SUSTAINABILITY REPORT 2018 RESULTS AND OUTLOOK

SEA YOU TOMORROW

SAME PASSION, NEW HORIZONS.

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LETTER TO STAKEHOLDERS

Innovation and experimentation with new dynamics and new ways of doing business are an integral part of Costa's advancement; they are part of our DNA. Our Company has always been one step ahead, taking farsighted decisions and pre-empting change. We have no intention of changing our approach now in the current international setting and, to this end, we have embraced the UN's Sustainable Development Goals and consider them our own. It is our firm conviction that tangible, consistent actions must be the focus of our strategy. The ability to look ahead and review processes in a perspective of responsible innovation is not just a question of creating a competitive advantage – it is a precondition for guaranteeing a future that is also economically sustainable. We operate so as to create value and share it with the local communities in our ports of call, thus fostering the development of an ecosystem that appreciates the need to continuously evolve on a structured path to sustainable development. The definition of a shared, long-term agenda is vital if we really want to tackle the global emergencies head-on. It is essential to adopt a systemic approach and to act as a catalyst prompting all our stakeholders to pursue shared objectives and use state-of-the-art technology in order to find viable solutions that can reverse trends and combine innovation with a sense of responsibility. Our determination to proceed in this direction and obtain tangible results that can only be achieved by a process of systemic transformation is exemplified by the Costa Smeralda, our new ship powered by liquefied natural gas. We do not seek to act alone: we are well aware that only by means of the right synergies and the pooling of expertise can you reach ambitious goals. For this reason the value of partnership is at the very heart of our sustainable development strategy. Our unique, integrated projects, extensively described in this the 13th edition of Costa's Sustainability Report, are the fruits of ongoing R&D of new solutions and broad agreements of enormous value that have been established with the aim of reaching the sustainability objectives set out in our industrial plan, which are perfectly in line with the Sustainable Development Goals of the United Nations.

We want to provide more than just a vacation – our intention is to promote on board a lifestyle that pre-empts future changes and, more specifically, new models of responsible consumption and we are already working actively in this sense. In this context it would be impractical to set a precise goal; any possible target is bound to change, to broaden in scope and to add new layers of awareness along the way. Our journey starts from afar and, above all, is set to push back the boundaries – we intend to pursue it together with everyone who, like us, really cares about the future of our planet.

Neil Palomba
President Costa Cruises

COMMITMENT

IDENTITY AND COMMITMENT

The Costa Crociere Group

The **Costa Crociere S.p.A. Group**, which manages the two brands Costa Cruises and AIDA Cruises, was established in 1948 in Genoa. Now, 70 years later, the Group is the market leader in Europe and China with a fleet of **28 ships**, all of which are Italian-flagged vessels.

The Group 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 and carried some 12.4 million guests in 2018. The Corporation has a fleet of 104 ships and 21 new buildings due for delivery by 2025, 10 of which powered by liquefied natural gas (LNG). In line with its strategic expansion plan, in November 2018 Carnival Corporation launched a cruise joint venture with **China State Shipbuilding Corporation (CSSC)** under the name **Carnival Cruise Shipping Limited**. The new China-based cruise company plans to operate its own fleet to serve the Chinese market by the end of 2019. Under the terms of the deal, the joint venture will purchase two existing ships from the Costa Crociere Group and order two new ships to be built in China for the Asian market, the first of which is expected to be delivered in 2023. The agreement is part of a far-reaching business expansion plan for emerging markets; the dual aim is to boost Carnival's presence on the global market and, at the same time, support the sustainable growth of the cruise industry by promoting responsible innovation.

In view of the expected expansion, the Costa Group has prepared a detailed growth plan with the addition to the fleet of 7 new builds (2 of which are already delivered) for a total investment of over 6 billion euros; the last of these new ships is due for delivery in 2023. The introduction of the Costa Smeralda marks a new chapter in the history of Costa Cruises and confirms the Company's vocation for acting as a trend setter and a forerunner of key transformations for the cruise industry as a whole. Our development plan is designed to consolidate the Costa Group's position of leadership and – above all – to bring about innovation in shipping, making it more and more efficient and enabling the whole supply chain to reduce its environmental impacts and foster economic development in many parts of the world thanks to a holistic, hands-on approach.

*Data as of March 31, 2019.

Costa Cruises: development and innovation

Costa Cruises has Genoese roots and a wholly Italian and Mediterranean tradition. For 70 years now, Costa has offered a very wide range of vacations, taking passengers to the world's finest destinations and epitomizing the very best in Italian style, hospitality, cuisine and entertainment at sea.
Costa is indeed a global operator and its ships are deployed worldwide – particularly in the Mediterranean, Northern Europe, the Baltic Sea, the Caribbean, Central America, South America, the United Arab Emirates, the Indian Ocean, the Far East and Africa, offering the chance to visit more than 250 destinations.
While retaining the basic elements of its identity, Costa has always looked ahead and prioritized innovation; this has enabled us to grow consistently in a constantly changing international context. Costa Cruises has always been a pioneer, laying down a series of markers for the industry; we've transformed our business model and integrated innovative elements enhancing the shipboard experience as well as the quality of interaction with the places visited.

Our vocation for innovation dates back to 1959 when the Franca Costa became the world's first ship to be set aside solely for passenger cruising. By 1995 Costa ships were carrying 300,000 passengers a year, heralding the advent of the cruise industry as an important segment of tourism, attracting full-fledged investment plans with a very positive impact on local economies and favoring the development of dedicated shipbuilding. In 2006, having consolidated our leadership in Europe, Costa Cruises bet on the expansion of new markets by being the first international cruise company to deploy ships in China. We followed that up by blazing a trail in the UAE and the Indian Ocean. At present (*), following the addition to the fleet of the Costa Venezia, 5 of our ships are based in Asia. The sister ship of the Costa Venezia, built by Fincantieri in Italy, will enter service in 2020, resulting in a substantial increase in our capacity (number of berths) for the Asian markets.
In this context of exponential growth and development, Costa was the first to appreciate the importance of tackling the mounting environmental issues, first and foremost those associated with climate change. Tangible action in this sense is the incorporation in our industrial plan of the key issues of the United Nations 2030 Agenda, combined with our commitment to pursue solutions in line with the 17 **Sustainable Development Goals (SDGs).** The ultimate aims are to mitigate impacts and engage stakeholders using a broad, participatory approach so as to accelerate the search for and implementation of solutions that are sustainable both environmentally and socio-economically.

8 OPERATING STRUCTURES WORLDWIDE

60 PORTS OF EMBARKATION

250 DESTINATIONS

773 CRUISES

255 ITINERARIES

2,589 EXCURSIONS

415 ECO-TOURS

*As of March 31, 2019.

PRE-EMPTING THE FUTURE

1948
Introduction of passenger shipping

1959
The Franca Costa is the world's first ship to be set aside solely for passenger cruising services

1968
Creation of the first fly-cruise package

2006
The first cruise line to deploy ships in China

2007
The first to offer UAE and Indian Ocean cruises

2007
Launch of the circular economy project for the recovery and recycling of aluminum in collaboration with CiAl

2012
Launch of the European LIFE+ Sustainable Cruise experimental project

2016
Pepper, a humanoid robot made by Softbank Robotics, debuts on board Costa's ships

2017
Work starts on the construction of the Costa Smeralda, the first LNG-powered ship

2017
Surplus food donation scheme starts on the Costa Diadema in collaboration with the food bank charity *Banco Alimentare*

2018
Announcement of the objective of halving food waste on board by 2020

2018
The surplus food project starts in France, Spain and the French Antilles

HIGHLIGHTS 2018

JANUARY

COSTA CRUISES BECOMES THE FIRST CRUISE LINE TO BE MARKETED BY THE ONLINE RETAILER **AMAZON**.

ISOLA DEL GIGLIO: COSTA AND MICOPERI BEGIN THE FINAL STAGE OF THE PROJECT FOR THE CLEANING OF THE SEA BED AND THE RESTORATION OF THE LOCAL FAUNA.

FEBRUARY

COSTA CRUISES LAUNCHES THE **4GOODFOOD** PROGRAM AND MAKES A COMMITMENT TO **HALVE FOOD WASTAGE BY 2020**.

MARCH

HAPPY BIRTHDAY COSTA! MARCH 31 THE COMPANY CELEBRATES ITS 70TH ANNIVERSARY AND CONFIRMS ITS COMMITMENT TO RESPONSIBLE INNOVATION IN THE CRUISE INDUSTRY.

THE FIRST VOLUNTEER FROM THE NGO MERCY SHIPS COMES ON BOARD THE COSTA NEOROMANTICA IN ORDER TO HONE HIS SEAFARING SKILLS.

APRIL

MEMORANDUM OF UNDERSTANDING SIGNED WITH THE **GRAND PORT MARITIME OF MARSEILLE** FOR THE SUSTAINABLE DEVELOPMENT OF THE PORT AND NAVAL PROCUREMENT PROCESSES.

MAY

COSTA'S **SURPLUS FOOD DONATION** PROGRAM IS EXTENDED TO **BARI** (COSTA DELIZIOSA) AND – FOR THE FIRST TIME – TO FRANCE WITH INCLUSION OF THE PORT OF **MARSEILLE** (COSTA FASCINOSA), THANKS TO THE PARTNERSHIP WITH *LES BANQUES ALIMENTAIRES DES BOUCHES DU RHONE*.

COSTA SUPPORTS THE **PARTITA DEL CUORE** CHARITY FOOTBALL MATCH WITH THE PROCEEDS GOING TO THE *ISTITUTO GIANNINA GASLINI* CHILDREN'S HOSPITAL IN GENOA AND AIRC, THE ITALIAN CANCER RESEARCH ASSOCIATION.

JUNE

COSTA SUPPORTS THE **FESTIVAL OF SUSTAINABLE DEVELOPMENT** PROMOTED BY THE **ITALIAN ALLIANCE FOR SUSTAINABLE DEVELOPMENT (ASVIS)** AND THE COSTA FAVOLOSA IS THE VENUE FOR THE "SUSTAINABLE SEA" CONFERENCE.

THE FIRST **SCHOOL TO-WORK TRANSITION PROGRAM** IN THE CRUISE INDUSTRY IS LAUNCHED IN **COLLABORATION** WITH THE *ISTITUTO TURISTICO BUONARROTI* IN GENOA: 4 FEMALE STUDENTS EMBARK ON THE COSTA FASCINOSA.

JULY

THE PORT OF **PALERMO** IS ADDED TO THE **SURPLUS FOOD DONATION** SCHEME.

COSTA WINS THE **SEATRADE AWARD 2018** IN THE **CORPORATE SOCIAL RESPONSIBILITY CATEGORY** FOR THE **4GOODFOOD** PROGRAM.

THE TRADITIONAL CEREMONY OF THE WELDING OF A COIN TO THE **COSTA SMERALDA** MARKS THE BEGINNING OF THE FINAL STAGE OF CONSTRUCTION OF THE NEW BUILDING.

AUGUST

THE COSTA FORTUNA AND THE COSTA LUMINOSA RECEIVE THE **ENVIRONMENTAL EXCELLENCE AWARD 2017** FOR THE **OPERATION OCEANS ALIVE** PROGRAM PROMOTED BY CARNIVAL CORPORATION.

SEPTEMBER

COSTA CRUISES TAKES PART IN THE ANNUAL MEETING OF **CHAMPIONS 12.3** IN **NEW YORK** ILLUSTRATING ITS 4GOODFOOD PROGRAM RECOGNIZING THE VALUE OF FOOD AND TACKLING FOOD WASTAGE.

