornerstones of Costa Cruises' shipboard waste management policy are **reduction, reuse, recovery** (of raw materials and products) and, where possible, **recycling** of the materials intended for disposal, with the relevant details specified in the Company's **Waste Management Plan**. In accordance with the MARPOL Convention,¹⁰ the Plan prohibits the discharge of waste at sea, with the exception of ground food waste and a few other specific categories of treated waste.

REDUCTION, COLLECTION AND MANAGEMENT OF DIFFERENT WASTE STREAMS

Efforts to reduce the amount of waste produced, starting from the supply chain and with a focus on packaging, are at the heart of any effective and efficient waste management system. Costa also concentrates on educating crews and guests to as to promote responsible consumption and reduce wastage of materials.

Thanks to this approach, in 2015 total

waste¹¹ registered a further decrease, at 7.4 l/day as against 7.9 l/day the year before (-5.1%).

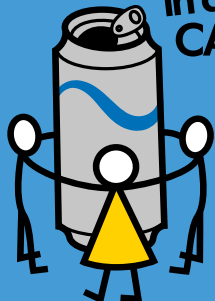
Separate collection of recyclable waste streams takes place fleetwide. Waste is treated on board so as to minimize volume; this is done by crushing, compacting and sometimes incinerating, depending on the type. Waste generated and processed on board is disposed of in the ports of call, the relevant operations being carried out in cooperation with local organizations and authorities. Authorized contractors remove materials from the ships and may store them temporarily before disposing of them at approved shoreside facilities. Costa Cruises is committed to using port reception facilities that will recycle the materials discharged from its ships, where this is possible. It is also specified that, due to limited stowage capacity, it is not always possible to only use shoreside waste contractors who guarantee segregated waste disposal.

Great attention is also paid to the management of hazardous and toxic products. The Company uses non-toxic product purchasing criteria and has made specific efforts to significantly reduce the number of hazardous products, including use of an approved chemicals list. An integral part of this project is the gradual replacement of older equipment with new apparatus designed for non-toxic products.

¹⁰ Annex V – updated in 2013.

¹¹ Average waste production per person counting both passengers and crew.

MESSAGE in a CAN



A drink can is
an incredible
energy bank.

Since 2007 we have
collected and recycled

334
metric tons
of aluminum

This equates to

27 million cans



Placed end to end they would
cover a distance of

3,915 km



This is the equivalent of two 7-day
Mediterranean cruises on the Costa Diadema



By recycling

334
metric tons
of aluminum
you can make...



33,400
bicycles



722,000
moka coffee makers



37
carriages for
high-speed trains

The collection and recycling of aluminum accelerates with “Message in a can”

Costa Cruises, **CIAL** (*Consorzio Imballaggi Alluminio*, Italy's National Consortium for the Recovery and Recycling of Aluminum) and the **Port Authority of Savona** presented on board the Costa Diadema, “**Message in a can**”, a project for the promotion and development of the separate collection and recycling of aluminum drink cans, under the patronage of the **Ministry of the Environment and Protection of Land and Sea**. The project consists of three main activities. The first is the recycling of aluminum carried out on board Costa ships porting in Savona. The second is a public awareness campaign aimed at the local community, mounted in collaboration with the Municipality of Savona, with the goal of furthering the separate collection of aluminum for recycling so as to help achieve a 25% improvement compared to the same period the previous year; if this target is met, CIAL and Costa Cruises will donate to Savona park benches made from recycled aluminum. Last but not least, the project includes a social media campaign in the shape of a “Yes we can” photographic competition; users

of Instagram are invited to submit entries and share images on the subject.

The collection and recycling of aluminum carried out on board Costa ships and managed in the town of Savona **is a cruise industry model of excellence**. From its inception in 2007 through 2015 a total of about 334 metric tons of aluminum was recycled. Since the beginning of the partnership, the amount of aluminum recovered each year from the ships has more than doubled, increasing from 23.2 metric tons in 2007 to 48.6 metric tons in 2015. Using as a unit of measurement a 33cl drink can, 334 metric tons equates to 27 million cans, which can be recycled to make – for example – 33,400 bicycles, 722,000 Moka coffee makers, 221,000 table lamps or 37 carriages for high-speed trains. In addition to the important environmental benefits, “**Message in a can**” brings other advantages: part of the proceeds from the sale of the metal obtained from all the ships in the fleet is distributed to the shipboard waste handlers.

FOCUS ON REUSE

Costa Cruises pays special attention to opportunities for the reuse ashore of materials and products on board which are replaced from time to time due to wear and tear or as part of regular scheduled maintenance. The main channel used to facilitate this re-routing of surplus items from the business into the hands of the needy is the [Material Assistance Project](#), run by the [Costa Crociere Foundation](#). Using the online shop at www.costa-crociere-foundation.com, charities and NGOs serving the community can choose the resources they need. These items may no longer be suitable for use on board Costa's ships but they are by no means at

the end of their life cycle. In a throwaway society like ours, the opportunity to redeploy quality goods to organizations in need has multiple benefits, both ecological and charitable. In some cases, depending on logistic factors, the Company has donation programs whereby these reusable assets are funneled to people via local non-profit groups and government agencies operating in the ports of call. In this connection Costa has embraced criterion for the reuse of certain types of containers (e.g. metal drums, chemical containers type-approved for the carriage of dangerous goods, and jute bags for glass), which can also be used for offloading ashore and then reused on the ship.

Biodiversity and protection of ecosystems

Around the world, the ships in the Costa fleet operate in or near numerous environmentally sensitive regions, where nature's balance is particularly delicate. Accordingly, minimization of the impact on the Earth's biodiversity and on the different ecosystems wherever Costa's ships sail is one of the cornerstones of the Company's environmental responsibility strategy.

In addition to implementing policies for reduced air emissions and water consumption, and the correct disposal of wastewater and solid wastes produced on board, Costa Cruises has adopted several specific precautionary measures –

requirements stricter than those laid down in the relevant international standards – regarding restrictions in marine-protected areas and protection of marine mammals and other species in danger of extinction. Costa liaises with the local communities in order to ensure that the presence of ships and guests is as beneficial and non-intrusive as possible. For this reason we carry out an ongoing review of the impact of our tour programs with the planning of numbers in order to ensure minimal disturbance; this assessment is conducted in collaboration with local stakeholders and, when required, with the consultancy of independent experts.

SAFEGUARDING THE DELICATE BALANCE OF THE MARINE ENVIRONMENT

Leaving aside discharges at sea permitted by international regulations, one of the greatest potential impacts on biodiversity for a cruise line is a risk that can be introduced through **ballast water**, transferred from one geographic location to another, or barnacles, insofar as this may lead to the inadvertent introduction of invasive, non-indigenous species to the waters where the ships sail.

This can cause significant problems for the entire ecosystem and the local economy.

To limit the risk of aquatic invasive species impacting biodiversity, Costa has introduced a sequential ballast water exchange system¹². In order to minimize the possibility of contamination, the ship discharges ballast water in the open sea (over 200 nautical miles from the nearest land) before reaching the new area of destination; this procedure, which is mandatory only in certain countries, is standard practice fleetwide, meaning that Costa has pre-empted a requirement that has not yet entered into force. Special attention is also paid **to hull cleaning**; the relevant operations are carried out as part of regular scheduled maintenance during dry docking. The removal of the fouling that accumulates on the most exposed parts of the hull (bulbous bow and sea chests) enables the elimination of invasive species.



Whalesafe project on Costa Cruises' ships

By joining **Whalesafe**, a project for conservation of sperm whales, co-funded by the European Union's **Life+ Program** with the involvement of partners including the *Università degli Studi di Genova*, Costa Edutainment, Genoa Maritime Directorate, Savona Harbour Master's Office and Softeco, Costa has confirmed and boosted its commitment to whale protection. The main objective of Whalesafe is to implement monitoring tools and a Protocol of Conduct so as track sperm whales, detect risks and prevent collisions.

The partnership with Costa Cruises includes a number of initiatives designed to raise **the awareness of guests on board**, with screening of a video dealing with the project and educational activities for kids as part of the program at the **Squok Club**. Here, children can play and at the same time learn to recognize the different species of whales that live in the **Pelagos Sanctuary**, a marine protected area of approximately 90,000 km² that was created in the Mediterranean in 2001. Whale sightings are common occurrences in this stretch of water between south-east France, Sardinia and Tuscany. Costa's whale conservation efforts also extend shoreside to the **Savona Palacrociera**, with a **special exhibition** inside the terminal. This is another way in which the Company is contributing actively to sensitize the public to the importance of Whalesafe.

¹² Not all the species unintentionally carried in ballast tanks manage to survive the voyage, partly on account of the temperature and the quality of the ballast water.

WHALE PROTECTION

Whale conservation and welfare is part and parcel of Costa Cruises' environmental responsibility.

The Company complies with voluntary seasonal shipping lane changes and speed restrictions to avoid whale strikes, especially prior to entering marine-protected areas and marine sanctuaries; to this end we also monitor feeding and migration patterns of whales known to be found in areas where our ships operate. Officers take part in a [Whale Protection Training Program](#) so that, should it be necessary, they will be able to follow the

clear and established requirements and comply with procedures for reporting of sightings. In such cases the ship's Officers will make any necessary course and speed adjustments, utilize additional bridge lookouts and notify appropriate shoreside authorities.

PROTECTING LOCAL HERITAGE

The selection of cruise destinations and the associated shore tours – there are more than 2,000 listed in Costa Cruises' brochure – to the most significant artistic and cultural attractions as well as places with natural scenery result in the forging of strong links between the Company and the different local communities, with the former always doing its utmost to protect, respect and enhance the latter.

On the strength of this important relational capital, we go further in the pursuit of our philosophy of responsible tourism by offering a specific program of [eco-tours](#) to unspoiled areas (parks, oases and nature reserves) that are generally off the beaten track.

These low environmental impact eco-tours (there are currently more than 340) are designed based on specific feasibility studies carried out to examine possible itineraries and transport options for guests. In keeping with Costa's idea of ecologically sustainable nature-based tourism and to underline the idea of "discovery", these excursions feature zero-impact means of transport such as bicycles, mountain bikes, electric tricycles, canoes and kayaks.



Consiglio Nazionale
delle Ricerche

Together with CNR for dolphins in the Mediterranean

The large number of vessels plying the Mediterranean every day endanger dolphins and threaten their survival. Awareness of this risk prompted Costa Cruises to support a Mediterranean dolphin protection project in partnership with CNR - Ismar (Italian National Research Council - Institute of Marine Sciences). The aim of this initiative is to reduce the risk of dolphins and porpoises being accidentally trapped in fishing gear by warning them off with acoustic deterrent devices, known as "pingers". These dissuasive devices are attached to fishing nets and emit a safe, ultrasonic sound that keeps cetaceans away so as to reduce the risk of accidental netting. Costa donated pingers to 22 Italian fishing trawlers belonging to the [Fishing Cooperative at the Port of Ancona](#). Further to this project, the CNR is continuing to conduct research and monitoring with the objective of developing and refining techniques for the protection of marine life.

There are also animal excursions with transport provided by horses or camels; in this case it is ensured that the animals used are properly cared for. The logic referred to above is used to assess whether a particular park, marine reserve or protected area should be included in a tour.

The Company performs a series of checks to determine the conditions under which animals are held, how they are treated and whether the park authority concerned looks after the flora and fauna properly. In order to prepare guests for eco-tours and foster respect for local cultures and traditions, Costa Cruises – in collaboration with local tourism organizations – arranges special information sessions (reinforced by reminders in the Costa brochure) where the tour leaders help build environmental and cultural awareness.

Costa Crociere Foundation's commitment

One of the **Costa Crociere Foundation's** main concerns is protection of the marine environment. The environmental projects funded by the Foundation aim to safeguard the sea, both through awareness raising and educational activities in schools, and by involving local authorities and other stakeholders in joint actions designed to achieve tangible results such as a reduction in the amount of plastic waste and, more generally, its more sustainable management through the circular economy approach. In 2015 the Foundation provided support for **OLPA (Ligurian Observatory on Fishing & Environment)** and **CIRSPE (Italian Center for Fishery Research and Studies)**, working together to reduce water pollution from plastic by cleaning up the sea, the seabed and beaches. In the first year of the project **some 59,000 m² of costal areas were involved with collection of 800 kg of garbage** thanks to the involvement of 1,000 students, from Liguria to the shores of Latium. The local authorities played a key role both in the collection, management and disposal of this waste and in the development of proposals for new regulations and policies focusing more attention on the issue.



Giglio Island: site remediation and environment restoration

In 2015 the work to clean up the seabed following the removal of the wreck of the Concordia, which commenced in November 2014 under the direction of the [Micoperi Consortium](#) and the supervision of the [Environmental Observatory](#)¹³, was in full swing. The first phase, completed in February 2015, consisted of removal of mussel shells deposited on the sea bed (an area of approximately 4000 m²) by means of a non-invasive underwater suction system. This was followed by removal of debris from the wreck, which was scattered over an area extending about 90,000 m². This was done manually by scuba divers working up to a depth of around 50 meters, and also using two types of grab buckets, one specially designed and built for safe removal of this material. Also during the reporting period the subsea structures (platforms and anchor blocks) were dismantled and removed, as were the grout bags put in place to build the false seabed on which

the wreck came to rest after parbuckling, with the recovery of 25,263 metric tons of mortar. In the course of this operation some bags broke and their contents were scattered on the seabed; this debris will be collected at the same time as removal of the sediment deposited during the salvage operation, involving an area of about 34,000 m² and subject to approval of the associated procedure. The Observatory has confirmed that environment restoration operations are proceeding according to schedule and so as to minimize any inconvenience to the island's inhabitants; in particular, special attention is being paid to keeping noise levels down at the worksite and to guaranteeing the quality of the water, thanks to the substantial use of turbidity curtains. This has resulted in [ARPAT](#) (Tuscan Regional Environmental Protection Agency) certifying that the water transparency here is as good as the best that can be found anywhere in the sea of Tuscany.

PHASE

1 Removal and disposal of mussel shells deposited on the sea bed (an area of approximately 4000 m²) and released by the pontoons used in the salvage operation. Removal was performed by means of a non-invasive underwater suction system, thereby ensuring that the mussels were collected from the sea bed and transferred to the surface.

PHASE

2 Cutting and removal of the 11 anchor blocks used as part of the retaining system. Oceanomare Delphis, together with the [Centro Interuniversitario di Biologia Marina ed Ecologia Applicata \(CIBM\)](#) and the [Università La Sapienza di Roma](#), carried out marine mammal monitoring to ensure that any whales and other species present in and around the area of operations were protected. These bodies had the right to order the temporary suspension of work in the event of detection of marine mammals within a radius of 1000 m of the site.

PHASE

3 Cutting into pieces and removal of the 6 subsea platforms used during parbuckling and to provide a stable base for the upright vessel. Removal of grout bags and materials for additional stability of the hull (fastened using Water Glass) from the surface of the 3 main platforms.

PHASE

4 Disposal of the different types of grout bags put in place to build the false sea bed on which the wreck came to rest after parbuckling, with removal by means of various lifting methods and techniques designed to move the bags intact. This entailed designing and building a special grab bucket for safe removal.

PHASE

5 Removal and disposal of the sediment deposited on the sea bed during the salvage operation; different state-of-the-art techniques used depending on the depth of the sediment.

PHASE

6 Removal of the debris using various methods according to the depth, type and volume of the material concerned.

¹³ www.regione.toscana.it/-/osservatorio-costa-concordia



Analysis and monitoring activities at Isola del Giglio¹⁴

| ORGANIZATIONS INVOLVED | TYPE OF ANALYSIS CONDUCTED |
|--|---|
| Università La Sapienza - Roma/CIBM Livorno | <ul style="list-style-type: none">• 714 tests (about 14 samples analyzing 82 parameters) on the water inside and outside the area• 2,172 ecotoxicology tests on the water, sediment and marine organisms |
| Oceanomare - Delphis | <p>NOISE</p> <ul style="list-style-type: none">• 125 measurements, 1,840 minutes of recordings analyzed (during site remediation) <p>MARINE MAMMAL ACOUSTIC MONITORING</p> <ul style="list-style-type: none">• 220 (PAM, Passive Acoustic Monitoring) noise measurements of the presence of whales• 2,830 minutes of recordings analyzed• 2 acoustic measurements of the presence of whales in the area <p>SIGHTINGS OF MARINE MAMMALS</p> <ul style="list-style-type: none">• 202 sighting surveys• 4,192 km traveled in 528 hours of visual monitoring at sea• 8 sightings of whales |
| UniGenova/CIBM | <ul style="list-style-type: none">• About 3,800 samples tested for 6 chemical/physical parameters on the water outside the hull, collected using a multi-parameter probe• Approximately 48 samples analyzed for sediment flows (4 samples per month)• 255 days of 24/ 7 direct monitoring of chemical/physical parameters of the water, as well as of intensity and current direction• 41 mineralogical tests on trapping samples for a total of 428 minerals (12 minerals for each test) |

¹⁴ Data as of 03/15/2016





SEA **YOU** TOMORROW

Our movement worldwide creates opportunities for everyone. We work with passion and commitment to make this possible for all our stakeholders. For our guests, who we want to enjoy a truly memorable vacation, and for our people, who we want to feel part of an inclusive and stimulating environment. Wherever we go, we take with us the desire bring together the world's peoples and cultures.