CONFINDUSTRIA (GENERAL CONFEDERATION OF ITALIAN INDUSTRY) AWARDS COSTA THE **BOLLINO PER L'ALTERNANZA DI QUALITÀ (BAQ)** FOR THE HIGH STANDARD OF ITS SCHOOL-TO-WORK TRANSITION SCHEMES.

OCTOBER

THE **JOY OF MOVING** PROJECT IMPLEMENTED IN COLLABORATION WITH **KINDER+SPORT** BRINGS ON BOARD A SERIES OF GAMES AND ACTIVITIES DESIGNED FOR YOUNG GUESTS AND FOCUSING ON THE DEVELOPMENT OF MOVEMENT AND COGNITIVE ABILITY.

NOVEMBER

SURPLUS FOOD FROM A SHIP IS **DONATED IN SPAIN** FOR THE FIRST TIME. **BARCELONA** BECOMES THE 6TH PORT TO JOIN THE SCHEME AND THE *FUNDACIÓ BANC DELS ALIMENTS* FOOD BANK CHARITY PROVIDES LOCAL SUPPORT FOR COSTA.

COSTA CRUISES WINS ONE OF THE **WORLD TRAVEL LEADERS AWARDS**, IN RECOGNITION OF COMPANIES THAT HAVE MADE SIGNIFICANT AND GROUNDBREAKING CONTRIBUTIONS TO TRAVEL AND TOURISM.

THE COSTA LUMINOSA **RESCUES A CARGO SHIP ON FIRE** IN THE AEGEAN SEA AND SAVES ALL HER CREW MEMBERS.

DECEMBER

COSTA CRUISES CONDUCTS A **CAMPAIGN PROMOTING TOURISM IN LIGURIA**, STRENGTHENING ITS HISTORIC TIES WITH THIS REGION OF ITALY.

THE **FOOD SUPPORT** PROJECT IS EXTENDED TO THE OTHER SIDE OF THE OCEAN AND DEBUTS IN THE **FRENCH ANTILLES** WITH SURPLUS FOOD DONATED IN THE CARIBBEAN PORTS OF **FORT-DE-FRANCE** (MARTINIQUE) AND **POINTE-À-PITRE** (GUADELOUPE).

INTEGRATION OF SUSTAINABILITY INTO THE BUSINESS

Responsibility first and foremost

The concept of sustainable development is defined internationally as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. In line with this vision, Costa Cruises is committed to the ethical and responsible management of the resources and the different forms of capital at its disposal, thereby stimulating a distinctive approach to business that is a model of excellence generating economic and social benefits throughout the value chain.

In this context, for the last five years Costa has had a **Sustainability Plan**, supplementing its industrial plan, constituting the Company's roadmap to sustainable development and setting out our priority areas and long-term vision with regard to responsible innovation. Creating long-term value through a strategy of integrating sustainability into all aspects of the business is an objective that can only be achieved by listening to and directly engaging all stakeholders, especially in a complex system like the cruise industry, characterized in particular by dynamic relations with the local communities in the ports of call. For this reason Costa promotes multi-stakeholder dialogue, involving all the interested parties and advancing on a shared path to sustainable transformation. This dialogue focuses on various material issues, i.e. priorities linked to specific SDGs, with the aim of defining action plans, areas of intervention and strategic partnerships designed to enhance the business and the way it is organized. This does not mean limiting the sphere of action to areas that are solely business-related; the definition of an order of priority is considered vital in terms of guaranteeing the effectiveness of the planned actions based on transparent and shared assessments. Collective commitment is a crucial aspect insofar as it is a necessary precondition for guaranteeing significant positive impacts. Even though the cruise industry is highly regulated, Costa sets aside resources and defines investment plans to implement measures that go beyond mere compliance and set up a business model in which sustainability is central and drives lasting development.

An integral part of this approach is the desire to inspire and guide the decision-making process at all levels of the organization, leading to the definition of sustainable development objectives aimed at triggering processes of positive transformation and change, inside and outside the Company throughout the value chain. In this sense, in line with the vision of other global operators, Costa decided to link its Sustainability Plan to the **UN's 2030 Agenda for Sustainable Development and the associated goals**, taking up the challenge of being a key player and meeting the SDGs by monitoring the relevant issues and identifying solutions that are innovative, reproducible and scalable.

COSTA'S RESPONSE TO GLOBAL CHALLENGES

The 2030 Agenda sets outs ambitious universal goals and targets which call for the strong involvement of all parts of society, non-profit organizations, the public sector and also businesses. Indeed, the private sector is called upon to meet higher and higher expectations, in turn demanding a growing commitment over time. The incorporation of the SDGs in Costa's Sustainability Plan in 2016 has allowed us to include in our Industrial Plan the global issues most closely related to the cruise business and to seek shared solutions that can be applied both on board our ships and shoreside in the associated areas of operation. An integral part of this approach is the identification of core **SDGs** on which the Company is focusing its commitment. This is because certain Agenda 2030 issues are structurally linked more closely than others to our business and therefore lend themselves more to efforts in the area of sustainability. The selection of the material issues on the global agenda that we intend to tackle is the first step in the continuous pursuit and implementation of solutions that transform business processes, drive responsible innovation and contribute to the evolution of the industry as a whole.

SUSTAINABILITY PLAN

SEA

PROTECT THE EARTH'S BIODIVERSITY AND THE DIFFERENT ECOSYSTEMS

- Help **safeguard the marine environment**
- Conserve and enhance the **natural environment** in the destinations visited

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

- Increase energy efficiency and **reduce CO_2 emissions** from the use of fuel by 25%
- **Rationalize routes** and **optimize** the **itinerary plan**
- Help **protect water resources** in areas where water is a scarce resource
- Reduce shipboard **water consumption**
- Promote the development of **waste recovery and recycling** projects
- Substantially **reduce the use of plastic**

GUARANTEE SAFETY

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

TOMORROW

PROMOTE INNOVATION

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

ESTABLISH PARTNERSHIPS

- Set up partnerships aimed at facilitating sustainable development

PROMOTE A BALANCED DIET

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

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 shared value**
- Contribute to the fostering of local traditions and the enhancement of **artistic and cultural heritage**
- Support initiatives aimed at **improving the quality** of life of people in need and future generations

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**

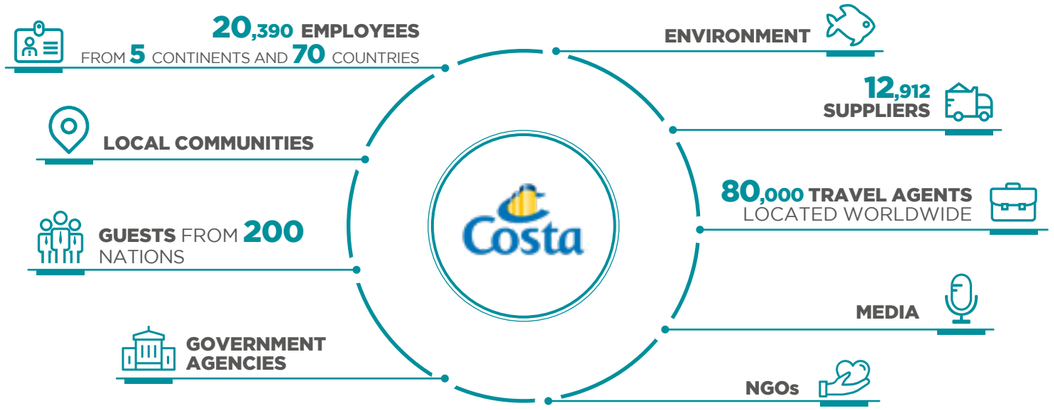
ENGAGE GUESTS ON THE PATH TO SUSTAINABILITY

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

Ecosystems and stakeholders

Enterprises act and operate in multi-stakeholder ecosystems with the potential to generate innovation through collaboration and the establishment of systems of partnership. For Costa the relational approach is therefore the method of reference for fostering innovation and driving important corporate – and, by extension, social – changes. The goal of the collaborative process is to pool the skills and know-how of all stakeholders so as to establish shared objectives and identify scalable solutions. Costa sees itself as a dynamic enterprise and a catalyst for a new vision of the corporate player based on the development of a systemic approach. Our ability to pre-empt and interpret the great challenges of our time in the context of ongoing sustainable development is carefully managed so as to reconcile business demands with the needs of the community, thus contributing to the advancement of an ecosystem where the watchword is innovation.

MAP OF STAKEHOLDERS



Added Value

The net Added Value[1] distributed in 2018 amounted to 1.624 million euros, up on the figure for the previous financial year (fiscal 2017) mainly due to the higher revenue from cruise sales.
The amount of the economic value generated expresses the value of the impact of the activity of the Group, mostly distributed among the counterparts (stakeholders) with whom it relates in various ways in its daily operations. Costa Crociere Group considers the economy as an expression of a system of relationships based on mutual trust and transparency and strongly believes in the potential generated by a dynamic and integrated community network, structured with a view to building and exchanging value over time.

The breakdown of the Added Value produced in 2018 is as follows:

Employees' salaries, wages and social contributions.

The State and Public Administrations in the form of income tax paid by Group companies.

Shareholders in the form of dividends.

Company growth by means of reinvestment of a portion of net income.

Lenders remunerated by means of financial charges.

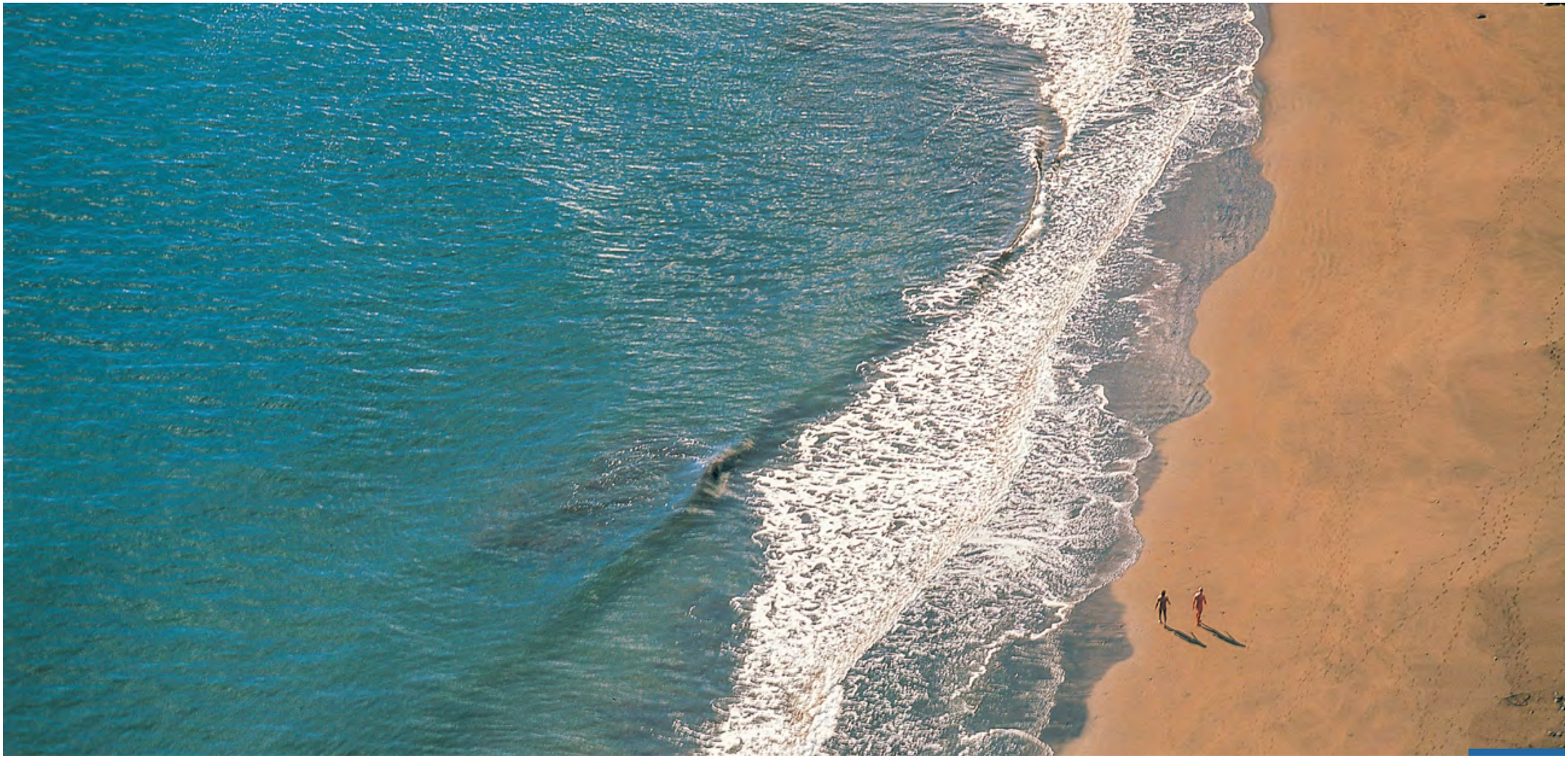
Community by means of initiatives in support of organizations and associations.

TOTAL ADDED VALUE	11/30/2018	11/30/2017	11/30/2016
A - Value of production	3,931,138,481.00	3,.734,792,977.13	3,567,876,210.24
1. Revenues from sales and services	3,837,292,298.37	3,671,162,502.84	3,478,528,482.49
4. Other	93,846,182.63	63,630,474.29	89,347,727.75
Revenues from typical production	3,931,138,481.00	3,734,792,977.13	3,567,876,210.24
B - Intermediate production costs	2,298,419,483.74	2,173,825,635.24	2,017,727,378.67
6. Consumption of materials	722,721,964.16	650,970,962.59	543,828,343.15
7. Costs for services	1,507,672,446.63	1,449,653,008.31	1,388,882,083.36
8. Leases and rentals	13,340,759.05	15,112,871.25	13,419,663.93
10. Other accruals	8,463,955.42	10,927,298.93	8,653,374.69
11. Other operating charges	46,220,358.48	47,161,494.16	62,943,913.54
CURRENT GROSS ADDED VALUE[2]	1,632,718,997.26	1,560,967,341.89	1,550,148,831.57
C - Additional and extraordinary items			
12. +/- Balance of additional items	-7,932,412.97	4,732,400.58	4,696,569.16
Additional (revenues)/costs	-7,932,412.97	4,732,400.58	1,554,845,400.73
ADDED VALUE	1,624,786,584.29	1,565,699,742.47	1,395,316,071.50

[1] Added Value has been calculated with regard of "continuing operation" and it is referred to Costa Crociere Group.

[2] Current added value includes extraordinary items, which were reclassified in accordance with the "Accounting Reform" introduced by Directive 2013/34/EU and transposed into Italian law by Legislative Decree no. 139/15. The balances for previous fiscal years were reclassified based on the same principle.

SEA



WHAT WE ARE DOING

BEING PART OF AN ECOSYSTEM

The creation of a model of global sustainable mobility is one of the main ways of helping to achieve the 2030 Agenda goals. Research and experimentation, together with technological development, have made cleaner energy sources more accessible. More specifically, the transport sector as a whole has the chance to seize the priceless opportunity to introduce the innovations available enabling improvements in environmental performance.

Cruising is inextricably linked to the environment, particularly the marine environment, this being its natural element and the basis of its operations. It follows that the industry is responsible for respecting and preserving the marine environment. The global commercial maritime sector is moving in this direction, developing and adopting state-of-the-art technologies, especially in the field of energy efficiency. The **Leadership in Environmental Performance** study released by the **Cruise Lines International Association** (CLIA) provides a wide-ranging analysis, by independent maritime experts, of the cruise industry's environmental practices. The study found that with both air emissions and wastewater treatment practices, CLIA members are leaders in the global commercial maritime sector in the development of innovative technologies to advance environmental stewardship as well as of industry policies and best practices that further positive environmental performance.

Costa is well aware of its responsibility in this regard and does everything in its power to minimize its environmental footprint, setting itself ambitious objectives in the direction of progress and innovation so as to tackle issues like climate change, GHG emissions, depletion of natural resources, pollution of the soil and the seas, and alteration of biodiversity. The analysis of the field of operations with regard to possible environmental impacts is carried out by Carnival Corporation both for joint management of risks globally and for shared implementation of action plans vis-à-vis potential critical points. On a process and system management level, Costa Cruises has its own specific **Environmental Plan** setting out short and long-term objectives, related especially to ship propulsion and marine operations, and developed in accordance with the guidelines laid down in Carnival Corporation's **HESS Policy**. Costa's Environmental Plan is part and parcel of its **Sustainability Plan** and, in this context, it incorporates the material issues and Sustainable Development Goals, facilitating implementation of all our energy efficiency measures on board. An integral part of our Environmental Plan is the ongoing consciousness raising and training of crew, together with the direct involvement of guests on key issues. This approach to environmental protection is totally consistent with the UN's 2030 Agenda for Sustainable Development, that agenda being incorporated by Costa in relation to the analysis of potential impacts, with particular regard to Goal 12 (Responsible Production and Consumption), Goal 13 (Climate Action), Goal 14 (Life Below Water), and Goal 15 (Life on Land) and central to the identification and planning of its activities. This is the background to Costa's participation in the **Festival of Sustainable Development** promoted by **ASviS**[1]. Our contribution to the Festival focused on safeguarding the marine environment. One of the main events on last year's program took place on June 5, **World Environment Day**, on the Costa Fascinosa in Palermo: this was the conference entitled "**Sustainable Sea: innovations and solutions for the development of the economy of the sea**", held in collaboration with ASviS and **Fondazione CMCC - Euro-Mediterranean Center for Climate Change** and attended by the **CNR** (Italian National Research Council) and the **Università di Scienze Gastronomiche di Pollenzo**. On the agenda were a range of topics including climate change, technological innovation, the future of sustainable fishing, the role of business and ocean literacy.

[1]Italian Alliance for Sustainable Development .

SUSTAINABLE ENERGY: 2030 AGENDA

The international scientific community has recognized that climate change is one of the main threats to sustainable global development. The 2030 Agenda defines it as one of the greatest challenges of our time and calls for the widest possible international cooperation aimed at accelerating the reduction of global pollutant emissions and addressing adaptation to the adverse impacts of climate change. The main causes of climate change are GHG emissions – particularly CO_2, methane and particulate matter. One of the main sources of pollution is the burning of fossil fuels. Many climate scientists agree that a 2°C rise is the maximum amount of global warming the Earth can tolerate without devastating consequences. Accordingly, Costa decided some time ago to concentrate its investments on improving performance and new technology for optimization of consumption of its fleet with abatement, as far as possible, of direct CO_2 emissions generated by ship propulsion and marine operations.

We extend our successful pilot projects fleetwide and use every available means to minimize our environmental impacts. Our largest investments are for new ships fully powered by **liquefied natural gas (LNG)**, the world's cleanest and best performing fossil fuel, which will help reduce emissions of CO_2, SOx, NOx and particulate matter (PM). In line with Carnival Corporation's objectives, Costa is gradually introducing LNG-fueling across the fleet. In accordance with its pollution prevention treaty (MARPOL), IMO has focused increasingly on – and adopted regulations to address – the emission of air pollutants from ships with the introduction of internationally mandatory, energy-efficiency measures. The global cruise industry must confront these issues and commit to using cleaner fuels. Despite the undoubted advantages, the transition to LNG is far from seamless and the requirements – technical and otherwise – associated with its implementation mean that it is a decisive step not only for Costa but for the industry as a whole. Our intention is to help drive the change to natural gas and stimulate the international development of LNG supply and bunkering infrastructure, engaging all the stakeholders directly involved in the management process. In order to bring the existing ships into line with the high standards of those on order, we continued the program launched in 2017 whereby current fleet members are outfitted with the **Advanced Air Quality System (AAQS)**, known as scrubbers; this retrofitting of exhaust gas cleaning technology combines the removal of SOx emissions with the substantial reduction of PM and PAH[2], both at sea and during maneuvering in port. Scrubber technology has been developed by a Costa subsidiary called **Ecospray**, which is at the forefront of R&D of innovative gas treatment and gas cleaning

[2]Polycyclic aromatic hydrocarbons.

-27.6%
CARNIVAL CORPORATION'S
CARBON FOOTPRINT
REDUCTION TARGET:
- 25% BY 2020

systems for industrial applications. The joint efforts of Ecospray, Costa and Carnival Corporation led to the world's first AAQS for marine engines, specially adapted for the confined spaces on board, making the Costa Group the industry leader for the promotion and development of innovative and sustainable solutions for regulated pollutants. The systems in question are being continuously perfected in order not only to meet current international requirements but to go beyond mere compliance.
In 2018 we also continued to carry out important improvement actions to enhance energy efficiency fleetwide. The work included the upgrading of shipboard technology, with the installation of systems designed to save fuel and reduce engine emissions, optimization of navigation systems and continuous improvement of the methods of periodical ship maintenance and cleaning. These initiatives are in line with Carnival Corporation's goal of reducing its carbon footprint by 25% by 2020[3], which was in fact achieved a couple of years ahead of schedule at the end of 2018 (- 27.6%). Each member of the fleet has a ship-specific **Ship Energy Efficiency Management Plan (SEEMP)**. Performance monitoring is carried out by means of a specific tool, **Neptune Engine**, enabling measurement and management of all critical ship data so as to ensure continuous improvement. In 2018 we launched **Neptune Engine Environmental**, which is entirely devoted to the systematic and detailed collection of environmental data; this analytical IT tool provides a more accurate and complete overview, thereby enabling more informed decision-making and more effective action plans.

[3]From Carnival's 2005 baseline, measured in grams of CO_2 and per ALB-km.

ENERGY EFFICIENCY PROJECTS

NO_x SO_x PM

- **IMPLEMENTATION OF THE AAQS (ADVANCED AIR QUALITY SYSTEM) TO REMOVE MORE THAN 90% OF POLLUTANTS FROM THE EXHAUST GASES AT SEA, DURING MANEUVERING AND IN PORT.**
- **USE OF CLEANER (LOW SULFUR) FUELS IN EMISSION CONTROL AREAS (ECAS).**

CO_2

INVESTMENT IN LNG PROPULSION SYSTEMS.

2 NEW SHIPS BY 2021
95% - 100% REDUCTION OF PARTICULATE MATTER
25% REDUCTION OF CARBON EMISSIONS
85% REDUCTION OF NITROGEN OXIDE EMISSIONS
0% EMISSIONS OF SULFUR OXIDES

REDUCTION OF FUEL USE AND ENGINE EMISSIONS

OPTIMUM SHIP TRIM EVALUATION SYSTEMS.

- **OPTIMUM USE OF SHIPBOARD DIESEL GENERATORS AT SEA AND IN PORT.**

INSTALLATION OF TECHNOLOGY TO INCREASE THE AMOUNT OF WASTE HEAT RECOVERED FROM ENGINE COOLING WATER.