CITIZENS OF THE WORLD

*Taking people to the finest destinations all over the world and showing them splendid cultural attractions and natural scenery means not just offering our guests truly exceptional vacation experiences but also making a commitment to play a positive role in the **wellbeing and economy of local communities**. In many of the destinations in our brochure, our ships account for the lion's share of incoming tourists. At the same time, we know full well that our customer satisfaction levels depend in particular on the welcome guests receive and the quality of their vacation experience not only on board but also ashore. In this relationship there is a built-in reciprocity underlying the **sustainability of our *modus operandi***, which translates into the establishment of solid relations with the relevant organizations and our network of local partners, the ultimate aim being to consolidate business opportunities and support projects that ensure substantial long-term benefits locally.*

Sharing of value with the local community

The introduction of new itineraries and the addition of new stopovers to the brochure provide great stimulus for growth and development of local communities, bringing significant economic and social benefits.

The initial impact stems from the investments often required to upgrade terminal areas and facilitate both the transit of cruise passengers and transport links to places of interest within reach of the ports. In addition to the employment opportunities associated with the management of these port facilities is the development of commercial and entrepreneurial activities involved in the supply chain, particularly supplies of fresh food and non-durable consumer goods, as well as transport and associated services related to shore tours.

Costa Cruises' presence and its ongoing partnerships with local stakeholders provide an opportunity for capacity building in the field of tourism by means of the development of hospitality facilities and new forms of safety management for cruisers in transit. This is done through the training of new skills in situ and the transfer of competency and specific know-

how, with coaching of local people in those destinations where there are no dedicated hospitality training centers. At the same time, the continuous focus on safety issues in and around cruise terminals and ports also helps improve safety standards in the local area generally.

The sharing of know-how with the local community equates to the transfer of value and helps raise awareness of the area's cultural heritage and – above all – of the need to preserve heritage assets and manage them correctly for the future. Cooperation with local communities is therefore an important aspect and one that helps ensure that the hospitality provided is in line with cruisers' expectations; at the same time it also helps them appreciate more not only the beauty of a place but also its cultural roots. To facilitate this process, Costa Cruises holds special training sessions for crew members while guests going ashore are briefed beforehand in order to avoid misunderstanding and possible distorted perception of a destination; the aim is to ensure sensitization to the importance of showing respect for local cultures and traditions.

Savona cruise hospitality project

As part of the Memorandum of Understanding between the **Municipality of Savona** and Costa Cruises, the latter (within the framework of its efforts to promote local development) began the joint management – under the terms of an agreement with the Municipality, the **Port Authority** and the **Chamber of Commerce** – of the “Info Point” located in the port next to the cruise terminal; the goal is to help improve the quality of service and tourist information provided for the Company’s guests. Also planned in this regard are a series of development projects with local business associations; one example is **Savona 2.0 Accoglienza turistica diffusa**. 35 Savona retail outlets will display a special logo, meaning that their managers have done a training course providing them with details of the cruise industry and of the typical profiles of cruise passengers and their expectations.



Support for the local community

100

**HOURS
OF VOLUNTARY WORK
(IN THE FIRST MONTH
AFTER LAUNCH)**

Costa Cruises has always had a positive influence on communities by means of philanthropy and support of local charitable, educational and cultural organizations, in Italy and abroad, through financial and in-kind donations and, more recently, also by launching a structured **employee volunteering program**.

All of this is aimed at supporting the community by assisting non-profit organizations engaged in social betterment (with a special focus on women and youth) and environmental projects which are in line with the priorities of the **Costa Crociere Foundation**.

COMMUNITY SUPPORT INITIATIVES

Specifically, in 2015 Costa once again supported the “**Invitational Shipping Pro**

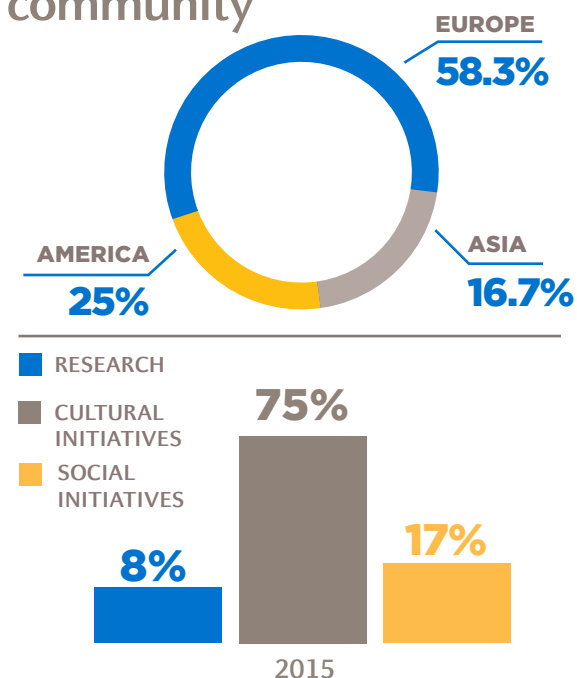
Am” (now up to its 11th edition), a golf tournament originally established by a group of shipowners from Confitarma (Italian Shipowners’ Confederation), the proceeds of which were donated to the Fund for Kidney Disease in Children at Gaslini Hospital in Genoa.

The Company made a donation to **OXFAM-Women’s Circle** at a charity evening raising funds for the empowerment of women and helping them overcome famine and poverty.

Costa also played an active part in promoting the **Coffee4Change** fundraising efforts launched to fight poverty among small coffee farmers and their communities in the southern hemisphere; the campaign was inspired by the Neapolitan tradition of the *caffè sospeso* or “suspended coffee”, the



Contributions to the community



Costa Victoria

welcomed on board 100 children from the **Burma orphanage in Thailand**, during a Christmas Day stopover in Phuket, thanks to liaison with the local Rotary Club; the kids saw a Christmas show staged specially for them with a visit by Santa Claus, a buffet lunch, games and other entertainment.

Costa neoClassica

hosted young guests from the **Foyer Sainte Famille orphanage in Diego Suarez, Madagascar**, who saw a show starring the ship's resident performing artists and had afternoon tea together with the Costa staff.



custom of leaving money to pay for coffee to benefit a stranger who cannot afford it.

Costa Cruises also donated a number of cruise holidays as prizes in **charity lotteries**, mainly held by associations and organizations providing support for people with disabilities and doing research into genetic diseases.

On board Costa's ships, ambassadors for excellence in ports of call around the world, special events and shows were arranged during the reporting period for children from orphanages in some of the local communities in the places on the regular itineraries.

SUPPORT FOR CULTURAL ORGANIZATIONS AND INITIATIVES

With regard to cultural initiatives, in addition to the consolidated partnership with the Municipality of Genoa promoting the UNESCO World Heritage listed **Palazzi dei Rolli**, Costa Cruises was one of the sponsors of the exhibition at Palazzo Ducale entitled **From the Impressionists to Picasso** (on from September 2015 through April 2016) and employees had the chance to see it free of charge. Meanwhile, in 2015 Costa renewed its sponsorship of the Municipality of Savona's **Thursday Music** summer program of concerts and entertainment for residents and tourists.



Launch of employee volunteering program

2015 saw the commencement of a first for the Company – an initiative designed to enable the active engagement of Costa Cruises' employees in community support programs; for the first time all of the workforce can choose to play an active part in this commitment by volunteering their time to assist non-profit projects and do community service one day a month in exchange for a day's pay. The program kicked off with a series of calls to action – resulting in the participation of around 40 people – in favor of the **Comunità di Santa Egidio**, with the preparation and distribution of meals in a soup kitchen for people in need, and for the **Consulta Diocesana**, with support for shelters and refuges in and around Genoa. This idea of community service, allowing employees to contribute skills and knowledge to a not-for-profit organization and thus make a difference to people's lives, ties in with Costa's aim of strengthening its links with the local communities in its ports of call, and will soon be extended to include shipboard personnel, precisely with the goal of enhancing the ships' role as roving ambassadors for the Company's model of corporate social responsibility.

Costa Cruises aid for refugees

When you think of the sea and its vast horizons you automatically associate this with a sense of freedom and the excitement of travel. This is in stark contrast to the harsh reality of the seemingly infinite series of news reports of tragedies in the Mediterranean Sea involving refugees and migrants fleeing their home countries because of war, persecution and oppression in the hope of finding freedom, security and justice. In response to this emergency, Costa Cruises decided to donate €100,000 to projects being undertaken by **Médecins Sans Frontières (MSF)**. Since 2002 MSF has worked in collaboration with the Italian Ministry of Health to provide medical assistance at the **Centro di Primo Soccorso e Accoglienza** in Pozzallo, offering first aid and counseling both in port and at the processing centers in the Ragusa province of Sicily. In May 2015, MSF started deploying three SAR vessels based in Pozzallo for search and rescue operations when needed.



The Costa Crociere Foundation's social projects

A year after its establishment, the Costa Crociere Foundation's program has expanded with the launch of new projects all sharing the same ultimate aims of making a positive impact, helping to bring about change, enhancing the empowerment of people and preserving the natural heritage.

Thanks to the resources made available by Costa Cruises and its partners, in addition to environmental projects (see page 59), in 2015 four new multi-year social projects, focusing in particular on the professional training of young people, were launched, making a total of nine and boosting efforts to fight poverty and

squalor by means of social inclusion of the disadvantaged.

The Foundation provides resources for projects¹ chosen using a transparent and impartial evaluation process designed to select those proposals that are most effective and in line with the priority areas for the allocation of funding defined each year by a Board of experts.

¹ For further details of the projects and initiatives carried out by the Costa Crociere Foundation, see www.costa-crociere-foundation.com.



COMUNITÀ DI SANT'EGIDIO

During the year the Community distributed over **87,000** hot and cold meals in the soup kitchen in Genoa to those in need, in a familiar and welcoming environment; indeed, for the homeless, it is important to also provide social fabric and the chance to interact with other people.



TODAY, TOMORROW, TO NINO BY FOCUS – LA CASA DEI DIRITTI SOCIALI & **COLLABORIAMO** BY IL LABORATORIO

These projects provided study support for NEETs, i.e. young people who are Not (engaged) in Education, Employment or Training. To date around **400 youngsters** from all over Italy and many parts of the world have taken part in schemes providing over **2,000 hours of training** and work experience placements for youths who come from disadvantaged backgrounds and have dropped out of school or are at risk of doing so.



MATECHEF BY CIES (CENTER FOR TRAINING, EDUCATION AND DEVELOPMENT)

This project provided a highly specialized professional training course in the culinary industry for disadvantaged youth, using **cooking as a tool for social integration** leading in 2016 to the establishment of a “social bistrot” in Rome's Garbatella district, employing the young trainees. *MaTeChef* is a concrete example of synergistic integration between the Costa Crociere Foundation and the Company: Costa's Corporate Chefs provided their experience and consultancy to make the bistrot competitive and a going concern.



FACULTY OF ENGINEERING IN GENOA

The Foundation offered **10 merit-based Bachelor's Degree scholarships** for young people from underprivileged backgrounds. The path also includes the direct involvement of Costa Cruises' management in mentoring activities.



HUMAN CAPITAL, OUR GREATEST ASSET

*Human capital is a vital asset for Costa Cruises and the decisive factor guaranteeing the success of the Company over time. This is reflected in the results we have obtained over the years, which would not have been possible without the commitment, enthusiasm and contributions of all those who work with us. Whether they work **on board the ships** or in our **shoreside offices**, our employees have specific skills and competencies but, more than that, each one is a personal ambassador for **Costa's unique style and hospitality**. For this reason it is our firm conviction that sustainable development and socially responsible business are impossible without a work environment that is inclusive, motivating and **capitalizes on our highly diversified and multicultural workforce**, turning this, Costa Cruises' defining characteristic, into value for guests, the Company and its people; the end result is an excellent organization which is at the forefront of a continuously evolving industry.*

A valuable form of capital that is growing around the world

Again in 2015 Costa created new jobs, turning its growth on international markets into employment opportunities, especially for crew members and personnel providing entertainment and hospitality services on board the ships, who account for 90% of the Company's workforce. Indeed, the average number of shipboard employees during the reporting period rose in all geographic areas, especially Asia and Central and

South America, with an overall year-on-year increase of 9.5%, involving all age groups.

The breakdown by area reflects the Company's truly global dimension and its capacity to attract human resources from all over the world in its areas of operations.

All Costa Cruises' employees (100%) are covered by cruise industry collective bargaining agreements.

Breakdown by gender

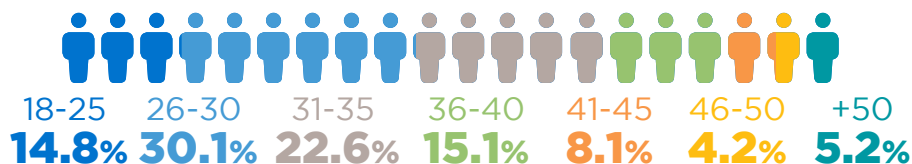


Costa Cruises confirmed among Italy's TOP EMPLOYERS

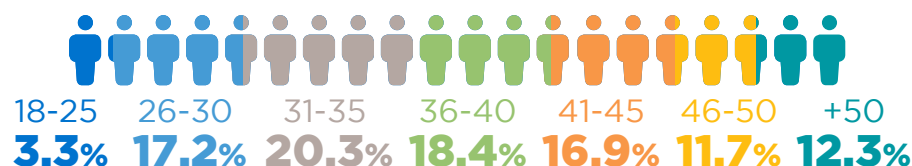
Following initial recognition gained in 2014, Costa Cruises was named as one of the 63 *Top Employers Italia* also in 2015. This confirms that Costa has pride of place in the Italian league table of the ideal companies to work in according to the Top Employers Institute. The HR Best Practices evaluation criteria embrace 9 aspects: talent strategy, workforce planning, on-boarding, learning & development, performance management, leadership development, career & succession management, compensation & benefits, culture.