- **INSTALLATION OF FREQUENCY CONVERTERS FOR ELECTRIC ENGINES FOR VENTILATORS, FOR ENGINE ROOM AIR CONDITIONING STATIONS AND FOR ENGINE ROOM AUXILIARY SERVICE PUMPS.**

RATIONAL MANAGEMENT OF SHIPBOARD INCINERATORS.

USE OF AUTOMATIC LIGHTING CONTROL SYSTEM DESIGNED TO ADJUST THE EXTERNAL LIGHTING OF THE SHIP IN ACCORDANCE WITH THE CURRENT SUNLIGHT INTENSITY.

SHIP OPERATION AND MAINTENANCE INITIATIVES

USE OF STATE-OF-THE-ART ECOLOGICAL COATINGS.

PLANNED MAINTENANCE OF THE HULL AND REGULAR SCHEDULED CLEANING OF THE PROPELLERS.

- **OPTIMUM USE OF THE HVAC (HEATING, VENTILATING AND AIR CONDITIONING) SYSTEM IN THE PUBLIC AREAS (DEMAND FLOW PHASE ONE AND DEMAND FLOW PHASE TWO WHERE APPLICABLE).**
- **OPTIMUM REGULATION OF THE HVAC SYSTEM.**

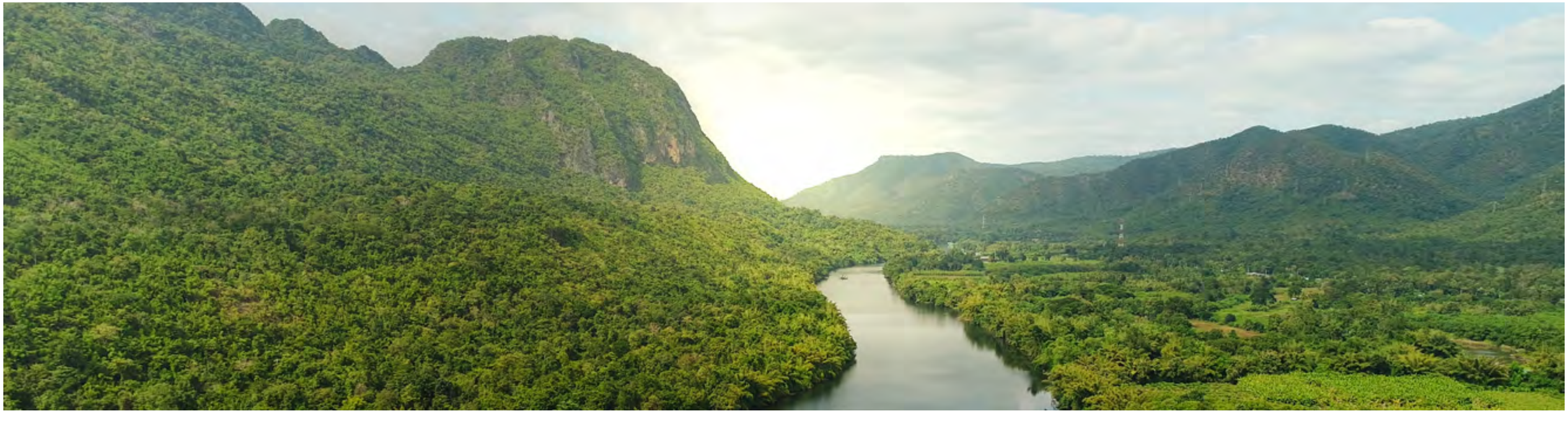
PORTS AND EMISSION REDUCTION

One of the main causes of climate change is the increase in concentrations of greenhouse gases in the atmosphere. For this reason, port authorities are mobilizing with the aim of coordinating the main stakeholders and harmonizing international air quality standards, in some cases making them stricter, and – at the same time – introducing increasingly rigorous environmental restrictions. The world's leading ports and harbors – the connecting nodes of global trade – are working together to reduce GHG emissions. They have set up the **World Ports Sustainability Program (WPSP)** to enhance and coordinate future sustainability efforts and foster international cooperation with partners in the supply chain, empowering port community actors to engage with stakeholders in creating sustainable added value for the local communities and wider regions in which their ports are embedded. The ports involved actively seek the cooperation of ships and shipping companies in support of measures to reduce emissions to air. One of the WPSP's projects is the **Environmental Ship Index (ESI)**. The ESI identifies and scores seagoing ships that perform the best in reducing emissions as measured against the current standards of the IMO. The ESI is used by ports to reward clean ships by offering them incentives under the indexing program, with the ultimate aim of disseminating a culture of environmental sustainability in shipping. Costa Cruises signed the ESI Implementation Protocol with the **Port of Marseille**, thereby guaranteeing the gradual registration of Costa's fleet members and their ongoing participation in this innovative project.

ENVIRONMENTAL IMPACT MANAGEMENT SYSTEM

A cruise ship with its passengers (guests and crew) is a kind of moving platform that crosses and interacts with a number of different and complex ecosystems. On board you will find the same dynamics and actions that occur in everyday life ashore, though they need to be managed differently on account of the confined space and the fact that the ship is a self-contained system. We set out to empower and proactively engage the guests, treating them as aware and responsible "shipboard citizens". All of Costa's ships are equipped with cutting-edge technology but, in the face of extremely demanding environmental challenges, tech is only effective if it is managed effectively and responsibly. Costa Cruises is inextricably linked with marine ecosystems and, accordingly, with the aim of protecting the environment in which it operates, the Company's **Environmental Plan** includes actions designed – among other things – to safeguard marine biodiversity, reduce water consumption and manage shipboard waste. To this end all of Costa Cruises' ships are operated in accordance with the (ISO 14001[4] certified) **Environmental Management System (EMS)**, which defines procedures, practices and rules for dealing with environmental impacts in each area of intervention. The necessary measures and investments are defined according to rigorous standards with independent, third-party organization auditing and certification. The regulatory framework on which Costa's Environmental Plan is based is the **International Convention for the Prevention of Pollution from Ships (MARPOL)**. In addition to the EMS, in 2018 for the second year running, we implemented the **Environmental Compliance Plan (ECP)**, a standard that goes beyond any requirements set forth by applicable laws and guarantees continuous monitoring of the environmental performance of the fleet. Our Environmental Plan includes training courses for all shoreside and shipboard employees in order to raise their awareness of environmental issues and make sustainability even more ingrained. There are also specific courses for crew dealing with waste disposal procedures (including chemical agents) and wastewater treatment. The acquisition of skills and expertise in sustainability is also guaranteed by the tuition provided to **Environmental Officers (EOs)** at **CSMART** in Almere (Netherlands); EOs are key figures when it comes to environmental prevention insofar as they are in charge of training department heads, thus guaranteeing correct and full application of the relevant procedures in their respective areas. In order to share experience regarding the implementation of the ECP and to guarantee consistency across operating lines of the various initiatives and overall fleet progress, the first **Carnival Corporation Environmental Conference** was held for **EOs, Operating Line Compliance Managers (OLCMs), Corporate Compliance Managers (CCMs)** and other key positions for sustainability on board. This event is an example of how the Company, together with the Corporation, voluntarily endeavors to enhance knowledge and increase commitment to environmental protection.

[4]Since 2018 Carnival Corporation has been in charge of ISO certification to ensure greater harmonization and centralization of the management system. The entire Costa fleet is certified, with periodical audits verifying compliance with ISO standards.



Protection of the marine environment and of biodiversity

Human-dominated marine ecosystems are experiencing accelerating loss of biodiversity. This loss of marine biodiversity is weakening the ocean ecosystem and its ability to play its role as a global ecological and climate regulator. For this reason, protection of the seas and oceans is one of Costa's top priorities; rather than simply paying lip service to rules, we set ourselves ambitious objectives that go way beyond mere compliance. With specific regard to safeguarding biodiversity, in accordance with the new international maritime treaty regulating ballast[5] and known as the **Ballast Water Management Convention (BWMC)**[6], the new treatment system fitted on the Costa Diadema is a case in point. Thanks to this system, which is being implemented fleetwide, Costa's ships will subject ballast water embarked during each voyage to mechanical, physical, chemical and biological purification processes in order to minimize, or even prevent altogether, the inadvertent transfer of harmful, non-indigenous species (aquatic organisms and pathogens) in ships' ballast. In a related initiative, the Company launched a project for further regulation of the use of hazardous chemical substances on board, especially those used for engine maintenance. In addition to conservation of marine flora, Costa Cruises is also engaged in efforts to protect fauna and has adopted the **Global HESS:MAR1308** guidelines for the prevention of noise pollution that can be harmful to marine mammals and for compliance with protocols for the avoidance of whale strikes.

[5] Ballast is water pumped in to a ship to maintain safe operating conditions throughout a voyage and jettisoned at sea when the vessel docks.
[6] The BWMC entered into force on September 8, 2017.

Isola del Giglio: Environmental Restoration Plan

Site remediation at Isola del Giglio, which began in 2014, was completed in May 2018. The 5-year project for the cleaning of the sea bed and the restoration of the island's biodiversity saw the direct involvement of Micoperi as well as a number of organizations: ARPAT (Tuscan Regional Environmental Protection Agency), ISPRA (National Institute for Environmental Protection and Research), *Università La Sapienza di Roma*, CIBM (*Centro di Biologia Marina ed Ecologia Applicata di Livorno*) and the DISTAV Department of the University of Genoa in a highly complex set of operations (in 6 phases) managed under the supervision of the **Environmental Observatory**[7]. The final stage of work involved the removal of sediment from the sea bed at depths of between 60 and 90 meters. During this last phase, 11 fortnightly reports were submitted to the Observatory concerning the monitoring activities carried out, plus another nine dealing with the inspections of the cleaning operations.
At the same time, initial experimental activities were conducted for the **Long-Term Environmental Restoration and Monitoring Plan**. The commencement of work to restore the marine fauna so as to increase the area's biodiversity is scheduled for 2019. This project will last five years and be performed with the collaboration of CIBM and marine biologists from Rome's *Università La Sapienza*. The work will consist of the transplanting and monitoring of Posidonia and coral. Costa's aim is to restore to the local community of Giglio Island its natural terrestrial heritage and marine environment, and to restore the balance of the ecosystem.

[7] www.regione.toscana.it/-/osservatorio-costa-concordia.

BELLONA FOUNDATION

In 2018 Carnival Corporation signed an agreement of cooperation whereby it undertook to work together with the **Bellona Foundation**, an independent non-profit organization that aims to meet climate challenges by identifying and implementing sustainable environmental solutions.. While being engaged in a broad range of current national and international environmental issues, the Foundation can count on partnerships with leading companies in different industries. The alliance with Carnival Corporation focuses on projects promoting environmentally friendly practices in the cruise industry; more specifically, minimizing environmental impacts on land and sea. Protection and fostering of the heritage of the places visited, and selection of suitable innovative infrastructure are key elements forming the basis of a structured dialogue leading to the development and furtherance of increasingly sustainable tourism.