Breakdown by age group

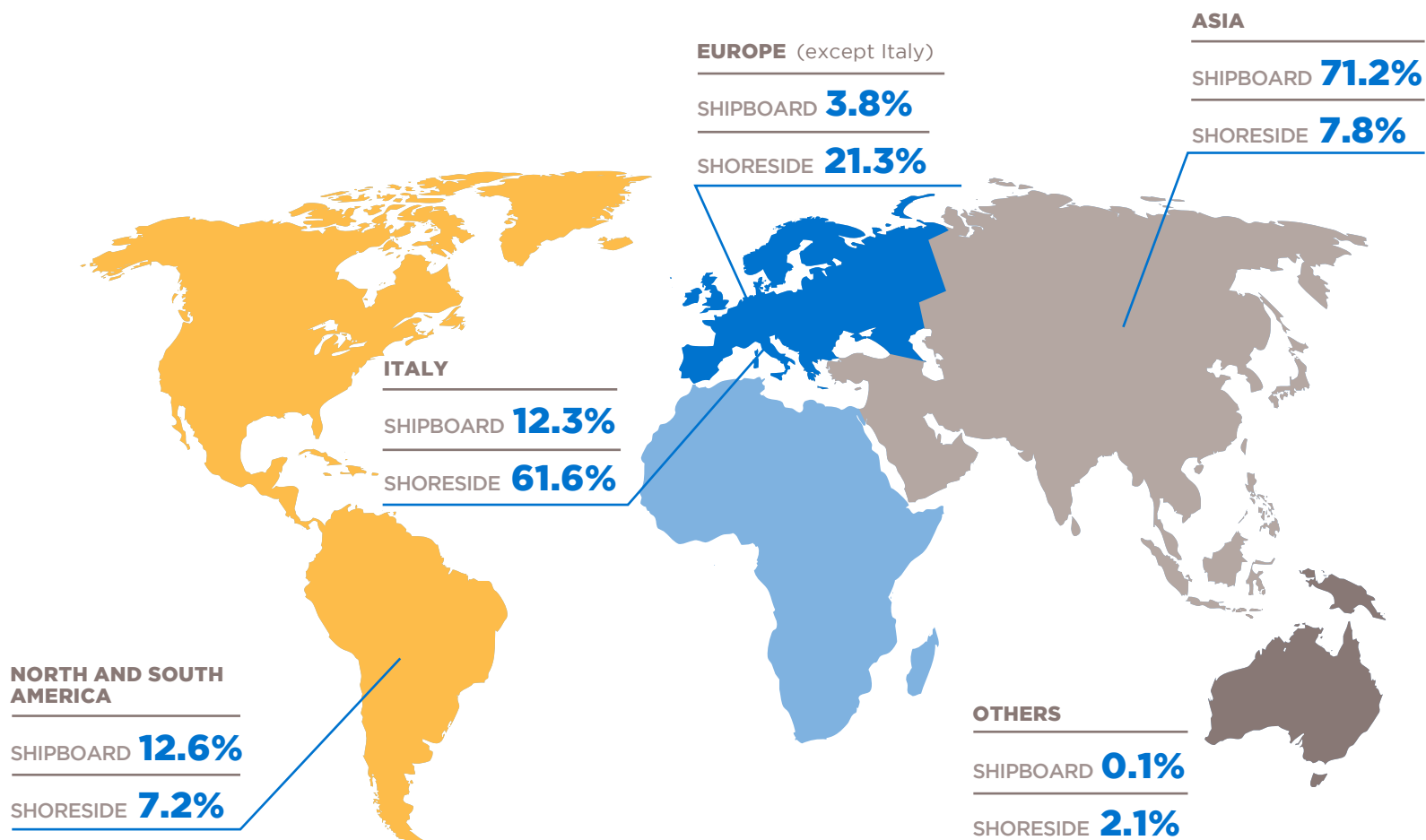
SHIPBOARD



SHORESIDE



Breakdown by geographical area



JOINING THE WORLD OF COSTA

Development of Costa Cruises' human capital depends on effective recruiting and employer branding; this is done in ways that also generate a positive impact on a significant portion of the Company's relational capital. Given that it is a global operator with an extremely wide range of professions, particularly as regards shipboard personnel, Costa makes substantial use of web-based platforms and professional social networking sites (in particular LinkedIn and Monster) as well as its own recruiting site* to search for talent; these channels have proved very effective in terms of applications and headhunting.

The selection process is conducted in partnership with schools for culinary arts and hotel management as well as secondary schools providing hospitality and tourism training both in Italy and abroad, partly so as to build dedicated educational paths leading to jobs on board. The idea of working on a cruise ship appeals to many young people from all over the world but not everyone is aware of what the job actually entails in terms of aptitude, skills and – above all – the ability to adapt to life on board. **Costa Cruises** has set up **8 training schools** for new hires in Italy, Brazil, China, the Philippines, Indonesia, India, Vietnam and Peru. They feature training laboratories simulating core activities in fully functional facilities with mock-up cabins, restaurants, galleys, bars etc. Following hire, thanks to the special mentoring program, each new crew member is supervised and coached by a more experienced colleague who

helps them settle in and adjust to their new work environment.

Specific recruitment programs (run in collaboration with the European Social Fund as well as regional and provincial public bodies) aimed at first job seekers are held regularly and stepped up ahead of the addition to the fleet of each new ship.

Meanwhile, Costa's partnership with the **Accademia della Marina Mercantile** (Merchant Marine Naval Academy) in Genoa is very important in terms of recruitment of Cadet Officers; seafarers start work after undergoing basic training consisting of four theory modules in the academy and three periods of embarkation totaling 12 months of seagoing service. The alliance with the Academy is beneficial not only for Costa Cruises but also for seafaring generally insofar as trainees are required to comply with the Company's very high standards and have the skills and competency required to work on board state-of-the-art cruise ships equipped with the latest technology.

Costa Cruises firmly believes that its ties with the academic world should be aimed at sourcing talent and at the professionalization of people entering the labor market. To this end the Company cooperates very actively with many international universities and business schools (in particular the Bocconi and ESCP Europe), participates in career days, job fairs and workshops for young graduates, provides assistance for students drafting a degree thesis on relevant subjects, and offers traineeships and work placements to those who have recently graduated.

*www.career.costacrociere.it/en



A quality partnership giving young people future prospects

As part of the initiatives under the Ligurian Regional Administration's Youth Plan designed to create stable, quality employment for the 16-34 age group, the *Progetto Maestrale* was run by lead partner *Fondazione dell'Accademia Italiana della Marina Mercantile* together with Costa Cruises and other operators. The project was included in the long-established strategy of vocational training in "clusters". There were 8 training paths for Staff, Hotel and Deck & Engine positions, with duration ranging from 258 to 616 hours. The scheme kicked off in fall 2014 with a course for pizza chefs and ended in August 2015 with the third edition of the Cruise Staff course. The project saw the involvement of a total of 141 trainees and resulted in 128 of them finding employment.

Costa recruitment



VISITORS

614,159

FROM 200 COUNTRIES

339,817 NEW VISITORS



NEW OFFICERS ON BOARD

36 CADET DECK OFFICERS

36 CADET ENGINE OFFICERS



EUROPEAN TECHNICAL INSTITUTES

500 PUPILS FROM EUROPEAN TECHNICAL INSTITUTES IN THE THIRD EDITION OF THE PROJECT **SAILOR - THE SHIP OF ORIENTATION**



TRAINING WORLDWIDE

8 TRAINING SCHOOLS

2,890

TRAINEES IN 2015

Investing in our people

In a constantly evolving global context, the ability to interpret and respond with adequate flexibility to the new challenges posed by the market and by the significant developments taking place in the cruise industry requires highly motivated people geared to change with the right skills to fill key positions within the organization.

The goal of Costa Cruises' new **People Strategy** is to integrate into its business model the vital features of management

and development of human capital enabling us to retain our competitive advantage over time. The new strategy lays the groundwork firstly for the creation of innovative tools and means oriented towards harnessing engagement and passion, which are key to success, and – secondly – for the guaranteed consistent application of tools and means for talent development and heightening Costa people's awareness of their importance within the organization.



**INCORPORATION
OF THE NEW
LEADERSHIP MODEL**

ALIGNMENT OF PERFORMANCE MANAGEMENT
SYSTEM, TRAINING METHODS AND
DEVELOPMENT POLICIES

RECOGNITION
AND DEVELOPMENT
OF TALENT

Engagement leads to interaction

Motivation, commitment and above all a sense of responsibility are essential for the purpose of creating the right work environment for fulfillment of objectives and targets. This was the thinking behind our information and engagement plan for Costa's shipboard and shoreside employees; the aim is to illustrate the corporate strategy and ensure that each person fully appreciates the importance of their role vis-à-vis the various initiatives envisaged. The plan is based on extensive use of the intranet portal *CostaPlanet* and of the shipboard TV channel, backed up by meetings with senior management representatives directly involved in disclosing details of the key elements of Costa Cruises' strategy.

Communication and interaction with our human resources is vital also for the purpose of sharing values and results as well as information about the product. Two-way dialogue with shoreside and shipboard employees takes place bearing in mind the great cultural diversity of the workforce and promoting the exchange of experiences and suggestions, this being a prerequisite for change and innovation.



COSTA
NEWSLETTER
November 2015

Costa Crociere
**MANAGEMENT
DAYS 2015**
LEADERSHIP 3.0
Learning across all our business

"Testing our limits"

Costa Cruises Management Days 2015 took place on November 19 & 20 in our Genoa Headquarters and on board the Queen of the Mediterranean

At the start of this year's edition, Neil Palomba promised us a new type of fast-paced convention, based on a different approach and – why not? – on a more lighthearted form of social interaction: here's how it went...
Once again this year, all the Costa Cruises Directors from all over the world assembled for the end-of-year convention, renamed "Costa Cruises Management Days", which was held using an innovative shipshore formula: on day one the venue was our Genoa Head Office while on day two the location was our flagship Costa Diadema. This traditional meeting has always been an opportunity to compare notes with colleagues from Costa Cruises' offices worldwide, coworkers who otherwise see each other rarely during the year: it's a chance to assess together how we have worked, share strategies for the coming years and discuss a wide range of shoreside and shipboard issues, in relation to the increasingly ambitious objectives that the Company invites us to fulfill.
At this year's edition, proceedings kicked off with the Costa Group CEO Michael Thamm who, together with our President Neil Palomba, provided an economic and strategic overview of the Company, which has performed well in 2015 despite the many difficulties and the unfavorable political situation. We've confirmed our position of leadership as a highly successful key player in the industry. Michael Thamm also congratulated everyone on the efficiency of our shipboard and shoreside organization, and confirmed major investments in the Costa Cruises brand, along with a large-scale digitization plan that will bring huge benefits for all of us.

CREATING OPPORTUNITIES AND MANAGING ORGANIZATIONAL DEVELOPMENT

For Costa Cruises the enhancement of individual expertise and talent is the most important way of bringing about the development of its human capital and of its corporate organization.

All the management processes handling the stages of selection, training, skills development, definition of objectives and evaluation of performance are applied with a view to providing opportunities for integration and professional advancement in a multicultural working environment.

In 2015 the Company focused in particular on a review of Hotel Operations positions and responsibilities. The review of career paths and consequent updating of Job Descriptions involved around 140 posts.

Costa's global dimension and the specificity of the cruise business enable a wide range of structured career paths. In accordance with the strategic approach, positions vacant are filled mainly by means of structured paths of internal mobility, managed partly by the use of the Job Posting Opportunities section of the corporate intranet, used as a job search engine and showing positions available within the Company worldwide. Job rotation is encouraged among Costa's Italian employees also so as to favor career development abroad.

Capitalizing on our expertise in a center of excellence

The opportunity of capitalizing on our pool of expertise combined with the need to advance the organization and respond to the evolution of the cruise industry led to the setting-up of Carnival Maritime, the new center of excellence for Marine Operations based in Hamburg and tasked with management of all technical matters for the ships operated by the brands Costa Cruises, Costa Asia and AIDA.

This new Marine Service Unit will serve the Costa Crociere Group of the future, ensuring cutting edge Marine, Technical and HESS management and constituting a highly innovative industry model. The new facility brings together international expertise and best practices from operating units in Italy (Genoa) and Germany (Rostock) including Marine HR and the monitoring functions, which are crucial factors in terms of successful coordination between the ships and Carnival Maritime's shoreside units. Carnival Maritime will help bring about the further growth of the Company; one of its main tasks will be to design and develop new generation ships, which will be more environmentally friendly, technologically advanced and equipped with ultra-modern amenities providing a unique cruise experience*.

During the reporting period 64 positions were advertised and filled (including 6 by means of internal channels).

In line with the principles of corporate responsibility and with stakeholders' interests, Costa Cruises liaises productively with trade unions and employers' associations on all levels.

By means of ongoing dialogue with all industrial relations stakeholders, the Company seeks to obtain shared solutions and deal with possible critical issues using constructive arguments and reasoning; the ultimate aim is to reconcile the needs of the business with those of the individual.

*www.carnival-maritime.com

RECOGNIZING TALENT AND HONING SKILLS

Costa Cruises helps each employee appreciate their role in achieving business objectives and plan individual training actions in line with the person's position, department and career development path.

Among the talent development tools implemented in 2015 were the new leadership model, the set of associated skills mapped and divided by professional position, and the new **Performance Management** system, with a greater focus on sharing of responsibility (by assigned area and position) and on dialogue and management of feedback. The Company's remuneration system is designed in accordance with its approach

to the recognition of talent. The wage structure differs according to the category of employee and the particular position. Basic pay, benefits and incentive schemes are in line with industry standards and designed to guarantee remuneration based on objective criteria for all employees in the various countries in which Costa Cruises operates.

Professional training, the other vital component of development, is structured so as to meet the demands for the development of professional and leadership skills in the two main areas of hospitality and maritime competency and in the areas regarding the shoreside operational functions.

The plan implemented in 2015 guaranteed the continuity of development of the

The ship as a "School of Trades"

This is the aim of the new project designed to enhance Costa's partnership with leading Italian levels of professionalism by means of intensive training and sharing of know-how.

The first initiative – arranged in 2015 for the Food&Beverage Director, Food&Beverage Assistant, Bar Assistant – was a one-day workshop at *Università del Caffè illy*, honing coffee-making skills, engagement and sensitizing shipboard personnel to the importance of the part they play as ambassadors. The practical module was attended by 28 people, who did an end-of-course test leading to issuance of a certificate. The theoretical module was supported by a series of short videos summarizing the highlights of the workshop.

The success of this project strengthened the conviction that the activities conducted in collaboration with *Università del Caffè illy* are an extremely effective way of perfecting the skills of food handlers and other personnel. At the same time, it confirmed Costa's determination to pursue standards of service excellence matching the inherent quality of the ship. Other "Schools of Trades" are planned for 2016 in conjunction with Ferrari, Barilla and Cast.

basic knowledge required in several key areas, such as shipboard safety, and considerable efforts were also concentrated on training in support of the review of the product and the service. Some of the main topics were the review of the *food experience* and shipboard hospitality; the latter was the focus of *Here for you*, an interactive program involving all shipboard personnel, more than 15,000 people, and the associated transfer of skills to the teams on board, guaranteed by the *Train the Trainer* courses.

Costa's Officers regularly attend training and refresher courses at **C-Smart in Almere** (Netherlands), Carnival Corporation's state-of-the-art training center equipped with cutting-edge full

mission bridge simulators providing participants with access to the visual environments of some of the world's main cruise ports, the operation of the engine room and the emergency systems.

+15%
YEAR-ON-YEAR
TOTAL INCREASE
IN TRAINING
HOURS

+5%
ON A PER
CAPITA BASIS

brands so as to create high

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of our partners' products.



A WEALTH OF DIVERSITY, A COMMITMENT TO INCLUSION

Having employees from 70 different countries means that Costa Cruises can draw on a uniquely rich pool of human resources, thus fostering growth and impacting positively on customers, the product and service. Our diverse and global workforce enables us to interact with and really relate to guests from all over the world and understand their needs; also, by leveraging the power of diversity and promoting workplace inclusion at all levels we can hone our ability to innovate.



Inclusion and the fostering of diversity are subjects that touch on the business interests of the Company but, at the same time and above all, they are an expression of the ethical principles

of modern civil society which our stakeholders are also increasingly concerned about.

By means of our Diversity & Inclusion Program launched in 2015, Costa Cruises bolstered our actions to turn the differences that are one of our distinguishing features into an asset to be safeguarded, enhanced and capitalized on, ensuring an inclusive work environment with equal opportunity, where no form of discrimination or harassment is accepted.

In this sense the HR Director and the Learning Officer lead the associated consciousness-raising process and play a vital role in the induction and integration of new hires into the multicultural, heterogeneous work environment on board cruise ships.

A single workforce, lots of diversity to be safeguarded and enhanced

| | |
|--|---|
|  GENDER | Promote female employment, since women account for 60% of Costa's shoreside workforce but only 15% of shipboard employees: due to the lengthy periods away from home and family, women are generally less inclined to take up a career working on board ship. |
|  GENERATIONS | Reduce the generation gap and mitigate potential conflicts arising between different age groups living and working together; capitalize both on the drive and energy of youth and on the advice and experience of more senior employees. |
|  DISABILITY | Extend employment opportunities for people with disabilities, currently linked to shoreside positions, in compliance with the relevant legislation. |
|  ETHNICITY | Respect religious and culinary traditions and customs. Facilitate multicultural integration by means of job rotation. Promote affirmative action to increase the number of non-EU employees in managerial positions. |

Costa Cruises participates in the “Diversity at work 2015” forum

Costa’s multicultural setting has always been one of the essential distinguishing features of our business based on hospitality. Promoting diversity and inclusion in a work environment like ours means leveraging the power of diversity and fostering talent. In this context Costa Cruises decided to take part in “**Diversity at Work**”, an annual meeting organized by **Sodalitas** to facilitate inclusion at work for people belonging to groups most subject to discrimination such as those with disabilities, foreigners and transgender people. One of last year’s “Diversity at Work” events was the **Career Forum**, held in Rome on November 24 and 25, putting businesses in touch with possible candidates for employment. Costa Cruises was directly involved in the various activities supporting the participants, helping them to write their CVs and prepare for job interviews and actually conducting preliminary interviews. Following this, in 2016 one of the candidates started an internship in a position in our Procurement & Supply Chain Department.



DIVERSITY ACTIONS LAUNCHED IN 2015



Creation of a **Counseling Center** for the management and development of diversity initiatives.



Addition to the Performance Management system of expected behaviors regarding respect for diversity and equal opportunity.



Use of shipboard TV to broadcast programs made by crew members dealing with diversity issues.



Creation of the **Welfare Food Committee** to determine the culinary needs and traditions of each ethnic group and cater for crew members accordingly.



CUSTOMER CENTRICITY

*It is our job to make sure Costa Cruises' guests enjoy a unique, one-of-a-kind experience on board our ships and to **accompany them on a voyage of discovery to different places and cultures**. At Costa we believe that integrating sustainability aspects into the mix on board and ashore enhances the value of the vacation. Accordingly, we always seek the involvement of all the stakeholders who help organize the cruise holiday, this also **acting as a driver of continuous product innovation**. We want our customers to play an active part in this and, therefore, we encourage them to have their say in the decision-making process with a view to influencing our future development.*

Integrating sustainability into the customer experience

Costa Cruises' approach to research and development of products, services and new itineraries is geared to ensuring that the customer is always center stage – the value inherent in the relationships with its customers being the Company's most important relational capital – and that no effort is spared to make the cruise vacation experience special and indeed memorable.

Customers' opinions and expectations are constantly monitored and analyzed;

the resulting feedback is used to ensure that Costa retains its leadership when it comes to combining the quality of the service, the food&beverage and shore tours that respect local communities. This objective is achieved by working constantly to manage the impacts generated by the provision of hospitality for tourists while fostering natural and artistic heritage and promoting the economic and social development of the destinations sailed to.

Projects

In 2015 the Company focused on integrating sustainability aspects into a series of important areas of the customer experience.

NEW DESTINATIONS AND ITINERARIES

New routes and destinations are added to Costa Cruises' cruise programs every year to meet the demands of customers in search of novelty. In 2015 new options were offered for Mediterranean cruises by adding new port calls extending the range of tours available at existing destinations and enhancing the scheduling. Costa's commitment in this sense was partly in response to the temporary cancellation of calls in some places due to the associated security risk for guests.

ECO-TOURS

Eco-friendly excursions are in line with the development of the Company's approach to sustainable nature-based tourism, using alternative zero-impact means of transport (bicycle, trekking etc.). New eco-tours were added to the brochure in 2015, bringing the total number to 344, compared to 300 in 2014.

REGIONAL MENUS

Food is a cultural element embracing the history of a place, conveying its heritage and inviting you to visit. In 2015 guests fleetwide were treated to a culinary experience providing the authentic taste sensations of the different parts of Italy, with 20 regional menus devised after an 8-month study conducted by a team

comprising Costa's top Corporate Chefs. Meanwhile, the excursions to Slow Food Presidia are designed to ensure continuity between the cruise experience on board and the tours ashore, with the inclusion of areas that are off the beaten path but epitomize the know-how and expertise of Italy's extraordinary regional gastronomic traditions.



Bike-riding fun tours

Bicycles are the “workmates” for our Bike Escorts on the Costa Favolosa and Costa Fortuna. These people are not only passionate about cycling but also charismatic and natural leaders who take guests on excursions providing a taste of the finest European destinations – splendid cities full of artistic treasures and unspoiled nature – on two wheels. This is a brand new, dynamic and fun way of touring, a service specially designed for anyone who wants to combine fitness and sightseeing.

Each biking excursion has a maximum of 20 participants – with one Escort at the front leading the group and another one at the back – and the preference is to ride on bike paths, because they are safer and more convenient. The Bike Escorts not only run the excursions but are also in charge of bicycle maintenance and tour planning. During the rides they act as guides providing historical and cultural information.

The bikes used on these tours are such good quality that they become collectors' items once they are “discharged from service”. There was an example of this in December 2015 when **21 Olmo bicycles** from our shore excursions, with our Company's logo and colors, were auctioned at the Genoa head office. The proceeds from the sale – together with the funds raised at our annual Christmas Grand Bazaar – were donated to the “**Housing the Homeless**” project run by the newly established Costa Crociere Foundation. This initiative provided a home for 12 people in need in Genoa.

Keeping the promise made to the customer

In the decision-making process leading to the purchase of a cruise, the emotional component plays a key role, creating expectations of a very special kind of vacation. Therefore, during the sale it is important to carefully and clearly provide to the customer all the relevant details concerning the product and the holiday experience that they will have both on board and ashore; this, in turn, will enable the customer to evaluate the cruise fairly in terms of value for money, thus enhancing the Company's reputation, which is an essential part of business sustainability.

To help customers opt for the solution that best matches their demands and expectations, Costa Cruises uses the Internet and has an alliance with over 38,000 partner travel agencies located in **70 countries** worldwide, who are often

the first point of contact for potential customers.

Relations between the Company and its travel agents are direct and intended particularly to ensure their continuous training and updating re Costa's product and services; this is carried out both offline and online, respectively by means of the **Costa Sales Academy on Board** and the web platform **Costa extra**¹, the biggest Italian online business community in the travel industry, for agencies in Italy, France and Spain. These direct links with travel agents mean that the community can exchange information in real time, share experiences and benefit from mutual learning. At the same time, the use of webinars leads to a substantial decrease in the associated travel costs, which also helps reduce direct emissions.

¹ Web platform entirely dedicated to the management of communication to and from the Company.

The "Costa extra" community








Agorà Project: bringing us closer to our trade partners

The aims of the **Agorà Project** are to further strengthen the ties between Costa Cruises and its partner travel agents, promote the exchange of ideas and opinions, and share knowledge of the market. Launched in 2015, the first phase of this international program saw the involvement of a panel of 15 travel agents (selected nationally) called to share and discuss plans and strategies for future growth of the product with the Company's top management.

At the top of the agenda for these initial meetings were loyalty management initiatives, particularly the changes to CostaClub, the review of the food&wine experience and the method of communication with customers, with a view to enhancement of the guest experience through social media.

The feedback gathered at the first session of the forum was extremely valuable and it was taken "on board" by Costa's product managers. It is planned to hold Agora meetings every six months, with the participation of new trade partners in the working group so as to ensure that the different international business settings and markets are adequately represented.

How to contact the world of Costa

| | |
|---|--|
|  WEBSITE | <p>The number of site visits registered a 2.5% increase, confirming that the new way of depicting the shipboard experience was particularly well received.</p> |
|  CONTACT CENTER | <p>The Contact Center is one of the most important channels for managing the whole engagement process. It is open 24/7 via the toll-free number; in 2015 some 1,847,167 calls were fielded in the main markets (Italy, France, Spain). A special consultancy service is provided by means of phone appointments with experts giving assistance with the choice of cruise.</p> |
|  BROCHURE | <p>The Costa Cruises brochure is distributed to partner travel agencies and available online. It provides an overview of the product offer and is designed to guarantee that the content is transparent, accurate and complete. The Company's commitment to objective representation of its product is reflected by the direct involvement of the guests themselves as roving reporters: past and recent cruisers provide large amounts of input by posting photographs and impressions of their vacation with Costa on the social media platform, notably the sections called <i>Millions of Memories</i> and <i>Costa Cruise Tips</i>.</p> |

Once they have chosen their preferred cruise, the customer can select among the options developed by Costa to enhance the *customer experience*; the choice of extras was further extended in 2015. The magazine *Travel Talk*, now available in digital format, provides all the main information needed for a cruise – from how to find your cabin to when your luggage will be delivered – in the form of a series of easy to follow videos that are screened in the public areas of the ship and also on charter flights carrying guests to their port of departure.

The *Diario di Bordo*, with its new improved layout, provides further useful information for guests – e.g. the times of the various shipboard services, port arrival and departure times, a section dealing with food&wine events and the division of the entertainment listings into three periods during the day: *buongiorno*,

buon pomeriggio and *buona serata*. After the cruise, a comment form is emailed to all the guests; the aim of this online questionnaire is to determine the level of customer satisfaction. The responses are evaluated to work out which areas of service delivery require improvement and to measure guests' degree of loyalty. The Net Promoter Score², introduced in 2014 to assess customer satisfaction, was measured at 40%, an impressive result approaching the benchmark for excellence (50%).

The NPS is an index used to analyze respondents' perception of the distinctive features of the product; in Costa's case, key features surveyed included the food&beverage service, shore tours, shows and entertainment – these being deemed decisive in terms of whether someone would recommend a Costa cruise holiday.

² The NPS, introduced worldwide in 2003 by Bain & Company and Satmetrix Systems, is the industry standard measurement of customer loyalty.



Costa Cruises offers the “Best Mediterranean Itineraries”

This was confirmed by the readers of the prestigious US trade journal *Porthole Cruise Magazine*, who named our Company for this honor for the second year in a row as one of their 2015 Readers’ Choice Awards. We were very honored to receive this award because we consider the Mediterranean our home; during our 67-year history we have introduced a series of unique innovations in this strategic area: in 2015 alone we deployed some 12 ships in the Mediterranean Sea offering 27 different itineraries, ranging from 3 to 13 days, with 69 ports of call in 14 countries.

Customer satisfaction turns into loyalty: the new look CostaClub

CostaClub is a precious asset for Costa Cruises. The loyalty program has 2 million Members worldwide, making it a unique network and an excellent means of gathering feedback so as to continuously improve the product and the *customer experience*. In 2015, coinciding with its 15th anniversary, *CostaClub* was revamped with the introduction of two new membership levels, Diamond Pearl and Amber; the different levels confer differing and new benefits, including several exclusive features: *CostaClub Cruises*, theme cruises previewing the latest product innovations, held at the start of the year on the Costa neoRomantica and then in August on the Costa Fortuna to the Norwegian fjords; and a tour of the Costa neoClassica following its recent refurbishment for the Chinese market, at a special preview for CostaClub Members in the homeport of Savona. However, the biggest innovation announced in 2015 was the possibility of membership, and the associated benefits, also for people who are yet to go on their first Costa cruise.



Sharing the cruise experience

Costa Cruises encourages its guests to share their travel experiences and deems this exchange a very important part of its policy of dialogue and transparency as well as a means of enhancing its reputation and increasing its relational capital. To this end we continue to invest in a series of initiatives managed by means of the Company's web-based platforms based on the conviction that the cruisers' own accounts of the Costa experience are the most effective

form of publicity. The fact that more and more consumers are digital natives and enjoy sharing their vacation experiences online while they are away is seen as an opportunity to establish a direct link with guests and to obtain their immediate feedback. In 2015 Costa Cruises' increased presence on social networking sites continued to focus on sharing of content and compliance with the associated rules of community management.

| | | |
|---|--|--|
|  FACEBOOK | Europe's biggest virtual organized travel community 2,237,377 fans worldwide ³ | Increased community management service (average response time 15 minutes) |
|  TWITTER | 67,332 followers worldwide | Response time brought into line with the average on Facebook for Customer Care |
|  YOUTUBE | 6,273,119 total views ⁴ | Bruno Barbieri and <i>Turisti per Caso</i> web series produced |
|  INSTAGRAM | 9,790 followers ⁵ | Over 16,000 posts from users on board our ships |
|  MILLIONS OF MEMORIES | 3,012 reviews and photos ⁶ | |
|  COSTA CRUISE TIPS | 7,813 reviews ⁷ | |

³ Data as of 05/30/2016

⁴ Data as of 04/01/2016

⁵ Data as of 05/20/2016

⁶ Data as of 05/30/2016

⁷ Data as of 06/2016



Everyone on vacation with Costa's ships, without exception

Domenico has the travel bug and has been all over the world with his wife Francesca. Today, despite the fact that an illness means he has trouble getting around, he continues to travel and writes about his experiences online for the benefit of other physically challenged people who share his determination. One of Domenico's favorite forms of travel is cruising: at www.viaggiarepertutti.it he describes a recent

holiday on the Costa neoRiviera and explains how he was able to enjoy the experience to the full. In 2015 Costa Cruises' focus on social inclusion led to completion of a project re-launching specific training for those shipboard personnel who have most contact with guests with disabilities, starting with shoreside *Meet&Greet* employees and continuing with employees in charge of embarkation and cabin hospitality.



SUPPLIER ENGAGEMENT

*In the cruise industry there is often a direct correlation between the supply chain and the end product offered to customers. For this reason we consider ourselves an “extended enterprise”, i.e. a company that does not operate in isolation because our success is dependent upon a network of partner relationships based on a **shared path of research and development** of the best solutions to effectively address industry trends, while always furthering **responsible innovation** and **value creation**.*

A global and local supply chain

10,032
SUPPLIERS

LOCATED ON ALL
5 CONTINENTS

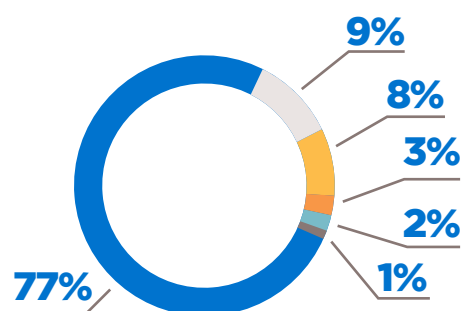
In 2015 Costa Cruises worked with 10,032 suppliers in Europe and the rest of the world, subdivided into five broad categories.

The Company's global procurement strategies are designed to ensure the development and integration of the different operational processes, reinforce internal synergies and capitalize on innovative aspects; in 2015 the combination of these factors led to consolidation of the trend towards increased efficiency of procurement activities.

Whenever possible Costa prefers

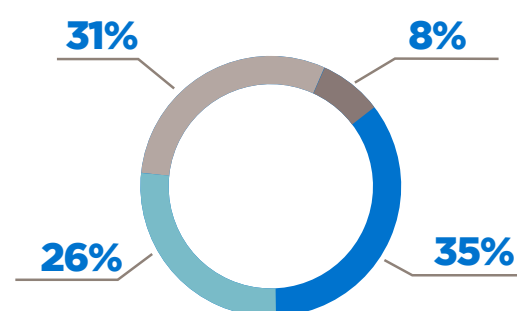
to use local suppliers insofar as the indirect economic impact generated by purchasing helps drive local social and economic development. The question of local sourcing of suppliers is also taken into consideration when planning procurement around the main ports of call, the objective being to reduce the impact generated by the associated logistical operations. This aspect is particularly important in Asia, which has been expanding rapidly in the last three years in terms of numbers of cruise passengers.

Distribution of purchases by sourcing area



■ EUROPE
■ ASIA
■ NORTH AMERICA
■ OTHER
■ SOUTH AMERICA
■ MIDDLE EAST

Distribution of purchases by type



■ FOOD & BEVERAGE
■ HOTEL
■ TECHNICAL
■ FUEL

Dry-docking entails a substantial investment and helps generate direct, indirect and induced economic impacts and benefits in and around the shipyards Costa Cruises makes regular use of. The complexity of the work entails the need for multi-year service contracts, which not only facilitate the planning of the associated investments, but also guarantee the availability of the dry-docks and port facilities required to carry out maintenance operations. In 2015, 13.3% of the fleet members were dry-docked. Planned maintenance was carried out on the Costa Atlantica and Costa Fortuna in shipyards in Shanghai and Marseille. The work performed – including the technical operations and the servicing and replacement of furnishings – entailed a total investment of approximately 31 million euros.

€31 MILLION

**INVESTED IN
DRY-DOCKING**



Introduction of low impact fire-fighting systems

As part of the dry-docking operations on the Costa neoRiviera, **3M™ Novec™ 1230 Fire Protection Fluid** was introduced on board for use as a highly efficient fire suppression material in 10 shipboard spaces containing critical facilities that must remain powered up and functioning at all times (propulsion systems, electric distribution boards, incinerators etc.). This clean extinguishing agent has outstanding environmental and safety properties with a 5-day atmospheric lifetime, a GWP (global warming potential) of 1 and zero ozone depletion potential. This fluid is a sustainable HFC alternative that works quickly, cleanly and efficiently to help stop a fire before it starts; it has low toxicity and provides a very wide margin of human safety.

A clear and transparent relationship

The creation of strong, lasting partnerships with suppliers depends on transparency and clarity in the processes of selection and performance monitoring, prioritizing equal opportunities and reward for merit. For the purposes of qualification, Costa Cruises uses objective evaluation criteria to assess technical aspects and the sound economic footing of suppliers, as well as their ethical, environmental, safety and quality record, taking into account the level of critical importance of each particular supplier. The accreditation process is completed by assigning “unconditional” or “conditional” qualification; the latter means that the candidate does not meet all of the evaluation criteria in compliance with set standards¹.