Water is a precious resource

-4.67% **TOTAL CONSUMPTION OF WATER** (PER PERSON PER DAY)

+0.69% **WATER PRODUCED ON BOARD** (COMPARED TO 2017)

70.99% **WATER PRODUCED ON BOARD**

29.01% **WATER BUNKERED FROM PORT FACILITIES**

Water is an essential building block of life but it is a limited resource and around one billion people still do not have access to safe and healthy water sources and many more experience intense water scarcity. It follows that the responsible management of water resources is an absolute priority. Costa Cruises is working to pursue both of the 2030 Agenda goals dealing with water. The Company seeks to minimize water wastage in all its marine operations, partly by means of state-of-the-art purification devices (reverse osmosis systems) fitted and upgraded on more and more fleet members. For example, bilge water is processed and reused for technical operations on board. In addition to optimizing usage, we are gradually increasing the amount of water produced directly on board (70.99%, i.e. 0.69% more than in 2017) thanks to the use of special desalination plants, enabling us to drastically reduce the quantity of water bunkered in our ports of call. In any event, our ship operations pose minimal water sourcing impacts to the port communities where we purchase water. This is because in regions experiencing water scarcity or restrictions, our sourcing patterns are modified in order to avoid impacting local water supplies. Naturally the water bunkered is suitably treated, disinfected and made safe to drink in compliance with international public health regulations. Optimization of water use efficiency for all our shipboard operations is a key part of Costa's management system; in 2018 the Company initiated a strategic reduction in cabin cleaning operations (once a day instead of twice) and also launched a pilot project for the introduction of a new position whose occupant is tasked with verifying efficiency and compliance with service standards. One of the priority areas for the sensitization and direct engagement of Costa's guests and crew is the responsible consumption of resources, first and foremost water. Per capita water consumption on board decreased by 4.67% in 2018, thanks partly to the **Stop the Drop** video campaign conducted on all our ships so as to promote water efficiency practices not only on board but also at home.

Wastewater treatment

Wastewater is very difficult to recycle for other uses. Therefore, it is specially treated using cutting-edge purification systems in full compliance with strict procedures so as to prevent pollution in exceptional cases like an emergency, when a spill or discharge of wastewater may occur, and also to guarantee the health and safety of crew members. In 2018 there were eight spills of lubricating oil, gray water and treated sewage, and all eight were minor incidents dealt with by the shipboard personnel, who are regularly trained to take all possible steps to clean up and minimize the environmental impact of a spill in line with Company procedures. No grievances about environmental impacts were filed by stakeholders during the reporting period. The implementation of the ECP includes specific procedures and rigorous reference standards. As far as concerns **bilge water**[8], Costa decided to invest in next-generation treatment systems guaranteeing higher performance standards. A related initiative is our **Dry Bilge Program**, a highly innovative pilot project aimed at reducing the amount of bilge water generated on board. Implemented on the Costa Mediterranea in 2018 (and slated for fleetwide installation by 2021), the dry bilge system enables the recovery of condensate water from the propulsion system before it drains into the bilge so that it can be used again as technical water for the cooling of a wide variety of machinery on board. The new system brings about a substantial reduction in the quantity of bilge water produced, greater efficiency in oily water treatment and less discharge overboard of treated water. This is another example of Costa's commitment to protecting the marine environment and going beyond mere compliance with international laws and regulations.

[8]Oily water from engine operation in the machinery spaces which is discharged in port subject to authorization from the competent authorities in compliance with the regulations in force.

Waste: integrated management and a circular economy approach

6.4 L **GARBAGE** (PER PERSON PER DAY)

114,730 m³ **TOTAL GARBAGE PRODUCED ON BOARD**

Waste generated on board a ship requires careful and extremely complex management. Cruise ships carry thousands of passengers at a time plus they have the additional constraints associated with being a closed system travelling by sea. Costa's waste management strategy is based on adopting an approach that is increasingly oriented to a circular economy. At Corporation level, potential shipboard waste management and disposal risks are mapped. At the same time, opportunities are identified for improvement of the management system, partly by means of a process of structured dialogue with different stakeholders with a view to assessing possible efficiency measures. Costa's approach to waste management focuses mainly on reducing the amount of material that is disposed of, with – where possible – reuse on board and recycling of secondary raw materials in ports that promote sustainable resource usage. As far as possible the Company tries to manage reuse and recycling shoreside with the involvement of, and benefits for, local associations and non-profit organizations.

Our **Garbage Management Plan** is applied fleetwide and lays down criteria that are stricter than those prescribed by MARPOL. The basis of the plan is the categorization of all waste materials, accompanied by the substantial reduction of the volume of waste and possible hazards. We have specific selection criteria for hazardous materials and substances (e.g. chemical products) with the aim of safeguarding the environment and once again going beyond compliance with the relevant standards. An integral part of Costa's waste management strategy is the choice of ports that are best equipped to receive and recycle materials categorized into waste streams. We recycle whenever possible. For this reason Costa crew members are trained to sort, recover, reuse and recycle. One example – and one that is unprecedented in the cruise industry – is our alliance with **CiAL** (*Consorzio Imballaggi Alluminio*, Italy's National Consortium for the Recovery and Recycling of Aluminum) by means of which since 2007 we have collected and recycled approximately 472 metric tons of aluminum[9] thanks in no small measure to the direct involvement of guests through the shipboard communication campaign **Message in a Can**. The aluminum recycled via CiAL was initially offloaded only in the port of Savona but the scheme has now also been extended to Venice. Similarly, in 2018 we began a partnership with **Tetrapack Italia**. Thanks to our collaboration with **Benfante S.p.A.**, Tetra Pak will be collected on the ships, labeled and consigned to the competent port authorities so that it is handled and processed correctly. The pilot project implemented on the ships porting in Savona and Venice will gradually be extended fleetwide.

62.97% **ALUMINUM LANDED AND RECYCLED**

22.48% **PLASTIC LANDED AND RECYCLED**

56.68% **GLASS LANDED AND RECYCLED**

70,825 **SURPLUS FOOD** PORTIONS DONATED IN 2018

The Company is strongly committed to reducing food wastage (see p. 84), in terms both of processes and of preparation, and to responsible consumption of resources. During the reporting year we continued to disembark surplus food from the galleys and send it straight to charities located near our ports of call thanks to the collaboration of the food bank charity **Banco Alimentare** (see p. 92). By means of this and similar projects, Costa puts into practice the engagement undertaken when it signed the **Alliance for the Circular**

[9] 3.7 million aluminum cans were collected in 2018.

EFFECTIVE MANAGEMENT OF WASTE WITHIN A CLOSED SYSTEM

Economy manifesto, which aims to accelerate the transition to a circular economy business model based on recovery and recycling of resources.
The fact that our guests stay on board for a relatively lengthy period of time means we can successfully implement projects to sensitize and directly engage all passengers (guests and crew). All shipboard employees receive basic training, tailored to their specific job responsibilities and their department (Hotel or Deck&Engine), supervised by the **Environmental Officer**. Each crew member receives around 20 hours of environmental training a year, 30% of which deals with waste management. We take advantage of the fact we have a multicultural staff, giving Costa the chance to raise awareness of effective waste management techniques and, in particular, of the importance of recovering and recycling material among personnel who come from parts of the world where these are not priority issues. Crew members stay on board for several months, which means they have plenty of time to assimilate and consolidate best practices in this regard and there is every likelihood they will continue to adopt them ashore.

REDUCTION

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

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

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

SEPARATE COLLECTION AND PROCESSING OF WASTE STREAMS

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

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

GRINDING (ORGANIC MATERIAL).

COMPACTING (PLASTIC, GLASS, METAL, ALUMINUM).

INCINERATION (DOMESTIC WASTE AND OILY RAGS).

DISPOSAL

DISPOSAL TO SHORE RECEPTION FACILITIES.

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

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

RECYCLING (WHERE POSSIBLE)

TEMPORARY STORAGE IN PORT FACILITIES OF MATERIAL INTENDED FOR RECYCLING.

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

REUSE ON BOARD

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

RECOVERY

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

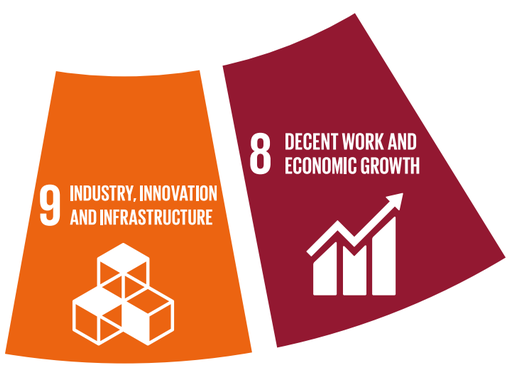
PARTNERSHIP FOR DONATION OF **SURPLUS** FOOD ON BOARD TO CHARITIES IN THE PORTS OF CALL.

YOU

WHAT WE ARE DOING

THE GLOBAL GOALS

For Sustainable Development



ON COURSE FOR SUSTAINABLE TOURISM

The Travel & Tourism industry is by nature multidisciplinary and has the potential to stimulate global economic growth, transform our world into a place of prosperity, and create decent jobs and business opportunities[1]. Tourism is one of the largest and fastest-growing socio-economic sectors of our times: according to the **World Travel and Tourism Council** (WTTC), in overall terms (considering direct and indirect contributions as well as knock-on or "induced" effects) T&T contributes around $7.9 trillion, or 10.2% of GDP, to the global economy, accounting for some 292 million jobs. Not only is T&T a cornerstone of the economy, it is expanding rapidly thanks to the growing middle class combined with improved digital and physical connectivity. It is estimated that by 2025, more than 280 million households will be traveling internationally each year. India and China alone will create 900 million new members of the global middle and upper classes between 2015 and 2025[2]. Of course, all this growth, development and employment is accompanied by challenges affecting players at each link of what is a highly complex value chain, many of which can be summed up by the term "overcrowding" or "overtourism".

If there were a better balance between established and emerging tourism destinations, it would be easier to confront the problems associated with overcrowding. In order to foster harmonious growth and reduce the possibility of generating negative impacts, stakeholders need to tackle the key issues and potential risks, adopting a global vision aimed at sustainable development and guaranteeing – first and foremost – a balanced redistribution both of the number of visitors and of the wealth generated. In this context, cruise travel accounts for approximately 2% of global tourism, with 28.2 million passengers in 2018 and 30 million expected to cruise in 2019[3] (out of a total of 1.4 billion international tourist arrivals in 2018, with projected growth also in this case of around 3.5% for 2019[4]). Destination management and community impact can be effectively handled by cruise lines insofar as the numbers of tourists can be determined and catered for well in advance. Also, the continuity of year-round port calls constitutes a strategic opportunity insofar as cruisers are looking for experiences beyond sightseeing, in destinations (some only accessible now by cruise ship) that were previously out of reach for day-trippers; this includes non-peak arrivals, thus helping to push some demand to off-season periods.

Our awareness that the creation of value is an opportunity and a stimulus for the local communities in our ports of call, with a positive social and economic impact (particularly in terms of job creation), has always been a determining factor in our choice of destinations. An integral part of our long-term strategy is the contribution to the lasting development of sustainable tourism nationally and internationally in places which, despite their splendid artistic, cultural and natural heritage, are relatively little known to the public at large and do not feature on standard tour programs. Costa selects places with great tourism potential that are off the beaten path (but logistically viable as part of a particular cruise itinerary) and adds them to its portfolio. This approach is designed both to encourage new models of promoting the local economy, stimulating growth, development and responsible innovation, and to enrich our product for consumers, who are increasingly setting their sights on new destinations. In this respect, Millennials and Generation Z (new targets for the cruise industry) are particularly receptive to these issues; this new category of cruisers is more and more attracted by the idea of seeking out unique travel experiences. These travelers want to see the world in a conscious, mindful way that never loses sight of the visitor's responsibility. In accordance with this and other cruise travel macro-trends, Costa is tackling the challenges head-on and continues to work towards tourism that is increasingly sustainable and beneficial for all the stakeholders.