To become an official supplier, it is necessary to sign a contract and pledge to abide by Costa’s **Business Partner Code of Conduct and Ethics**, thereby undertaking to meet the Company’s expectations for legal compliance and ethical behavior. Given the complexity and interdependence of the logistics chain, Costa is extremely demanding with its

suppliers especially in terms of reliability when it comes to ensuring guaranteed deliveries in the various ports of call. By maintaining a continuous dialogue, there is a better understanding of each party’s needs and the Company can consolidate its partnerships with these stakeholders. In this regard, mechanisms are in place for performance monitoring and the sharing of improvement actions or measures to bring a supplier into line with set standards by means of annual assessments or management audits dealing with all the main aspects of the relationship with the supplier.

In addition to their performance levels, the Company’s strategic suppliers are monitored with regard to economic, financial and other factors that could potentially have an impact on business continuity with Costa Cruises. In 2015, 305 suppliers were subjected to financial monitoring. The outcome of the checks was largely favorable and there were no cases of suspension or termination of a contract.

¹ ““Conditional” qualification means that there will be a limitation on the amount of business that can be assigned to the supplier concerned. Initial qualification also depends on the outcome of a screening procedure and confirmation that the supplier does not belong to one of the categories of entities with which Costa Cruises, being a member of Carnival Corporation, is not allowed to engage in any business transactions insofar as it is subject to the laws and regulations implementing economic sanctions programs administered by the United States Department of the Treasury’s Office of Foreign Assets Control (OFAC Compliance Policy).

Sustainable procurement initiatives

The increased sustainability of the supply chain, linked to procurement of goods and services worldwide, is an important value, which is perceived first and foremost by customers; at the same time, it is also an objective bringing benefits

for the suppliers themselves, often acting as a driver of innovation. In this regard in 2015 Costa Cruises continued to map sustainability issues concerning ethical, social and environmental aspects pertaining to the different categories

of commodities involved, especially food&beverage, with a view to gradually integrating these issues into procurement policies and logistic management processes, thereby bringing about the mitigation of risks. This approach is less evident for technical supplies, such as fuel or spare parts for ships, where the number of suppliers is very limited, while it has been developed more intensively for hotel sourcing and food&beverage.

In 2015, the year of the Milan EXPO, which put the issue of nutrition on top of the global agenda of sustainability, Costa's commitment to sustainable procurement focused on foodstuffs and consumer goods. In addition to consolidated practices prioritizing seasonal produce and supplies of fresh food (mainly fruit, vegetables and fish) in the different ports of call, the Company established links with new suppliers, many of which are Italian enterprises and brands, based on a structured approach to sustainability, and launched a major project of cooperation with the *Università degli Studi di Scienze Gastronomiche di Pollenzo (UNISG)*, involving selection of the best producers of the ingredients used for the food&beverage service.

The first tangible result of this partnership was the introduction of pizza made exclusively with naturally leavened sourdough; the pilot project was implemented on the Costa Diadema. The keywords are quality, wholesome ingredients and local sourcing. The review of Costa's process of preparation of pizza – a dish that is set to become a

UNESCO world heritage treasure – was based on control of the origin and quality of ingredients, in pursuit of sustainability of the supply chain.

These criteria underpinned the choice of flour.

The sourcing of Italian ingredients also applies to the toppings used, such as tomato, mozzarella (produced exclusively from Italian milk), Prosciutto di Parma DOP and a new "Italian-made" technology as – for example, the sourdough mixer manufactured by Esmach, a Vicenza-based company which is one of the leaders in its field.

Caring for beauty and caring for nature

The idea of combining beauty care and care for the environment underpins Costa's decision to add the **Osmè line** of products to its complimentary toiletries on board.

Based on the antioxidant and nourishing properties of Aloe Barbadensis, this line of products is certified by Ecocert, it complies with Cosmobio standards and it fits in with Costa Cruises' focus on products made according to the principles of sustainable management of the supply chain.

100% Italian made, the Osmè product line makes no use whatsoever of synthetic fragrances and dyes, petroleum-based ingredients or GMOs. All Osmè cosmetics are **highly biodegradable** and paraben-free with no SLS, SLES, EDTA, HEDP or BHT. Scented primarily with botanical essential oils, the entire range has been engineered to minimize any environmental impact; Osmè's output is the result of the constant pursuit of effective product formulas **prioritizing environmental compliance and the sustainability of raw materials**. All products are clinically tested, nickel tested and suitable for vegans without use of animal products in the process or final formulation. The product packaging is made from recyclable materials such as cornstarch and the paper accessories are printed using soy-based ink.

Sustainable procurement

IMPLEMENTED
2015

| | | |
|---|--|---|
|  BUNKERING-FUEL | FUEL USED FOR SHIP PROPULSION | <p>Use of fuel in compliance with ISO 8217 (international standard) and regular random testing (for compliance with parameters) of bunker supplies (sampled on the fuel barge, on board and in the laboratory).</p> <p>Choice of a single global partner capable of ensuring uniform supply characteristics worldwide.</p> |
|  TECHNICAL | SPARES (SPARE PARTS FOR PLANT AND MACHINERY EXCEPT FOR ENGINE ROOM EQUIPMENT) AND TECHNICAL EXPENDABLE MATERIALS. FLEETWIDE ROUTINE AND EXTRAORDINARY MAINTENANCE SERVICES | <p>Positive impact on employment in the ports selected for dry-docking.</p> <p>Maintenance work managed on the quay (dry dock) with use of shore power installations.</p> |
|  HOTEL | PRODUCTS AND MATERIALS LINKED TO THE DEMANDS OF THE HOTEL SERVICES AND THE FITTING-OUT OF THE SHIP (MANAGED IN COLLABORATION WITH THE TECHNICAL SOURCING AREA) | <p>Eco-friendly complimentary cosmetic products.</p> <p>Biodegradable (MATER-BI) material used for dishes, cutlery, straws and excursion materials.</p> <p>Recycled paper used for information sheets on board.</p> <p>Linen made of special organic cotton.</p> |
|  FOOD& BEVERAGE | FOOD PRODUCTS INCLUDING SUPPLIES OF FRESH FOOD | <p>Strengthening and enhancement of partnerships with food companies active in the field of sustainability (Barilla, Illy, Agrimontana).</p> <p>Addition to the beverage range, of Piretti brand beer, with replacement of metal kegs by totally recyclable PET kegs, providing better protection of the contents, and longer shelf life both before and after opening.</p> <p>Review of the pizza-making process on board with use of sourdough and other ingredients from sustainable supply chains.</p> <p>Continuous review of the menus in order to foster local culinary traditions and source local suppliers, resulting in reduced impact of logistic activities.</p> <p>15% of fresh produce supplied directly from the ports of call.</p> |
|  WATER RESOURCES | SUPPLY OF WATER IN THE PORTS OF CALL | <p>Potable water supplied during stopovers (31% of the total) is sourced in areas of the world where water is not such a scarce resource.</p> |

FRESH
PRODUCE **15%**

**SUPPLIED DIRECTLY FROM
THE PORTS OF CALL**



Quality combined with reduced environmental impact: Birra Poretti

Quality plus a reduced environmental impact: this is the thinking behind the fleetwide introduction of beer produced by **Birrifificio Poretti** (a brand owned by Carlsberg Italia). Birra Poretti is made from quality hops and water sourced from the pure Valganna spring; production is based on seasonal factors and other sustainability criteria.

A significantly **reduced environmental impact** is guaranteed by both logistic considerations – namely, doing **away with metal kegs** that need to be returned to the port of embarkation – and by the technique used for serving the beer on draft. Not only is Poretti beer marketed in recyclable PET kegs, it is tapped without adding CO₂, using a compressor to provide dispensing pressure and thereby guaranteeing mitigated impact without affecting the hop-fresh flavor of the product.





SEA YOU TOMORROW

Our vision of the cruise of the future is guided by our determination to continue to pre-empt the industry by introducing pioneering and sustainable solutions. This, in turn, depends on the research and development of innovation. New ships and new hospitality ideas will provide a trend-setting travel and vacation experience designed to change over time and exceed the customer's expectations.



INTERPRETING THE FUTURE

*In order to pre-empt developments in the coming years and to design and deliver great travel experiences on our cruise ships, we require the **capacity to innovate** and, above all, awareness that the guests of the future will be looking for vacations focusing more and more on respect for the environment and the impacts generated by our business activities. Our choices are guided by our commitment to invest in the **gradual integration of sustainability aspects** in terms of both ship technology and evolution of the offer. Our sustainability roadmap is our response to the new challenges mapped and summarized in the Sustainable Development Goals. Our new LNG-powered ships embrace this vision and constitute a crucial part of our blueprint for the future of the customer experience for the cruise industry as a whole. In this context we chose to embark on this path favoring cooperation and exchange with all our stakeholders; their contributions are vital for the purpose of **exploring new horizons** and finding solutions that provide added value in line with our vision of sustainable innovation.*

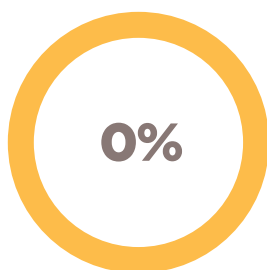
LNG: innovation on the way to a more sustainable future

The 50,000 global ocean-going commercial vessels are responsible for a small portion (less than 4%) of global CO₂ emissions. For perspective, with roughly 300 cruise ships in the world, the cruise industry accounts for just 0.6% of the global maritime fleet. Cruise ships are a small part of the overall maritime industry, but cruise companies have consistently demonstrated industry leadership when it comes to implementing tangible actions tackling the issue of climate change.

The Carnival Group's investment in ships powered by LNG, the world's cleanest-known fossil fuel, is a very important example of responsible innovation and the pursuit of solutions enabling the introduction of newer and more fuel-efficient vessels. Starting in 2018, the Costa Crociere Group will

be the first Company to launch LNG-powered cruise ships that use gas as fuel in ports and on the open sea. Liquid natural gas has been around for decades but a series of obstacles have until recently kept it from the cruise industry; once completed, the transition to LNG-driven vessels will lead to a considerable reduction in emissions and demonstrate to others, in the overall maritime industry, that LNG is a viable alternative and, above all, a sustainable choice in the long term. The vision underlying the strategic decision to transition to LNG is based on the need to be a forward thinking Company. With an average life cycle lasting several decades, a cruise ship requires an innovative design that pre-empts industry trends, guarantees to exceed environmental compliance and creates a greener and more sustainable planet.

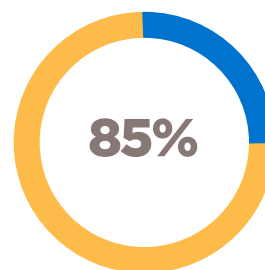
Benefits of switching from marine diesel to LNG



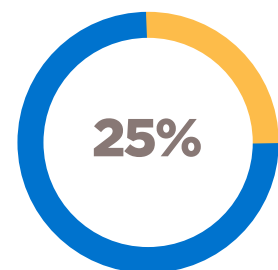
SULFUR DIOXIDE EMISSIONS



REDUCTION IN PARTICULATE MATTER



REDUCTION IN NITROGEN OXIDES



REDUCTION IN CARBON EMISSIONS

The transition to LNG is no easy task; however, its implementation is facilitated not only by Carnival Corporation's commitment to move to clean fuel but also by recent improvements both in the regulatory framework and in the availability of gas bunkering infrastructure. Because of the new regulations recently adopted by IMO (International Maritime Organization), there is a greater push in the industry today to build ships that can utilize cleaner burning fuel. Similarly, to comply with the latest EU directives, from 2020 ships will be required to use 0.5% low sulfur fuel in European waters; the new rules have already led to the development of programs for the building of alternative fuel infrastructure ensuring the availability of LNG throughout Europe. To this end, Mediterranean countries will need to bridge the gap with North Sea ports where there are already announced and developed plans for LNG bunkering. Italy is working on ways of taking advantage of the related opportunities. The Gainn Project (backed by [RINA](#) [Italian Shipping Register] and the [Italian Ministry of Transport](#)) involves the development of nine pilot projects in as many ports, with the objective of pre-empting domestic legislation (due to enter into force in November 2016) transposing the 2014/94/EU Directive, which lays down regulations for the use of alternative fuels and the building of

an appropriate supply chain for LNG. Elsewhere, the LNG-bunkering process in the main cruise markets is proceeding at differing speeds and unevenly. In North America, where the process is just getting started, the building of LNG-bunkering platforms should be favored by the plentiful natural gas reserves in that part of the world, although it is true to say that the LNG storage is not always where the cruise vessels operate. The Asia Pacific is quite another story, whereas Singapore, China and South Korea have invested in developing LNG as a bunker fuel, sulfur emissions regulations are only enforced in a few major ports and rivers like Honk Kong, Peral River Delta, Yangtze River Delta and the Bohai Sea. As a result, demand for LNG will likely struggle to get off the ground until stricter regulatory parameters – in line with those in Europe – come into force.

Increase in number of LNG-powered ships

MARCH 2015

59
SHIPS

FORECAST FOR 2020

1,000
SHIPS*

Cruise ships and impact

PORTION OF GLOBAL CO₂ EMISSIONS CAUSED BY OCEAN-GOING COMMERCIAL VESSELS

3% - 4%

CRUISE SHIPS AS A PROPORTION OF THE GLOBAL MARITIME FLEET

0.6%

* Source DNV.



RINA Group sets up the Gas Center of Excellence

A tangible response to the growing interest of shipowners in clean energy and the European master plan for the use of LNG as ship fuel has come directly from RINA with the recent opening of the **Gas Center of Excellence**. This new hi-tech facility will focus on research efforts designed to support companies engaged in the development of LNG-propelled vessels. The Gas Center of Excellence will make use not only of the shipping expertise of **RINA Services** but also of the naval architecture and marine engineering skills of **D'Appolonia** and of the RINA Group's **Centro Sviluppo Materiali** (CSM), which specializes in R&D of materials and applied technologies. RINA Services' specific competences will allow it to offer class certificates and inspection services in particular for ships and maritime terminals.

The new Center of Excellence will also perform surveys and provide classification services, especially for LNG-powered ships and bunkering terminals ashore and at sea. RINA's new facility will also be actively involved in engineering consultancy for the design, construction and operation of LNG terminals and the realization of training projects in line with the requirements of international conventions.

Leaving to one side the increasing regulatory demand for clean emissions, the establishment of favorable conditions for the implementation of LNG depends on the capacity of all the stakeholders to work together in a true partnership approach to ensure that the benefits of changing over to LNG are fully clear to all. This includes the definition of development goals shared with ports and institutional authorities. Carnival's commitment to LNG is expected to be decisive in persuading others in the industry to come around to the resource and follow the path to sustainable innovation. Based on this assumption, the Company has held a series of meetings with all those stakeholders who have the potential to juxtapose the demands of environmental and sustainability practices with those dictated by the need for operational efficiency.

SAFE TECHNOLOGY

LNG has been transported at sea for more than 40 years and the safety record is the best of all fossil fuels. The cryogenic nature of the fuel that needs to be taken into account and its use are regulated by the IGF Code¹, which contains mandatory provisions for the arrangement, installation, control and monitoring of machinery, equipment and systems using low flashpoint fuels. LNG itself is not flammable; methane – the vapor from LNG – is the cleanest burning fossil fuel. LNG is odorless, nontoxic and non-corrosive. Also, while a great deal of energy is stored in LNG, it cannot be released fast enough to cause an explosion.

With flammability limits of between 5 and 15% in air and a self-ignition temperature that is very high at 580°C (as opposed to 250°C for diesel) this is the reason that methane is the preferred choice of gas for use in home installations.

Looking at LNG's safety record and the associated standards, the risks posed to the ship, the crew and passengers are no more than with alternatives, and less still after taking into account the Company's stringent LNG-focused training and specific certification.

The enforcement of these particularly demanding standards means further progress can be made in mitigating any potential risks related to human error.

¹ International Code of Safety for Ships using Gases or other Low Flashpoint Fuels, designed to minimize the risk to the ship, its crew and passengers, and the environment.





The future of LNG

While worldwide there is plenty of natural gas, and there may be gas on tap where it is wanted, it is not available everywhere in liquid form or in the amounts that will be needed, so bunkering is a key issue. The main goal is to ensure that LNG is supplied where needed, and that there is an appropriate delivery chain. **Tom Strang, Carnival Corporation Senior Vice President** and LNG Project Manager was interviewed on this subject and commented: *"We will need LNG available in specific locations and specific quantities, and this is particularly true today in South Florida, where natural gas is available, but not in liquid form or in the quantities that we will need. In addition, there are still a number of regulatory hurdles to overcome, as there are no internationally agreed rules for bunkering. Only by working together with all the stakeholders will we be able to overcome these."* Another relevant factor is that LNG, when it is liquefied, has a density that is about half that of conventional fuels, and therefore requires a larger tank volume than conventional fuel, so the new vessels will be designed to be able to operate for 14 days on the typical two-week bunkering operation.