[1]Source: World Tourism Organization (UNWTO).
[2]Source: Coping with success, McKinsey & Company, December 2017.

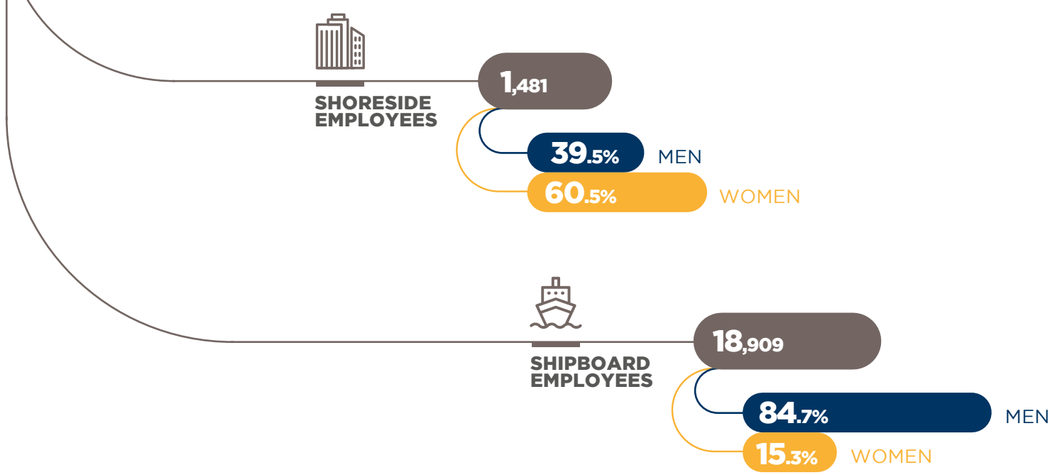
[3]Source: CLIA, 2019 Cruise Travel Trends and State of Cruise Industry Outlook Report, December 2018.
[4]Source: UNWTO, International Tourism Results 2018 and Outlook 2019, January 2019.

COSTA PEOPLE

Being W.I.D.E.

20,390* **TOTAL EMPLOYEES**

Costa Cruises' human capital is characterized by its rich diversity in terms of professionalism, multiculturalism and skills. Empowerment of our people is a key policy of the Company, which aims to capitalize on the commitment, talent and contributions of the individuals who compose it. Particularly with regard to employment on board, where crew members work and live for months in an industry-specific situation, everyone's job satisfaction and personal motivation are vital for the successful management of communal living. Consistent with this approach, Costa is committed to the development of a model of integration designed to guarantee an inclusive work environment that respects diversity, promotes the expression of talent and creates opportunities for cultural enrichment through social relations. In 2018 we rolled out Costa's new **W.I.D.E. (Warm Hospitality, Innovation, Diversity, Enrichment)** values, which are intended to orient all employees' behaviors and strategies towards common ideals, guaranteeing a consistent approach to the process of business transformation. In addition to defining Costa's identity, the values are embodied in specific projects designed to engage people working in the Company. Costa's **People Strategy** is designed to capitalize on diversity and multiculturalism, while promoting engagement and empowerment (Diversity) and investing in skill and talent both shoreside and on board (Enrichment and Innovation). Costa is also committed to prioritizing the needs of its employees like those of its guests (Warm Hospitality) and, to this end, provides direct channels of communication for its workforce while favoring an inclusive approach. Our Genoa headquarters controls and monitors all the training, development and recruitment processes, liaising with the ships through their **HR Directors** so as to ensure that actual shipboard demands are effectively met and that the activities implemented are consistent with set objectives.



*100% of employees covered by cruise industry collective bargaining agreements.

VALUE PATH

W.I.D.E. WORKSHOP defining the values, direct involvement of **180 COLLEAGUES**.

Appointment of **35 W.I.D.E. AMBASSADORS** tasked with promoting the values and defining related projects.

W.I.D.E. VALUE CASCADING TOUR:

- fleetwide involvement of crew members with illustration of expected behaviors, 7174 shipboard employees involved (to be completed in 2019)
- activities carried out by the Ambassadors promoting the values and defining related projects for shoreside employees (to be completed in 2019).

Capitalizing on diversity

Launched to bolster actions and human resources management policies focusing on cultural pluralism, Costa's **Diversity & Inclusion** program stresses the value of diversity so as to facilitate the development of a more and more inclusive culture; this is all the more important in an environment like ours in which dozens of different nationalities, cultures and habits live and work side by side. In 2017, Costa adopted the **Italian Charter for Equal Opportunities and Equality at Work**, which provides a set of values for the dissemination of an inclusive corporate culture fostering diversity, and in the last few years the Company has implemented a number of measures aimed at reducing the gender gap. The creation of the **Manifesto for Female Employment**, with nine points laying down the corporate commitment to fostering the talent of female employees, is a tangible example of the broad approach adopted by **Genderenergy**, a training and mentoring program aimed at reducing the gender gap in key management positions, which was set up in 2017 in collaboration with the global inclusion group **Valore D**. In this connection, in 2018 we launched "**How men could foster gender equality**", a newsletter specifically devised for our male employees interested in exploring this issue in depth. Also during the reporting year, initiatives were undertaken in order to raise awareness concerning the right to freedom of sexual orientation and respect for LGBT people, same-sex civil unions, de facto couples etc. The online course **Embracing Diversity**, designed for our shipboard employees, explores the role of gender and sexual orientation in the world of work and suggests models of correct behavior. Another focus of special attention is the concept of disability, the aim being to promote best practices guaranteeing the right to equality as set out in our **Disability Awareness** program. Costa also promotes respect for different cultural and religious traditions with regard both to its workforce and to its guests. A concrete example of this is **Cultural Sensitivity Asia**, a course conveying in-depth knowledge while honing skills and developing competencies required to provide quality hospitality for Asian guests. The ship is an isolated and confined environment with a multinational workforce; in this regard, the Company arranges courses, workshops and programs intended to enhance cultural awareness and foster "appropriate behaviors". Meanwhile, another consciousness-raising program, **Parole O_stili**, instructs employees regarding the appropriate, non-hostile use of language and the **Bullying & Harassment** course explains the Company's position vis-à-vis this subject, the ultimate aim being to consolidate a corporate culture in line with Costa's key values.

COSTA WOMEN INTERVIEWED BY FREEDA

27% of the Company's workforce are women and our female employment rate has risen since 2015. Costa has always been in the front line when it comes to promoting gender equality in the workplace. To this end, **Freeda** interviewed three prominent women as examples of leadership on board Costa's ships. Freeda is an Italian publishing startup established in 2016 which showcases women's achievement by posting short interviews on social media with the aim of providing positive role models for younger women entering the workforce. Our employees Alla Girbu, Marija Psenicnaja and Stefania Barbieri told Freeda about their life choices, because working on a ship is not just a job or an experience – it is a decision that will have a major impact on the course of your life. ***Alla*** joined Costa initially as a hostess before becoming Assistant Tour Manager. She speaks lots of languages and says that in her line of work it is important to have *"good managerial skills, and to be very flexible and smart."* Her philosophy of life is *"to stay free"*, which means traveling for work and for pleasure, and taking advantage of the chance to meet people and encounter new cultures. ***Marija*** is a shipboard Administrative Director but also a mother. She manages to reconcile her job, which she describes as *"dynamic and stimulating"*, with her private life by devoting all her free time – whether it is on board or while resting ashore between contracts – to her son. She loves the contact with people her position involves and says that teamwork is vital *"because if you work alone you can't do a thing on board."* As for Stefania, who is a Hotel Director, the secret to *"finding the right balance between your private life and work is making sure you find some time for yourself each day,"* because seafaring is a lifestyle. These short interviews reflect the Company's commitment to promoting gender equality throughout the organization. Freeda's decision to interview women working in Costa is acknowledgement of our engagement regarding efforts to empower women in what is traditionally seen as a predominantly masculine industry.

Enrichment: training and development

TRAINING AND EMPLOYMENT

It is our people who guarantee high service standards, who generate innovation, who build social relations. Accordingly, we conduct performance reviews of all the members of the Costa workforce (using the **Performance Management** system). Linked to this is our definition of the corporate **Employer Value Proposition** (EVP), formulated in 2018, where we lay out the core values associated with a career in Costa – distinguishing features that set us apart like continuous growth, exploration of opportunities for growth and sharing of knowledge.

Given the specificity of the cruise industry, where there is high employee turnover (particularly in certain job categories on board) and rotation of crews (shoreside reserve pool waiting to replace colleagues currently embarked), Costa Cruises is committed to providing all its employees with the competency they need by means of job-specific training programs. Costa's pre-embarkation training consists of highly professionalized courses conducted not only in Italy but also internationally. We have **3** dedicated hotel and hospitality training centers in Asia – in Manila (Philippines), Jakarta (Indonesia) and Hyderabad (India) – responsible for guaranteeing the adequate preparation both of new hires and of tutors involved in the development of the local hospitality training industry with the upskilling of local young people. After working on board, many former Costa crew members return to their home countries and find employment in the tourism sector, where employers are on the lookout for experienced, highly skilled staff.

In Italy, with the support of the **European Social Fund** and other social funds, in 2018 Costa held 20 training courses totally free of charge, designed to lead to the induction of new hires in positions specifically requested on board such as cruise staff, technicians and customer service personnel. The state-of-the-art **Academy of Advanced Training for Shipboard Hotel Services** at Villa Figoli in Arenzano has already become a training hub for Costa and guarantees the transfer of key competencies and expertise while providing continuous refresher courses for our shipboard employees. This facility consolidates our already excellent training standards, honing the skills of cruise industry hospitality professionals and making them well equipped to face the challenges posed by what is a rapidly changing and therefore very demanding sector.

Costa provides specialized training for a number of highly skilled positions required on board. Our **School of Trades** project continued in 2018, including several new partnerships with international brands like **Campari**, as well as leading training institutes. For the first time this initiative, managed with premium partners who are global ambassadors for Italian-made excellence, also involved an educational model for children based on sport and movement. The introduction of **Joy of moving** as part of the program of activities in the Squok Club, within the framework of the partnership between **Kinder+Sport Joy of moving** and Costa set up to promote physical exercise through the joy of movement while developing the motor coordination of our young guests, entailed the specific training of 10 of our Chief Children Animators at the Villaggio+Sport in Alba (Piedmont), a center of educational research and innovation with specific regard to physical activity. Over 200 of our Kids' Cruise Staff subsequently received tuition on board about the Joy of moving.

From the specifically culinary point of view, the third edition of the Professional Training Course for Pastry Chefs was held in collaboration with **CAST Alimenti** (*Centro Arte, Scienza e Tecnologia dell'Alimento*). Also in 2018, in partnership with the **Università di Scienze Gastronomiche di Pollenzo** (UNISG), our premium level training program for Executive Chefs was introduced. This project is part of a broader program prioritizing the value of food on board (see p. 86), designed together with UNISG in order to enhance understanding of biodiversity, healthy nutrition and sensory analysis of food, all vital issues in terms of making our Executives Chefs ambassadors for a sustainable gastronomic experience. Course graduates earn the title of "Master", meaning that they themselves can act as trainers, effectively turning their galleys into continuing education centers. A very important project regarding the training of Hotel Directors is the Cornell University Master. In 2018, 16 participants obtained the Hospitality Management Certificate after attending at the beautiful and prestigious Cornell University Ithaca Campus (NY).

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

3
TRAINING SCHOOLS
WORLDWIDE

1,373
TRAINEES HIRED
ON BOARD

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

20
SESSIONS

339
TRAINEES

318
TRAINEES HIRED

ACADEMY OF ADVANCED TRAINING FOR SHIPBOARD HOTEL SERVICES

9
COURSES

157
TRAINEES

136
TRAINEES HIRED

SCHOOL OF TRADES

42
PARTICIPANTS

744
TRAINING HOURS

ACCADEMIA DEL MARE

15
ENGINE CADET OFFICERS HIRED

15
DECK CADET OFFICERS HIRED

SCHOOL-TO-WORK TRANSITION SCHEME

School-to-work transition is something that Costa has always focused on; to this end we promote dissemination of knowledge about the cruise industry and provide employment opportunities for young people who are motivated and interested in working in tourism – particularly the hospitality sector. For this reason we work in close consultation with hotel management schools and vocational training institutes.
In 2018, *Confindustria* (General Confederation of Italian Industry) and the Chamber of Commerce awarded Costa the **Bollino per l'Alternanza di Qualità (BAQ)** for what was adjudged to be one of Liguria's best school-to-work transition programs[5]. Ours is the first and only such scheme in the industry giving young people the chance to gain hands-on experience working on a cruise ship as crew members to all intents and purposes. During the reporting year, 20 students from the **Istituto Turistico Buonarroti** in Genoa worked on board in the hospitality, shore tours and entertainment departments. Costa's collaboration with local secondary schools and technical institutes is expanding all the time, creating strong links between the world of education and the world of employment. In this context, Costa was also part of the 7th edition of the **Sailor Project**, with the participation of 270 students from nautical institutes and hotel management and tourism schools located all over Italy, who took part in work experience that was managed in the form of teaching laboratories.

[5]In October 2018 in Italy such schemes were renamed *Percorsi per le competenze trasversali e per l'orientamento.*

KNORR AND COSTA "SHARE A MEAL"

Inform, sensitize and empower future citizens, chefs and consumers with regard to the importance of the responsible use of food resources. This was the goal of "**Share a Meal**", a project promoted by **Knorr** (one of our suppliers), in collaboration with the **World Food Programme, Unilever Food Solutions, Ballarini** and **Costa Cruises**. Conceived and coordinated by **Scuola Attiva Onlus**, the program saw the involvement of 3500 students from over 100 hotel management schools throughout Italy, who were invited to come up with anti-waste recipes. The two winners, from Milan's **Istituto Alberghiero Paolo Frisi**, selected by a judging panel consisting of sustainable nutrition experts, were given the chance to take part in an exclusive one-week program on board a Costa ship; the pair that came second won a training experience at the Villa Figoli Academy. This project and our partnership with Knorr is part of our food waste reduction program, intended to engage people – especially young people – in the supreme global challenge aimed at reversing current trends and promoting models of responsible consumption.

TRAINING HOURS PER PERSON

27.73 SHORESIDE
49.5 SHIPBOARD

TOTAL TRAINING HOURS

41,077 SHORESIDE
935,917 SHIPBOARD

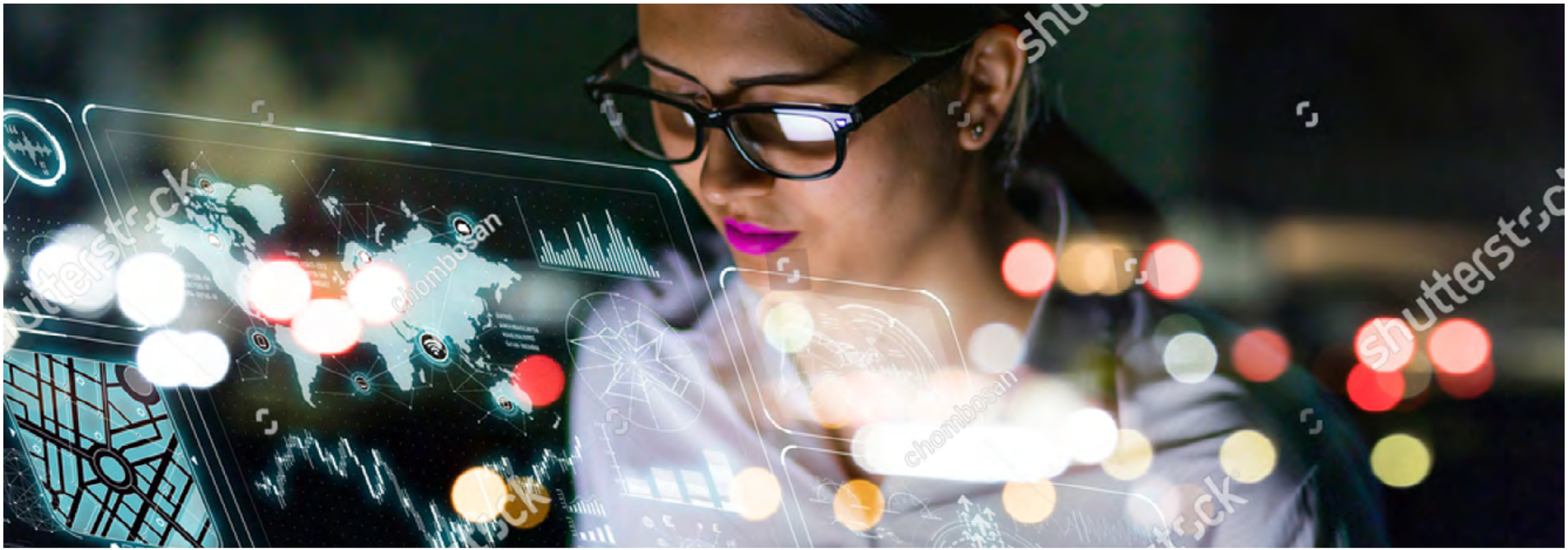
Given the continual rotation of crew members and the gradual digitalization of certain processes, it is vital to organize regular refresher courses. In 2018 we completed the training courses dealing with use of the food waste monitoring digital systems implemented in partnership with **Winnow** and with the **Taste don't Waste** awareness-raising campaign regarding responsible food consumption (see p. 90); this way we brought our shipboard employees up to date with the latest developments and involved new hires in issues related to food waste.
To enhance our training options, we have further extended the online catalogue, thereby facilitating tuition, rationalizing our entire range of courses and providing clear, transparent tools for individual growth and career development in Costa. The whole process is constantly supervised by the **Learning Officer**, who helps the shipboard HR Director to carry out direct monitoring of the progress of crew members on each ship.

Similar to the approach used on board, Costa's shorebased employees also follow specific training and development paths aimed at enhancing decision-making, managerial skills and leadership. The e-learning platform **All You Can Learn** includes an area specifically set aside for shoreside staff, with specific courses – whose content is regularly updated – aimed at professional growth. An integral part of our People Strategy is the idea that any vacant managerial position should be filled by looking to the Company's own human resources first; to this end, Costa has individual development action plans with personalized career advancement paths. Accordingly, we have boosted our leadership programs to include middle (as well as senior) managers with the objective of ensuring the consistency of Costa's leadership style. Specific training paths are in place for key positions filled by people with great potential, in this case with the support of prestigious partners, including academic institutions of international standing; the idea is to share experiences and compare notes with peers from other enterprises, thus facilitating the process of personal networking.

Talent development is a key asset in Costa's human capital management strategy. Our **General Management Program**, in its third year, continued to assist in the development of all-round individual talent with specific personal development paths defined for our top performers.

COSTA FUTURA

Digitalization is a major challenge and not only for Costa. The ready availability of adequate skills to carry out the digital transformation and manage the associated processes using new hi-tech infrastructure is vital for the future success of the Company. This is the thinking behind the program of training and continuous innovation called **Costa Futura**, designed to develop individual capacity and aptitude, hone digital skills and encourage a proactive approach. The kick-off of the program directly involved all our employees, who were engaged in a series of activities aimed at mapping their individual skills, this being the necessary first step in order to obtain an overview of our workforce's current level of knowledge and competence in relation to digital tools and plan measures to enhance the associated skills.



Work-life balance and flexibility

Individual wellbeing has always been a key issue for the Company. In line with our new W.I.D.E. values, Costa is committed to interpreting and meeting as effectively as possible the needs of its people, taking account of the specificity of the work environment on board and setting up special programs for our many employees for whom the ship is far more than a mere workplace. Continuous dialogue, managed at all levels of the organization and based on transparency, is also facilitated by the use of surveys and by the many communication channels available. By guaranteeing equality of treatment, fostering diversity, organizing training, promoting career development and providing a safe work environment we lay the groundwork for a workplace where everyone feels at ease. Associated with this is the Company's focus on achieving the right work-life balance. In 2018 **Smart Working** was extended, increasing from one to two the number of days a week when shorebased employees can use remote work locations and introducing the project in our branch offices in Spain and France. Also during the reporting year we carried out the pilot project for the 24-hour a day Contact Center. More flexibility regarding the place and hours of work enables greater employee empowerment, giving our people more freedom to organize their time and reducing commuting time (resulting in mitigated environmental impact[6]). At the same time, agile working also allows Costa to change the approach to work activity, expanding the delegation of authority and giving employees a greater sense of responsibility concerning their assigned tasks. A little over a year since the launch of Smart Working, the project is proving to be very popular and is yielding very positive results and benefits.

[6]One day a week of remote working means a reduction in emissions of 135 kg of CO_2 a year. (Milan Polytechnic School of Management Smart Working's Observatory, www.osservatori.net).

SMART WORKING

NUMBER OF SMART WORKING HOURS

118,613

EMPLOYEES ENGAGED IN SMART WORKING

74% ITALY

91% FRANCE

90% SPAIN

As far as concerns welfare, the Company has launched and promoted an online **Flexible Benefits** platform, enabling the individual to manage specific items of remuneration (e.g. the performance bonus) that can be converted into welfare services or supplementary pensions. For shipboard employees, Costa has improved the accessibility to a series of amenities such as the gym and the swimming pools in guest areas, which crew members can use in their free time. In order to help employees on board keep in touch with their families, the Company has started testing a pilot project for use free of charge of the Wi-Fi network on the Costa Diadema.

Also in this context, our **Proximity Program** is structured so as to enable shipboard employees to schedule their periods of work and take full advantage of rest periods at home; another part of the program consists of facilitating the embarkation of couples on board the same ship.

In addition to the existing channels of communication, in 2018 Costa launched **Crew Zone**, an app whereby crew members can contact the shorebased colleagues who look after their contracts and welfare. This app is designed to provide a direct line of communication and make all the management processes totally transparent so that crew can have quick access to information about their career history (performance reviews, pay, planning of embarkation/disembarkation and travel details). Crew Zone is not only part of Costa's digital evolution but also an example of the transformation of our corporate culture, strengthening our ties with crew members both during and between contracts.

Employee volunteering program

Costa's **employee volunteering program** is yet another example of employee engagement. It is structured so as to allow our employees to participate in a number of projects designed to assist socially disadvantaged sections of the community. More specifically, in 2018 we took part once again in (the 22nd edition of) **Fondazione Banco Alimentare**'s Food Collection and in "In the Pharmacy for Children", a solidarity initiative organized by the **Fondazione Francesca Rava N.P.H. Italia** for the purchase of medicines for children and baby care products that were then donated to charities and shelters in Liguria and to a children's hospital in Haiti. We also continued to support **Ce.sto** (an educational center for minors in the old town of Genoa); during the reporting year, volunteers from Costa did work in the garden of the facility so that the youngsters would be able to play there. We also participated again in the non-profit initiative **The Children's Port** in favor of patients at the **Istituto Gaslini** Children's Hospital in Genoa.