Carnival Corporation is working with all its stakeholders (in particular suppliers, ports, flag States and classification societies) to guarantee their engagement and that these challenges are overcome and that opportunities are realized. Carnival is also striving to ensure that the industry as a whole recognizes the benefits of transitioning to LNG; the Corporation firmly believes that LNG is set to become the fuel of choice of the future.

As Strang himself said, *"Definitely in the long term. For new-build cruise ships, LNG probably will become the dominant fuel in the longer term. In the shorter term, initially and particularly for those vessels that are designed to operate predominantly on regular routes. The total share of LNG-driven cruise vessels will increase slowly, as it is mainly viable only for new builds and not easily applicable for existing vessels because the modification to LNG operation has additional technical challenges and may not be economically feasible."* However, in the future, many cruise ship companies will start to look at LNG very seriously. As the threat of climate change increases, so too will the industry's attempts to keep a lid on emissions. Strang concluded the interview by stressing that an issue of this magnitude demands change and foresight, something that the Company has always stood out on account of. *"Though some may consider Carnival's commitment to LNG a gamble, the reality is that the transition makes sound environmental and financial sense."*

Our new ships

A well as the development and application of technology for our LNG-propelled next-generation cruise ships, these vessels will also feature an entirely novel design. Costa Cruises' new fleet members will be powered by the clean fuel of the future and be veritable showcases for the very latest trends in shipboard vacations. Conceived by Adam D. Tihany, who is considered the world's leading hospitality designer, the project will be inspired by the theme of "Italy's Finest".

Tihany, who is from New York, is the Creative Director for these new builds and, in this capacity, he will be overseeing an elite group of architects and designers with a brief to create a new concept of ship taking into account feedback from guests and projecting their vision of the cruise. The layout of the new ships will reflect comments and suggestions from Costa guests, aimed at making more efficient use of space and delivering an enhanced guest experience in line with – and surpassing – expectations.

OVER

180,000

GROSS TONNAGE

MORE THAN

2,600

STATEROOMS
ACCOMMODATING
A TOTAL OF
APPROXIMATELY

6,600

PASSENGERS



THE CHALLENGE OF FOOD SUSTAINABILITY

Despite the increase in agricultural productivity in recent decades, it is evident today that the transition to a low carbon economy and, more generally, towards a more environmentally conscious society prioritizing conservation of the precious resources of the planet cannot come about without a radical change in patterns of food production, distribution and consumption.

Food has become a global issue influenced by broader political and economic trends related to the geographic distribution of resources, trade links, the supply chain and accessibility of products in any part of the world, regardless of seasonality. In this context there is growing interest in the topic of food security² and the need to ensure a balanced diet, associated with far-reaching changes on a cultural level.

With regard to the latter, it is readily apparent that a profound transformation of eating habits is in progress in developing countries; the nutrition transition means that traditional diets, directly linked to the ready availability and supply of local resources such as grains and vegetables, are being replaced by a higher energy density diet with meals high in fat and sugar, a greater calorie intake, reduced economic and nutritional value, and an increase in obesity together with the risk of the associated chronic diseases. The greater demand for animal protein reflects not only a worse-balanced diet but also the threat of adverse and potentially irreversible environmental impacts such as soil erosion and desertification, or incorrect use of water resources.

² The concept of food security consists of four main dimensions: availability of sufficient quantities of food of appropriate quality; economic and physical access to food; utilization of food through adequate diet etc.; and stability of the other three dimensions over time. Source: FAO, Policy Brief, 2006.

125 kg
MEAT CONSUMPTION
PER CAPITA
IN THE USA

10 kg
IN AFRICA

12 kg
INCREASE IN AVERAGE
PER CAPITA WORLD MEAT
CONSUMPTION BY 2030
ACCORDING
TO THE WHO*



15,500 liters
OF WATER
NEEDED TO PRODUCE
1 KG OF BEEF

2.1 billion
PEOPLE IN THE WORLD
ARE OBESE OR OVERWEIGHT



4,800 liters
OF WATER
FOR 1 KG OF PORK

1/3
OF THE WORLD'S FOOD
LOST, DESTROYED
OR WASTED
IN THE SUPPLY CHAIN

125 liters
OF WATER
FOR 1 KG OF APPLES

**REDUCED LIFE
EXPECTANCY IN
DEVELOPING COUNTRIES**

*World Health Organization.

People everywhere are more and more aware of the fact that a healthy lifestyle depends on a balanced diet, food security and sustainable agricultural development.

This is not a novel approach to nutrition; on the contrary, in ancient times, the quality of food was considered a vital factor in the health and well-being of civilizations.

Therefore, we need to guarantee food sustainability, where this term embraces a broad range of economic, social and environmental components. A sustainable diet means adopting a twin-track approach designed to ensure enhanced nutrition while guaranteeing reduced consumption of natural resources and lower CO₂ emissions. As an example of a sustainable diet, FAO cites the Mediterranean diet not only as an excellent nutritional model, but also as a means of promoting social interaction and “biocultural diversity”.

“Sustainable Diets are those diets with low environmental impacts which contribute to food and nutrition security and to healthy life for present and future generations. Sustainable diets are protective and respectful of biodiversity and ecosystems, culturally acceptable, accessible, economically fair and affordable, nutritionally adequate, safe and healthy, while optimizing natural and human resources.”

FAO and Biodiversity International,
Sustainable Diets and Biodiversity,
2010

Added to the List of the Intangible Cultural Heritage of Humanity by UNESCO in 2010, the Mediterranean diet constitutes a set of skills, knowledge, practices and traditions ranging from the land to the table, including crops, harvesting, conservation, processing, preparation and, particularly, consumption of food. The associated traditions are shared by neo-Latin peoples, based on their common cultural heritage, encompassing eating habits and much more besides: for centuries the Roman Empire unified the entire Mediterranean region. Today, this ancient influence is most clearly evident in the inimitable Italian *arte di vivere* (art of living), where food is directly linked to *joie de vivre* and conviviality.

Legumes for a more sustainable future

Traditionally including a limited intake of beef, rich in bread, cereals, olive oil, fruit, green vegetables and wine (in moderation) with the subsequent addition of tomatoes, potatoes and corn from the Americas, the Mediterranean diet's most distinctive feature – and the staple that is being fostered today – are legumes. It is no coincidence that FAO, which firmly believes in the nutritional benefits of legumes as part of sustainable food production, declared 2016 the **International Year of Pulses**.

Pulses are a type of nutrient-rich legume (seeds that grow within pods) available cheaply with 12,000 species that are cultivated in almost every climate; they provide protein, are rich in minerals like magnesium, potassium, phosphorus and iron, and have nitrogen-fixing properties which can contribute

to increasing soil fertility and have a positive impact on the environment. For this reason, introducing pulses to crop rotations improves the yield and quality of other crops and improves the sustainability of cropping systems generally. The **Slow Food Presidia** project includes over 30 varieties of these legumes in Italy and worldwide, fostering their specific history and traditions while – of course – sponsoring pulse recipes used to make traditional local dishes. The increased use of different types of legumes (e.g. white peas, lentils, chickpeas and beans) was one of the aims of the review of the *food experience* implemented by Costa Cruises in 2015. Directly linked to this is the introduction on board of regional menus, which typically make good use of this kind of ingredient.

Our path to good, healthy and sustainable nutrition

Aware of how central food and diet are to people's lives, Costa Cruises has put the issue of nutrition and the food supply chain at the heart of its sustainable development strategy.

This translates into a clear commitment to the objectives of accessibility, sustainability and nutritional value of

the culinary offerings on board our ships and also involves the proactive participation of the Company in discussion of food security-related issues with all the main public and private stakeholders directly or indirectly working in the food production industry.

The first in the travel industry to sign the Milan Protocol

Promoted by the **Barilla Center for Food and Nutrition** (www.barillacfn.com) as part of EXPO 2015, the **Milan Protocol** was drafted with the aim of offering solutions to the major global paradoxes on food and nutrition. There are three main objectives: promote healthy eating habits and fight world hunger, limit food wastage and guarantee sustainable agriculture.

The idea is to create a movement comprising institutions, businesses, organizations and citizens, which will raise awareness of, and propose solutions to, the global issue of nutrition.

Our review of the *food experience*

The apparently simple operation of serving a meal on a ship actually involves a complex set of topics and issues related not only to the cuisine itself but also and above all to the organization of the catering service, food preparation and the supply chain for the ingredients. Key to this is our commitment to the quality and sustainable procurement of foodstuffs, prioritizing seasonal produce and supplies of local fresh food (mainly fruit and vegetables) in the different ports of call. The need for logistic coordination of all these aspects in the context of the specificity of what is in actual fact a floating resort makes this task even more complex.

So the path to food sustainability is a challenge and one that Costa Cruises intends to rise to by making the *food experience* on board its ships more and more interesting and sustainable. Guests and crew will be encouraged to gradually take part in this process, both in their capacity as end users of an innovative food&beverage service designed to foster local growth and development in our ports of call by focusing on the links between food, culture and traditions, and by their direct involvement in responsible consumption initiatives aimed at reducing food waste. On this journey towards sustainable nutrition, the Company enlisted the

support of the *Università degli Studi delle Scienze Gastronomiche (UNISG) di Pollenzo*, the world's first and only university specializing in the study of food culture. This partnership involves the review of our food service, the goals being to further enhance both the quality and sustainability with a special focus on regional cuisine, local products and transparency of the supply chain for the basic ingredients used.

Our alliance with UNISG is based on the joint intention to create a path to innovation centering on two cornerstones of the new model of sustainability applied to the food production and distribution processes

on Costa's ships – namely reduction of waste and an accent on healthy eating. In this context, education of shipboard employees and effective communication to guests are vital aspects of the partnership, which uses a holistic approach and prioritizes the planning of dedicated training and dissemination.



Initial results of the partnership

OUR NEW REGIONAL MENUS: FOSTERING LOCAL ROOTS AND A SHORT SUPPLY CHAIN

The first phase of the partnership involved a review of the shipboard menus and food preparation processes. In 2015 Costa Cruises introduced new regional menus on board: these dishes reflect Italy's unrivalled culinary heritage and its pride of place as the best modern expression of the Mediterranean diet. The menus were carefully chosen so as to convey the traditions and flavors of regions all over Italy. The study of the recipes, sourcing of ingredients and implementation on board were particularly time consuming; there are 14 regional menus (at lunch and dinner) with a total of 252 new dishes served fleetwide.

A key aspect, stemming from the deployment of our ships all over the world, is the management of menus based on seasonal availability of produce in the various ports of call. UNISG's support will also be used to identify the best solutions to ensure the shortest possible supply chain and minimize environmental impact. The main goal is to ensure, whenever logistically possible, the use of fresh products from local suppliers based in or near the ports on the itinerary.

DOC PIZZA

One of the basic principles of the work done together with UNISG is the idea of conveying the value of the

food offered on board and providing information about it so that guests will better appreciate its significance and essential goodness. The starting point for this was the review of our process of preparation of pizza, one of the most iconic Italian dishes recognized and loved universally.

As a result, we introduced radical changes: pizza on Costa's ships is now made using two types of naturally leavened sourdough, one derived from a blend of Mulino Casillo flour intended especially for the classic Neapolitan pizza, the other from Molino Varvello flour richer in fiber, omega 3, polyphenols, selenium and many other vitamins and minerals. The use of naturally leavened sourdough provides a more wholesome crust, easier to digest and with enhanced nutritional properties. These criteria also underpinned the choice of toppings: San Marzano DOP tomato, mozzarella produced from Italian milk, Prosciutto di Parma DOP and other exclusively Italian products.







Fostering the culture of pizza preparation also entailed the need for a specific training program: Costa pizza's chefs attended theory lessons and practical sessions all taught by instructors from [**UNISG's *Alto Apprendistato del Pane***](#). Pizza was the first project and the pilot to test the natural leavening of sourdough on board, which will lead in 2016 to the use of this basic ingredient for bread making.



Our partnership with the Università di Scienze Gastronomiche will also carry out a review of Costa's buffet service. Sustainability, taste and well-being will be the watchwords in the future planning and enhancement of the *food experience*. Based on these principles, Costa Cruises and UNISG have also started thinking about the effects of these considerations with regard to the design of the ships of the future.

COSTA AND THE SUSTAINABLE DEVELOPMENT GOALS

Being a global operator, the challenge posed by the Sustainable Development Goals, which were announced in September 2015, is an important driver of the definition of our sustainability roadmap. In this context we have mapped the different areas of intervention and engagement, and also assessed the correlation between each goal and our business activities. The picture that emerges from this analysis, firstly, confirms the level of complexity of the cruise industry and, secondly, highlights the potential impact of the sustainability strategy that we are implementing.

| GOAL | PROCESS | BUSINESS | MAIN ACTIONS AND AREA OF APPLICATION |
|---|---------|----------|--|
| 2 NO HUNGER  | ■ | | ✓ Implementation of procurement policies so as to ensure sourcing of fresh food based on sustainability criteria (proximity and seasonality). ✓ Selection of partners oriented to sustainability of the supply chain. |
| 4 QUALITY EDUCATION  | | ■ | ✓ Development of highly specialized professional training and educational paths in Italy (for future Officers) and emerging countries (partnerships with local hotel management schools). |
| 5 GENDER EQUALITY  | ■ | | ✓ Implementation of the Diversity Program. |
| 6 CLEAN WATER AND SANITATION  | ■ | | ✓ Protection of water resources by limiting supplies from shoreside sources and bunkering in geographical areas where water is abundant. |
| 7 RENEWABLE ENERGY  | ■ | | ✓ Reduction of fuel use: voyage optimization and implementation of ship energy efficiency projects. |
| 8 GOOD JOBS AND ECONOMIC GROWTH  | | ■ | ✓ Opening of new routes and new destinations also in the ports of call. ✓ Development and promotion of local tours, fostering of local cultural attractions and traditions. |
| | ■ | | ✓ Management of passenger safety & security on board and ashore. |

| | | | |
|---|---|---|--|
| 9 INNOVATION AND INFRASTRUCTURE  | | ■ | ✓ Strengthening of systems for local sourcing and procurement of certain goods and services. |
| 10 REDUCED INEQUALITIES  | | ■ | ✓ Policies of selection and hiring of employees internationally. |
| | | ■ | ✓ Planning of shoreside excursions focusing on their environmental and social impacts (eco-tours). |
| 11 SUSTAINABLE CITIES AND COMMUNITIES  | | ■ | ✓ Definition of the Memorandum of Understanding with the town of Savona based on mitigation of the environmental impacts and on sustainable development of the cruise industry locally. |
| 12 RESPONSIBLE CONSUMPTION  | | | ✓ Production of the Sustainability Report. |
| 13 CLIMATE ACTION  | | ■ | ✓ Introduction of LNG-propelled next-generation cruise ships. |
| 14 LIFE BELOW WATER  | ■ | | ✓ Management of shipboard waste and of overboard discharge: full compliance with IMO regulations and with stricter internal requirements. ✓ Implementation of the Giglio Island marine environment restoration program. ✓ Support for projects to reduce pollution by cleaning up beaches. |
| 15 LIFE ON LAND  | ■ | | ✓ Management and treatment of ballast water: full compliance with IMO regulations and with stricter internal requirements. |
| 16 PEACE AND JUSTICE  | ■ | | ✓ Implementation of anti-corruption policy and process of raising awareness of internal stakeholders. |
| | ■ | | ✓ Governance of sustainability: management of the sustainability plan and roadmap. |

NOTE CONCERNING THE METHOD

Costa Crociere S.p.A.'s Sustainability Report 2015 (hereafter "the Report" or "the document") is the tenth edition of this document, which is designed to provide stakeholders with a complete and – as far as possible – comprehensive account of the economic, environmental and social impacts of the different activities performed by the Company.

The Report, which is drawn up in accordance with the GRI - G4¹ Sustainability Reporting Guidelines prepared by the Global Reporting Initiative, with a compliance level "*in accordance-core*", has the additional aim of combining corporate responsibility with an approach that is increasingly focused on shared value. To this end, the text makes use of conceptual terms regarding the organization's business model and the various forms of capital defined in the methodological framework developed by the International Integrated Reporting Council.

Report boundary and reporting process

The Sustainability Report is drawn up annually by Costa Crociere S.p.A.'s Sustainability Department, which is in charge of central coordination of the reporting process and the engagement of the relevant corporate functions.

All the information presented has been obtained from Costa's in-house IT systems and databases, and validated by the respective data owners. The sustainability topics dealt with in this Report concern operations and activities performed by Costa Cruises in 2015; only in certain areas (specified below) do they refer to the Costa Crociere Group as a whole. 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 (June 2016).

For the reader's information it should be noted that "the Costa Crociere Group" or "the Group" is intended to mean the parent company that operates the brands Costa Cruises and AIDA, while "the Company" is intended to mean the business entity that manages all the activities carried out by the brand Costa Cruises. The economic and financial data presented in this Report is taken from the civil code balance sheet at November 30, 2015 of Costa Crociere S.p.A. as approved by the Shareholders' Meeting. It is also pointed out that the data included in the report boundary refers exclusively to the Costa Crociere Group.

¹ The Global Reporting Initiative (GRI) is a multi-stakeholder independent institution whose process and mission is to develop and disseminate globally applicable sustainability reporting guidelines. These Guidelines contain principles and indicators for voluntary use by organizations for reporting on the economic, environmental and social dimensions of their activities, assisting the process of improving disclosure and enhancing the comparability and standardization of reporting.

Discussion of reporting principles

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 quality of the reporting, are consistent with the findings of the material matrix, shown on page 32; the analysis of materiality was conducted ahead of the issue of the previous edition of the Sustainability Report with the substantial involvement of the management and the Company's main stakeholders. In 2015 there were no internal or external factors such as to alter the aforementioned findings. Costa Cruises' sustainability framework also includes a discussion of the topics and issues identified by Carnival Corporation & plc. This led to the definition of the sustainability strategy and the sustainability plan. The report boundary is set to cover Costa Cruises while, as indicated above, in the section dealing with the economic performance it is expanded to include the Costa Crociere Group as a whole; 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. The report boundary is extended to cover the whole Costa Crociere Group solely in the case of the financial data and the Allocation of Added Value. The Report includes all information deemed relevant for stakeholders insofar as it reflects the organization's significant economic, environmental or social impacts. Material aspects and content selected for inclusion in the Report have been identified on the basis of analysis and assessment carried out by the corporate functions directly involved in the decision-making process.

CLARITY

The Sustainability Report is designed so as to be readily understandable with the different topics clearly set out. 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

The overall presentation of the content provides a systematic and unbiased picture of the Company's performance; where relevant and meaningful, figures are provided illustrating the trends for the 3-year period 2013-2015. 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:

- 1) information not reported in previous years and which would have been impractical to collect;
- 2) 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.

Summary of indicators

ENVIRONMENTAL ASPECT

| (EN3) Energy consumption within the organization (*) | U.M. | 2013 | 2014 | 2015 |
|--|------|------|------|------|
|--|------|------|------|------|

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

| | | | | |
|--------------------------------|---------|-------------------|-------------------|-------------------|
| Total consumption (*) | Gjoules | 18,983,467 | 17,654,401 | 18,786,493 |
| - <i>shipboard</i> | | 18,960,595 | 17,640,696 | 18,772,883 |
| - <i>shoreside</i> | | 22,872 | 13,705 | 13,609 |
| Total fleet consumption | TM | 469,473 | 436,340 | 461,205 |
| - <i>HFO</i> | | 391,574 | 344,140 | 383,967 |
| - <i>LSFO</i> | | 48,453 | 59,015 | 1,750 |
| - <i>MGO</i> | | 29,446 | 33,185 | 75,488 |

(*) conversion factors applied: fuel 1 TM=40.19 Gj; MGO 1 TM= 43.33 Gj

| (EN5) Pattern of fleetwide fuel consumption (*) | U.M. | 2013 | 2014 | 2015 |
|---|------|------|------|------|
|---|------|------|------|------|

| | | | | |
|------------------------------------|------------------------------|-----------------|----------------|-----------------|
| Total shoreside consumption | g/ALB-nm(**) | 151.4 | 149.9 | 144.96 |
| | MT/kALBD(***) | 40.9 | 37.3 | 35.5 |
| | TOE (Tons of Oil Equivalent) | 1,341.23 | 1,068.1 | 1,061.49 |
| - <i>heating</i> | | 120.05 | 120.05 | 120.05 |
| - <i>electricity</i> | | 1,221.18 | 948.04 | 941.44 |

(*) 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 traveled 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.

(***) 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 traveled 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.

| (EN15) Total direct and indirect GHG emissions by weight | U.M. | 2013 | 2014 | 2015 |
|--|------|------|------|------|
|--|------|------|------|------|

| | | | | |
|---|-----|-----------|-----------|-----------|
| CO ₂ from use of fuel | ton | 1,466,597 | 1,364,139 | 1,443,357 |
| CO ₂ from refrigerant releases | | 41,775 | 43,016 | 31,462 |

| (EN18) GHG emissions intensity | U.M. | 2013 | 2014 | 2015 |
|--------------------------------|------|------|------|------|
|--------------------------------|------|------|------|------|

| | | | | |
|--|-----------|--------|--------|--------|
| | kg/ALB-km | 0.2548 | 0.2524 | 0.2465 |
|--|-----------|--------|--------|--------|

| (EN20) Emissions of ozone-depleting substances* CFC-11 equivalent | U.M. | 2013 | 2014 | 2015 |
|---|------|------|------|------|
|---|------|------|------|------|

* The ODP (ozone depletion potential) conversion factors are those given in the Montreal Protocol Technical Papers.

| | | | | |
|--|----|---|-----|------|
| | kg | 5 | 1.6 | 1.17 |
|--|----|---|-----|------|

| (EN21) Air Emissions (*) | | 2013 | 2014 | 2015 |
|--------------------------|--|------|------|------|
|--------------------------|--|------|------|------|

| | | | | |
|--|----------|--------|--------|--------|
| NO _x | ton | 30,516 | 28,362 | 29,978 |
| SO _x | | 19,770 | 18,849 | 18,360 |
| PMs | | 563 | 524 | 554 |
| Significant emissions of NO _x | g/ALB-nm | 9.8 | 9.7 | 9.4 |
| Significant emissions of SO _x | | 6.4 | 6.5 | 5.8 |
| Significant emissions of PM | | 0.182 | 0.180 | 0.174 |

(*)For the calculation of the volume of Sox, NOx 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. | 2013 | 2014 | 2015 |
|------------------------------------|------|------|------|------|
|------------------------------------|------|------|------|------|

| | | | | |
|---|----------------|------------------|------------------|------------------|
| Total water withdrawal by source - shipboard | m ³ | 3,596,543 | 3,603,508 | 3,927,084 |
| - <i>Water supplied</i> | | 1,051,659 | 1,407,567 | 1,252,843 |
| - <i>Water produced</i> | | 2,602,812 | 2,295,377 | 2,763,565 |
| Water consumed per person per day - shipboard (*) | liters | 223 | 220 | 221 |

(*) 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 (**) | m ³ | 8,120 | 9,937 | 11,302 |
|--|----------------|--------------|--------------|---------------|

(**) including Savona cruise terminal

| (EN22) Wastewater | U.M. | 2013 | 2014 | 2015 |
|---|----------------|----------------|----------------|------------------|
| Total gray water | m ³ | 3,006,614 | 3,093,883 | 3,293,164 |
| - discharged at sea | | 2,986,358 | 3,081,920 | 3,246,135 |
| - landed ashore | | 20,256 | 11,963 | 47,029 |
| Total sewage | | 589,930 | 509,625 | 633,920 |
| - discharged at sea | | 587,801 | 505,958 | 632,287 |
| - landed ashore | | 2,129 | 3,667 | 1,633 |
| Total bilge water | | 33,637 | 33,137 | 36,739 |
| - discharged at sea | | 32,049 | 31,786 | 33,971 |
| - landed ashore | | 1,588 | 1,351 | 2,768 |
| Total wastewater per person per day | liters | 223 | 220 | 222 |
| - total gray water | | 186 | 189 | 186 |
| - total sewage | | 37 | 31 | 36 |
| (EN23) Waste produced | U.M. | 2013 | 2014 | 2015 |
| Total shipboard waste | m ³ | 131,067 | 129,312 | 131,610 |
| - total hazardous waste | metric tons | unavailable | 776 | 836 |
| Total daily waste per person per day | (l/person) | 8.1 | 7.9 | 7.4 |
| Disposal methods for waste produced on board | % | | | |
| Discharged at sea | | 11 | 9 | 12 |
| Landed ashore | | 73 | 80 | 81 |
| Incinerated | | 16 | 11 | 7 |
| Waste recycled by category | % | | | |
| Cat. A (plastic) & cat. C (domestic waste) | | 2.6 | 7.1 | 7.4 |
| Cat. D (cooking oil) | | 41 | 64 | 53.7 |
| Cat. F (operational waste) (*) | | 15 | 17 | 18 |

(*) 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 garbage | 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. Specific waste 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, classification and assigned European Waste Code (EWC), then discharged at port reception facilities. This does not include potentially infectious waste from the medical infirmaries on board or oily rags used in the engine room, which are incinerated on board. |

SHIPBOARD PERSONNEL

| (G4-10) Shipboard employee count | U.M. | 2013 | 2014 | 2015 |
|--------------------------------------|------|--------|--------|--------|
| Average shipboard employee count (*) | no. | 11,002 | 11,113 | 12,173 |

(*) The data shown refers to the average number of employees currently embarked and those seafarers not embarked who are waiting to replace their colleagues on board.

| | | | | |
|-----------------------------|---|------|------|------|
| By gender | % | | | |
| Women | | 16.2 | 16.0 | 14.8 |
| Men | | 83.8 | 84.0 | 85.2 |
| By age group | % | | | |
| 18-25 | | 17.8 | 17.1 | 14.8 |
| 26-30 | | 29.6 | 29.1 | 30.1 |
| 31-35 | | 23.4 | 22.9 | 22.6 |
| 36-40 | | 13.7 | 14.8 | 15.1 |
| 41-45 | | 6.9 | 7.3 | 8.1 |
| 46-50 | | 3.8 | 4.0 | 4.2 |
| >50 | | 4.7 | 5.0 | 5.2 |
| By geographical area | % | | | |
| Italy | | 12.3 | 12.9 | 12.3 |
| Europe (except Italy) | | 4.0 | 3.9 | 3.8 |
| South and Central America | | 14.0 | 11.5 | 12.6 |
| Asia | | 69.6 | 71.6 | 71.2 |
| Other | | 0.1 | 0.1 | 0.1 |

| (LA1) Turnover (*) | U.M. | 2013 | 2014 | 2015 |
|-------------------------------------|------|------|------|------|
| Terminations/Average employee count | % | 19.2 | 19 | 32.4 |

(*) 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.

| (LA6) Number of injuries | U.M. | 2013 | 2014 | 2015 |
|---------------------------------|------|-------|-------|-------|
| Total | no. | 1,168 | 1,104 | 1,013 |
| - Number of reportable injuries | | 902 | 779 | 617 |
| - Other | | 266 | 325 | 396 |
| Days off work | no. | 2,881 | 3,007 | 2,269 |
| Index of frequency | | 4.12 | 3.56 | 2.57 |
| Index of gravity | | 13.1 | 13.75 | 9.42 |

| (LA9) Training (*) | U.M. | 2013 | 2014 | 2015 |
|--------------------|------|------|------|------|
|--------------------|------|------|------|------|

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

| | | | | |
|--------------------------------|-----|---------|---------|---------|
| Total hours of training | no. | 877,233 | 859,241 | 986,228 |
| - Environmental | | 127,601 | 105,621 | 112,240 |
| - Health | | 93,286 | 39,957 | 50,232 |
| - Safety | | 149,348 | 264,262 | 241,328 |
| - Security | | 37,822 | 119,950 | 30,809 |
| - Job skills | | 301,247 | 174,680 | 356,481 |
| - Language | | 29,389 | 41,831 | 35,610 |
| - Managerial | | 1,197 | 14,080 | 39,988 |
| - Orientation | | 123,235 | 71,234 | 92,533 |
| - Train the trainer | | - | 1,858 | 3,348 |
| - Other | | 14,106 | 25,770 | 23,661 |
| Hours per person | no. | 79.7 | 77.3 | 81 |

SHORESIDE PERSONNEL

| (G4-10) Shoreside employee count | U.M. | 2013 | 2014 | 2015 |
|----------------------------------|------|-------|-------|-------|
| Shoreside employees at 11/30 | no. | 1,341 | 1,415 | 1,435 |

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.

| | | | | |
|-----------|---|------|------|------|
| By gender | % | | | |
| Women | | 38.7 | 60.3 | 59.9 |
| Men | | 61.3 | 39.7 | 40.1 |

| | | | | |
|--------------|---|------|------|------|
| By age group | % | | | |
| 18-25 | | 4.1 | 3.8 | 3.3 |
| 26-30 | | 16.1 | 18.1 | 17.2 |
| 31-35 | | 20.8 | 20 | 20.3 |
| 36-40 | | 19.0 | 18.9 | 18.4 |
| 41-45 | | 15.8 | 15.9 | 16.9 |
| 46-50 | | 10.9 | 10.5 | 11.7 |
| >50 | | 13.3 | 12.7 | 12.3 |

| | | | | |
|---------------------------|---|------|------|------|
| By geographical area | % | | | |
| Italy | | 61.3 | 62.1 | 61.6 |
| Europe (except Italy) | | 23.6 | 21.4 | 21.3 |
| South and Central America | | 8.0 | 7.6 | 7.2 |
| Asia | | 5.4 | 6.4 | 7.8 |
| Other | | 1.7 | 2.4 | 2.1 |

| | | | | |
|---------------------|---|------|------|------|
| By type of contract | % | | | |
| Open-ended | | 97.2 | 89.7 | 87.2 |
| Temporary | | 2.8 | 10.3 | 12.8 |

| | | | | |
|---------------------|---|------|------|------|
| By position | % | | | |
| Executives | | 5.9 | 6.0 | 5.9 |
| Line managers | | 16.3 | 19.8 | 18.9 |
| Employees | | 77.7 | 74.1 | 75.1 |
| Blue collar workers | | 0.1 | 0.1 | 0.1 |

| | | | | |
|-------------------------------------|------|------|------|------|
| (LA1) Personnel turnover(*) | U.M. | 2013 | 2014 | 2015 |
| Terminations/Average employee count | | 12.1 | 7.0 | 13.6 |

(*) 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.

| | | | | |
|---|------|------|------|------|
| (LA3) Return to work and retention rates after parental leave (Italy) (*) | U.M. | 2013 | 2014 | 2015 |
| | | - | - | 100% |

(*) Following a change in the method of calculation for 2015, in order to ensure comparability over time, we have not included the data for 2013 and 2014, since these figures can no longer be reconstructed.

| | | | | |
|-----------------------------|--|------|------|------|
| (LA6) Absenteeism Rate (*) | | 2013 | 2014 | 2015 |
| Days of absence/Days worked | | 2.87 | 2.83 | 2.82 |

(*) 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) Injuries (*) | U.M. | 2013 | 2014 | 2015 |
|--|-------------|-------------|-------------|-------------|
| Total | no. | 20 | 11 | 15 |
| - <i>In the workplace</i> | | 5 | 4 | 4 |
| - <i>Outside the workplace</i> | | 15 | 7 | 11 |
| Day off | no. | 440 | 198 | 411 |
| - <i>Days of absence due to workplace injuries</i> | | 89 | 30 | 54 |
| - <i>Days of absence due to injuries outside workplace</i> | | 351 | 168 | 357 |

(*) The data refers only to Italy.

| (LA9) Training (*) | U.M. | 2013 | 2014 | 2015 |
|---|-------------|-------------|-------------|-------------|
| <i>(*) The sum of the indicators differs from the total shown due to rounding up and down of the figures.</i> | | | | |
| Total hours of training | no. | 66,601 | 33,081 | 30,891 |
| - <i>Environmental</i> | | 8 | 0 | 0 |
| - <i>Health</i> | | 5,827 | 176 | 824 |
| - <i>Safety</i> | | 8,252 | 2,060 | 2,265 |
| - <i>Security</i> | | 0 | 0 | 0 |
| - <i>Job skills</i> | | 30,210 | 16,093 | 10,059 |
| - <i>Language</i> | | 12,774 | 1,166 | 8,197 |
| - <i>Managerial</i> | | 3,582 | 2,753 | 4,247 |
| - <i>Orientation</i> | | 3,788 | 1,842 | 302 |
| - <i>Train the trainer</i> | | - | 1,296 | 2,768 |
| - <i>Other</i> | | 2,115 | 7,695 | 2,230 |
| Hours per person | | 49.7 | 23.4 | 21.5 |
| (LA9) Training (*) | U.M. | 2013 | 2014 | 2015 |
| Total hours of shoreside and shipboard training per year | no. | 943,832 | 892,322 | 1,017,119 |

SUPPLY CHAIN

| (G4-12) Suppliers | U.M. | 2013 | 2014 | 2015 |
|-------------------------------------|------|------------|-------|--------|
| Current suppliers (*) | no. | 8,136 (**) | 8,860 | 10,032 |
| Suppliers qualified during the year | | 691 | 775 | 1,098 |

(*) includes the categories food & beverage, hotel, technical (services and materials) and fuel
 (**) The figure refers to the period from 12/1/2012 to 10/25/2013.

| (G4-12) Purchases | U.M. | 2013 | 2014 | 2015 |
|---|-------------------|------|------|------|
| Value of purchases made during the year | millions of euros | | | |
| Distribution of purchases by type (in % terms) | % | | | |
| Food & beverage | | 23 | 16 | 8 |
| Hotel | | 5 | 6 | 31 |
| Technical | | 21 | 28 | 26 |
| Bunker | | 51 | 50 | 35 |
| Distribution of purchases by area of procurement (in % terms) | % | | | |
| Asia | | 4 | 5 | 9 |
| Europe | | 73 | 85 | 77 |
| Middle East | | 1 | 1 | 1 |
| North America and Caribbean | | 8 | 6 | 8 |
| South America | | 11 | 1 | 2 |
| Rest of the world | | 3 | 2 | 3 |



INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE 2015 SUSTAINABILITY REPORT

To the Board of Directors of
Costa Crociere SpA

We have carried out a limited assurance engagement on the Sustainability Report (hereinafter also the “Report”) of Costa Crociere SpA (hereinafter also “Costa Crociere” or the “Company”) for the year ended 30 November 2015.

Responsibility of the Directors for the sustainability 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* (the “*G4 Sustainability Reporting Guidelines*”), as indicated in the paragraph “Note concerning the method” of the Report, and for that part of internal control that they consider necessary to prepare a sustainability 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 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.

The procedures we performed on the Report consisted in verifying its compliance 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:

PricewaterhouseCoopers Advisory SpA

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- comparing the financial information reported in chapter “Transparency and creation of economic value” of the Report with the information included in Costa Crociere’s financial statements as of 30 November 2015 on which we issued our audit opinion, in accordance with article 14 of legislative decree n° 39 of 27 January 2010, on 14 March 2016;
- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to 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 Neoclassica, in order to obtain evidence of the reliability of shipboard processes in place, and of the internal control system underlying the treatment of the information, as well as, on a sample basis, to cross-check data relating to the said shipboard processes against 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 Sustainability Report”;
- analysing the engagement of stakeholders and its results through the existing documentation concerning the significant matters arisen during Company’s dialogue initiatives;
- obtaining a representation letter, signed by the legal representative of Costa Crociere, on the compliance of the Report with the guidelines identified in the paragraph “Responsibility of the Directors for the Sustainability 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 Sustainability Report of Costa Crociere SpA as of 30 November 2015 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 “Note concerning the method” of the Report.

Turin, 5 July 2016

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 pages of the 2015 Sustainability Report or to other publicly available sources.

| GRI-G4 Indicators | Publication | Reference (page) | Reporting | Omission (reason why) |
|---|-------------|------------------|-----------|--|
| Strategy and analysis | | | | |
| G4-1 Statement from the most senior decision-maker | SR | 5 | ✓ | |
| G4-2 Description of key impacts, risks, and opportunities | SR | 14 | ✓ | |
| Organization profile | | | | |
| G4-3 Name of the organization | SR | 11-13 | ✓ | |
| G4-4 Primary brands, products, and/or services | SR | 11-13 | ✓ | |
| G4-5 Location of organization's headquarters | SR | 11 | ✓ | |
| G4-6 Countries of operation | SR | 12, 13 | ✓ | |
| G4-7 Nature of ownership and legal form | SR | 12 | ✓ | |
| G4-8 Markets served | SR | 11 | ✓ | |
| G4-9 Scale of the reporting organization | SR | 11-13 | ✓ | |
| G4-10 Report the total number of employees by employment contract, gender and region | SR | 74, 127 | ✓ | 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 |
| G4-11 Report the percentage of total employees covered by collective bargaining agreements | SR | 74 | ✓ | |
| G4-12 Describe the organization's supply chain | SR | 96 | ✓ | |
| G4-13 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain | SR | 12 | ✓ | |
| Commitments to external initiatives | | | | |
| G4-14 Rules for the application of the precautionary approach or principle | SR | 20, 21 | ✓ | |
| G4-15 Adoption of external codes and standards in the economic, social and environmental fields | SR | 26 | ✓ | |
| G4-16 List memberships of associations (such as industry associations) | SR | 30 | ✓ | |

| GRI-G4 Indicators | Publication | Reference (page) | Reporting | Omission (reason why) |
|---|-------------|------------------|-----------|-----------------------|
| Report profile | | | | |
| G4-17 Report Profile | SR | 122, 123 | ✓ | |
| G4-18 Explain the process for defining the report content | SR | 122, 123 | ✓ | |
| G4-19 List all the material Aspects identified in the process for defining report content | SR | 122, 123, 32 | ✓ | |
| G4-20 For each material Aspect, report the Aspect Boundary within the organization | SR | 122, 123, 32 | ✓ | |
| G4-21 For each material Aspect, report the Aspect Boundary outside the organization | SR | 122, 123, 32 | ✓ | |
| G4-22 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements | SR | 122, 123 | ✓ | |
| G4-23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries | SR | 122, 123 | ✓ | |
| Stakeholder engagement | | | | |
| G4-24 Provide a list of stakeholder groups engaged by the organization | SR | 30 | ✓ | |
| G4-25 Basis for identification and selection of stakeholders with whom to engage | SR | 30 | ✓ | |
| G4-26 Activities for stakeholder involvement | SR | 30, 68, 71, 78 | ✓ | |
| G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics | SR | 32 | ✓ | |
| Report Parameters | | | | |
| G4-28 Reporting period (such as fiscal or calendar year) for information provided | SR | 122, 123 | ✓ | |
| G4-29 Date of most recent previous report | SR | 122, 123 | ✓ | |
| G4-30 Reporting cycle | SR | 122, 123 | ✓ | |
| G4-31 Contact point for questions regarding the report or its contents | SR | 122, 123 | ✓ | |
| GRI Content Index | | | | |
| G4-32 GRI Content Index | SR | 132 | ✓ | |
| G4-33 External Assurance Report | SR | 130 | ✓ | |
| GOVERNANCE, COMMITMENTS AND ENGAGEMENT | | | | |
| Governance | | | | |
| G4-34 Report the governance structure of the organization, including committees of the highest governance body | SR | 18 | ✓ | |
| 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 | 25 | ✓ | |
| G4-36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics | SR | 18, 25 | ✓ | |
| G4-41 Processes designed to prevent conflicts of interest | SR | 25 | ✓ | |

| GRI-G4 Indicators | | Publication | Reference (page) | Reporting | Omission (reason why) |
|---------------------------|---|-------------|------------------|----------------|---|
| Ethics and integrity | | | | | |
| G4-56 | Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | SR | 26 | ✓ | |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity | SR | 26 | ✓ | |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity | SR | 26 | ✓ | |
| DMA | | SR | 12 | ✓ | |
| Economic | | | | | |
| Economic Performance | | | | | |
| G4-EC1 | Direct economic value generated and distributed | SR | 20 | ✓ | |
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | SR | / | Not applicable | |
| G4-EC4 | Financial assistance received from the Public Administration | SR | / | Not applicable | |
| Market presence | | | | | |
| G4-EC5 | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | | / | Not applicable | Given the diverse origins of the workforce, the type of contract applied by country of origin is not applicable |
| G4-EC6 | Proportion of senior management hired from the local community at significant locations of operation | SR | / | Not applicable | |
| Indirect economic impacts | | | | | |
| G4-EC7 | Development and impact of infrastructure investments and services supported | SR | 21, 45 | ✓ | |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | SR | 96, 97, 124 | ✓ | |
| Environmental | | | | | |
| EN 1 | Materials used by weight or volume | SR | / | Not applicable | The nature of our business does not allow quantification by weight or value of some raw materials used |
| Energy | | | | | |
| EN 3 | Energy consumption within the organization (by primary energy source) | SR | 124 | ✓ | |
| EN 4 | Energy consumption outside the organization (by primary energy source) | SR | / | Not applicable | |
| EN 5 | Energy intensity | SR | 124 | ✓ | |
| EN 6 | Reduction of energy consumption | SR | 46, 47, 124 | ✓ | |
| EN 7 | Reductions in energy requirements of products and services | SR | / | Not applicable | |

| GRI-G4 Indicators | Publication | Reference (page) | Reporting | Omission (reason why) |
|---|-------------|------------------|----------------|--|
| Water | | | | |
| EN 8 Total water withdrawal by source | SR | 124 | ✓ | |
| EN 9 Water sources significantly affected by withdrawal of water | SR | 51, 124 | ✓ | |
| EN 10 Percentage and total volume of water recycled and reused | SR | 52, 124 | ✓ | |
| Biodiversity | | | | |
| 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 | 56, 57 | ✓ | |
| EN 13 Habitats protected or restored | SR | 56, 57 | ✓ | |
| EN 14 Number of IUCN Red List species and national conservation list | SR | / | Not applicable | |
| Emissions, effluents and waste | | | | |
| EN 15 Direct greenhouse gas (GHG) emissions (Scope 1) | SR | 47, 50, 124 | ✓ | |
| EN 16 Energy indirect greenhouse gas (GHG) emissions (Scope 2) | SR | / | Not applicable | |
| EN 17 Other indirect greenhouse gas (GHG) emissions (Scope 3) | SR | 50 | ✓ | |
| EN 18 Greenhouse gas (GHG) emissions intensity | SR | 124 | ✓ | <i>With regard to cruise industry activity</i> |
| EN 19 Reduction of greenhouse gas (GHG) emissions | SR | 48 | ✓ | |
| EN 20 Emissions of ozone-depleting substances (ODS) | SR | 47, 50 | ✓ | |
| EN 21 NO _x , SO _x , and other significant air emissions | SR | 124 | ✓ | |
| EN 22 Total water discharge by quality and destination | SR | 124 | ✓ | |
| EN 23 Total weight of waste by type and disposal method | SR | 124 | ✓ | |
| EN 24 Total number and volume of significant spills | SR | 53 | ✓ | |
| EN 25 Hazardous waste according to the Basel Convention | SR | 125 | ✓ | |
| EN 26 Biodiversity and related habitats significantly affected by the organization's discharges of water and runoff | SR | 56, 50 | ✓ | |
| Products and services | | | | |
| EN 27 Extent of impact mitigation of environmental impacts of products and services | SR | 42, 60 | ✓ | |
| EN 28 Percentage of products sold and their packaging materials that are reclaimed by category | SR | / | Not applicable | |

| GRI-G4 Indicators | Publication | Reference (page) | Reporting | Omission (reason why) |
|--|-------------|------------------|-----------------|--|
| Compliance | | | | |
| EN 29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | SR | 53 | ✓ | |
| Transport | | | | |
| EN 30 Significant environmental impacts of transport | SR | / | Not applicable | |
| Overall | | | | |
| EN 31 Total environmental protection expenditures and investments by type | SR | / | Confidentiality | |
| Supplier Environmental Assessment | | | | |
| EN 32 Percentage of new suppliers that were screened using environmental criteria | SR | 96 | ✓ | |
| EN 33 Significant actual and potential negative environmental impacts in the supply chain and actions taken | SR | 29 | ✓ | |
| Environmental Grievance Mechanisms | | | | |
| EN 34 Number of grievances about environmental impacts filed | SR | 53 | ✓ | |
| SOCIAL | | | | |
| Employment | | | | |
| LA 1 Total number and rates of new employee hires and employee turnover by age group, gender and region | SR | 124 | ✓ | <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 | 124 | ✓ | |
| 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 | 39, 124 | ✓ | |
| LA 7 Workers with high incidence or high risk of diseases related to their occupation | SR | / | Not applicable | |
| LA 8 Health and safety topics covered in formal agreements with trade unions | SR | 39 | ✓ | |

| GRI-G4 Indicators | | Publication | Reference (page) | Reporting | Omission (reason why) |
|---|--|-------------|------------------|-----------------|-----------------------|
| Training and education | | | | | |
| LA 9 | Average hours of training per year per employee by employee category | SR | 124 | ✓ | |
| LA 10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | SR | 80, 81 | ✓ | |
| LA 11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | SR | 80, 81 | ✓ | |
| DIVERSITY AND EQUAL OPPORTUNITY | | | | | |
| Equal Remuneration for Women and Men | | | | | |
| LA 13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | | / | Confidentiality | |
| Supplier Assessment for Labor Practices | | | | | |
| LA 14 | Percentage of new suppliers that were screened using labor practices criteria | SR | 96 | ✓ | |
| LA 15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | SR | 29 | ✓ | |
| Grievances about labor practices | | | | | |
| LA 16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms | SR | 26 | ✓ | |
| SOCIAL: HUMAN RIGHTS | | | | | |
| Investment | | | | | |
| HR 2 | Total hours of employee training on policies and procedures concerning aspects of human rights | SR | 26 | ✓ | |
| Non-discrimination | | | | | |
| HR 3 | Total number of incidents of discrimination and actions taken | SR | 26 | ✓ | |
| Child labor | | | | ✓ | |
| HR 5 | Operations and suppliers identified as having significant risk for incidents of child labor and measures taken to contribute | SR | 26 | ✓ | |
| 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 | 26 | ✓ | |
| Security practices | | | | | |
| HR 7 | Security personnel trained in the organization's policies or procedures concerning aspects of human rights | SR | 26 | ✓ | |
| Indigenous rights | | | | | |
| HR 8 | Total number of incidents of violations involving rights of indigenous people and actions taken | SR | / | Not applicable | |
| ASSESSMENT | | | | | |
| Supplier Human Rights Assessment | | | | | |
| HR 10 | Percentage of new suppliers that were screened using human rights criteria | SR | 96 | ✓ | |
| HR 11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken | SR | 29 | ✓ | |

| GRI-G4 Indicators | Publication | Reference (page) | Reporting | Omission (reason why) |
|--|-------------|------------------|----------------|-----------------------|
| Human Rights Grievance Mechanisms | | | | |
| HR 12 Number of grievances about human rights | SR | 26 | ✓ | |
| SOCIETY | | | | |
| Local communities | | | | |
| SO 2 Operations with significant actual or potential negative impacts on local communities | SR | 49, 66, 67 | ✓ | |
| Anti-Corruption | | | | |
| SO 3 Monitoring the risk of corruption | SR | 26 | ✓ | |
| SO 4 Communication and training on anti-corruption policies and procedures | SR | 26 | ✓ | |
| SO 5 Confirmed incidents of corruption and actions taken | SR | / | Not applicable | |
| Public policy | | | | |
| SO 6 Total value of political contributions by country and recipient/beneficiary | SR | / | Not applicable | |
| Anti-competitive behavior | | | | |
| SO 7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | SR | / | Not applicable | |
| Compliance | | | | |
| SO 8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | SR | / | Not applicable | |
| Supplier Assessment for Impacts on Society | | | | |
| SO 9 Percentage of new suppliers that were screened using criteria for impacts on society | SR | 96 | ✓ | |
| SO 10 Significant actual and potential negative impacts on society in the supply chain and actions taken | SR | 29 | ✓ | |
| Grievance Mechanisms for Impacts on Society | | | | |
| SO 11 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms | | / | Not applicable | |
| CUSTOMER HEALTH AND SAFETY | | | | |
| Health and safety of consumer | | | | |
| PR 1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | SR | 27,86 | ✓ | |
| 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 | |
| Product and service labeling | | | | |
| PR 3 Information on products and services | SR | / | Not applicable | |
| 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 | 90 | ✓ | |

| GRI-G4 Indicators | Publication | Reference (page) | Reporting | Omission (reason why) |
|--|-------------|------------------|----------------|-----------------------|
| Marketing Communication | | | | |
| 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 | |
| Customer privacy | | | | |
| PR 8 Complaints regarding breaches of customer privacy and losses of customer data | SR | / | Not applicable | |
| Compliance | | | | |
| 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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