As part of our ongoing local partnerships, in 2018 we hosted further **ship visits for schools and community-based organizations** in a number of ports of call. In addition to fun and entertainment, the day on board is intended to act as a stimulus for these young guests to broaden their horizons and consider the possibility of taking a course of study leading to a career at sea. Within the framework of the partnership between Costa and Kinder+Sport Joy of moving, we decided to extend the **Joy of moving** program on board our ships to several South American countries Costa sails to, for the benefit of children from local communities there. We focused particularly on Brazil, where chronic unemployment, widespread violence and extreme poverty threaten to compromise the future of the younger generations. In the cities of **Santos, Rio de Janeiro, Buenos Aires** and **Montevideo**, , in collaboration with local not-for-profit organizations assisting children and teenagers suffering from hardship and social deprivation, about 800 young people were given the chance to come on board, visit a Costa ship and join in the Joy of Moving activities run by the Cruise Staff Team. This is a way of stimulating their cognitive faculties, creativity and ability to communicate through movement and games, while offering them an outing with a difference that helps them think about a better future. Costa's employee volunteering program was extended to our foreign offices in 2018: our colleagues in Switzerland organized a **X-MAS Pasta Evening** charity dinner. With the assistance of our partner Barilla, the team cooked a meal for approximately 40 needy people at the **Open Heart of the Salvation Arm**y shelter in Zurich, creating a homey atmosphere of lively conviviality between the beneficiaries and the Costa volunteers.

For an enterprise like Costa, which can count on a very wide range of skills and professions, employee volunteering also means transferring expertise and know-how. For the third year running, we worked alongside the social cooperative **In-Presa**, which provides practical training and facilitates the school-to-work transition for disadvantaged youth in general and high school dropouts in particular. The trainees concerned were welcomed at the Villa Figoli Academy where, together with the Costa Executive Chef, they prepared a traditional Ligurian menu and tried out some particularly demanding cooking techniques used in our galleys.

INTERACTION WITH THE COMMUNITY

Centrality of the ports

Costa's close ties with its ports of call constitute a vital asset for the business. The Company's presence is expanding all the time in strategic ports in the Mediterranean and around the world. We encourage participatory dialogue, which is arranged so as to facilitate the growth of port infrastructure, tourism and other local allied industries, by means of specific long-term planning based on sustainable development. Cruise terminals for our ships in transit, with the associated flows of passengers and crew members, are an important part of our business in terms of the positive impacts generated.

One of the goals defined in Costa's strategic plan is precisely to act as a catalyst for the development and redevelopment of ports and infrastructure, giving rise to synergies in the ecosystem in which we operate and generating the creation of value with massive potential for further transformation. By way of example, in our homeport of **Savona**, where we have been operating for 20 years, the futuristic cruise terminal complex has gradually become a more and more integral part of the fabric of the town. Costa's structured dialogue with local stakeholders has influenced the planning and development of the port area, in which there are two purpose-built cruise terminal buildings. The extension of the terminal concession agreement until 2044, announced in 2018, lays the foundations for the further consolidation of the Company's strategic plan. In this regard, major extension work is planned for the harbor area, with upgrading of the Palacrociere complex and a forecast investment of €4.5 million. Our collaboration with the **West Ligurian Sea Port Authority** is aimed, first and foremost, at laying the groundwork for Costa's new LNG-fueled flagship and providing port facilities in line with cruise industry trends. Hand-in-hand with port development, Savona's response to the priorities of local stakeholders takes shape particularly in the municipal authorities' determination to create harmonic urban infrastructure capable of handling the expected future growth. The fact that Savona received **LEED** (Leadership in Energy and Environmental Design) **for Cities** international certification under a global sustainability program is linked to Costa's role as a key strategic stakeholder for the town. The Company attended the first workshop for the **Sustainable Historic District Project**, which is part of EIT Climate KIC, providing input concerning the importance of participatory dialogue for the definition of priority actions for development.

A number of other ports have been developed and/or upgraded thanks to Costa's active participation. The new **Terminal Amerigo Vespucci** (Roma Cruise Terminal) in Civitavecchia, specially designed to accommodate cruise ships, has been funded by a pool of financiers including Costa and consolidates Civitavecchia's position as one of Europe's leading cruise ports, which can handle passenger movements more effectively and offer quality facilities. More than 50 firms, 20 of which based locally, were involved in the construction of the terminal with a total investment of around €20 million.

The choice of LNG-fueled ships, which is central to the development strategy of Carnival Corporation and Costa Cruises, entails the need for suitable port infrastructure and innovative choices ensuring accommodation for very large ships that have specific bunkering needs. Carnival Corporation's major investment, which ended in 2018, for the construction of the **Helix Cruise Center** in **Barcelona**, a terminal accommodating next-generation "green" cruise ships powered by LNG, is an example of synergistic sustainable development oriented towards the creation of long-term value.

Similarly, Costa has worked to strengthen its partnership for the sustainable development of the port in **Marseille**; following the signing of the ESI (Environmental Ship Index) Implementation Protocol in 2017, the Company entered into another undertaking with the **Grand Port Maritime** of Marseille for a joint commitment to environmental protection (emission control and monitoring) and the creation of a state-of-the art logistics center for bunkering. An integral part of the project is the establishment of a training program for ship's officers with specific courses for maritime professionals and an emphasis on safeguarding the marine environment.

Shipbuilding and dry-docking

In the last few years, progress in research and development in the field of shipbuilding has contributed to the innovation of shipping as a whole with the creation of centers of excellence characterized by the concentration of expertise and the establishment of cutting-edge infrastructure designed to accommodate next-generation ships. The process of capacity building involves the shipbuilding industry tout court and dictates Costa's and Carnival's decisions when it comes to choosing partners. Costa's 30-year alliance with the Italian enterprise **Fincantieri**, one of the world's largest shipbuilding groups and number one for diversification and innovation, has resulted in a number of achievements with the development of more and more advanced cruise ships. A case in point is the Costa Venezia, the new ship built by Fincantieri in **Monfalcone**. Designed and conceived specifically for the Chinese market, she is the first vessel built made-to-measure for Asian guests and is highly innovative in terms of hardware. A sister ship, also intended for our Chinese customer base, is currently under construction at Fincantieri's **Marghera** yard and is due for delivery in 2020. These two vessels will bring to 14 the total number of ships built by Fincantieri in Italy for Costa. New build projects provide employment for thousands of yard workers as well as thousands of employees working in allied industries – notably suppliers contracted for the fitting-out of ships; most are Italian firms. The benefits for the economy also include the direct involvement of a large and diverse network of businesses, mainly highly specialized SMEs for which a shipbuilding project constitutes a unique opportunity both for the development of innovative solutions and for access to new markets that would otherwise be inaccessible for small and medium-sized enterprises.

The long-term forecasts indicate substantial growth of the Asian cruise market with particular regard to China. Accordingly, Carnival Corporation and Fincantieri entered into a joint venture with **China State Shipbuilding Corporation** (CSSC) and set up the cruise company **CSSC Carnival Cruise Shipping Limited**. The new line will operate existing Costa Group ships and new vessels to be built specifically for that market. This project, worth approximately $1.5 billion, will be carried out by **Shanghai Waigaoqiao Shipbuilding Co. Ltd** (SWS), headquartered in Shanghai, with two new builds scheduled over the next five years, making them the first cruise vessels ever constructed in China for the regional market. The first is due for delivery in 2023. Fincantieri will license SWS to use its technological platform and a series of technical consulting services, including project management, coordination of the supply chain and sale of essential marine systems and components. The aim is to set up a complete production process, from the design stage to the completed vessel. Another strategic objective is the effective management of the supply chain and the joint commitment for the promotion of environmental policies and the creation of an ecosystem aimed at supporting the sustainable growth of the cruise industry.

The Costa Group's far-reaching 5-year development plan also includes new builds from the **Meyer Werft** shipyards. The cutting-edge German yard has been commissioned to build Costa's LNG-powered ships, which are perfect examples of responsible innovation. The **Costa Smeralda**, under construction in Turku (Finland) will be the first with substantially reduced emissions, thereby contributing to the attainment of Costa's sustainability objectives. The Company's commitment to the creation of value is also reflected by investments in yard infrastructure in its main ports of call. €10 million has been set aside for **Marseille** in order to expand the quays and the dry docks. Thanks to this work, the French port is set to become Costa's key dry-docking center in the Western Mediterranean; this activity also generates limited but important knock-on or "induced" effects in terms of technical expertise, skills and wealth creation.

DRY DOCK 2018

COSTA ATLANTICA
SHANGHAI

COSTA VICTORIA
MARSEILLE

COSTA MEDITERRANEA
MARSEILLE

COSTA FORTUNA
SINGAPORE

COSTA DIADEMA
PALERMO

3,937
TECHNICIANS INVOLVED

152
PROJECTS REALIZED

COSTA VENEZIA: SECURITY AND INNOVATION

Costa was the first international cruise company to enter the Chinese market back in 2006 and since then we have increased our investments in what is a rapidly expanding market, our aim being to tap the region's huge potential for development. As well as being the first cruise ship built specifically for the Chinese market, the Costa Venezia is also unique insofar as she reproduces the iconic lagoon city for consumers in another part of the world where Venice is extremely popular. Our new flagship is highly innovative in terms of her stability, safety systems and management of consumption. Her design guarantees reduced impacts and meets standards that go way beyond mere compliance with international regulations. The Costa Venezia is the first Costa fleet member built to meet **SOLAS Safe Return to Port** requirements: this means that, in the event of an emergency, passengers and crew can stay safely on board as the ship proceeds to port under her own power even if the port in question is as far as 1000 nautical miles (1852 km) away. As regards the minimization of impacts, right from the design stages Fincantieri incorporated a series of measures aimed at greatly reducing the hull's friction resistance at sea, in turn enabling reduced power of the propulsion system installed on board.

135,000
GROSS TONNAGE

LENGTH
323
METERS

6,478
PASSENGERS
OVERALL CAPACITY
(5,200 GUESTS, 1,278 CREW)

Itineraries and development of local tourism

The cruise industry provides a huge opportunity for development of an integrated tourism system enabling the creation and consolidation of value in and around ports of call. Costa has cultivated a multi-stakeholder approach directed at regulating and capitalizing on the presence of tourists by creating adequate hospitality infrastructure. In effect, the Company is a catalyst for local economic growth and development, and works proactively to promote dialogue with local organizations and to help provide fresh stimulus for the setting-up of joint projects and the attainment of shared objectives.

Liguria has always been Costa's home. Our development plan for the next three years will see us boost our presence across the region. From March 2019 the Costa Fortuna will be making regular calls in **Genoa**, marking our return to the city where we are headquartered. Meanwhile the Costa Smeralda, currently under construction, will be deployed on an itinerary taking in two Ligurian ports, **La Spezia** and **Savona**. In addition to the direct benefits stemming from the increased calls, Costa Cruises' contribution is ongoing and growing in terms of job creation: our operations provide work for over 700 people in Liguria and generate an economic impact for Savona of almost €40 million. With around 200 calls here per year and approximately 1 million transit passengers, tourism benefits greatly not only locally but also in the nearby towns, for example Albenga, with over 3000 visitors from cruise ships in the reporting year. Also in 2018, when the Costa Victoria started calling at La Spezia, the Company officially commenced direct management of cruise shipping in the port and was granted a concession agreement for control of the local cruise facilities and services. There were a total of 20 calls by Costa ships in **La Spezia**, with around 60,000 passenger movements and an increase forecast for 2019. The aim is to establish ongoing links with the city and help really put it on the map as a tourist destination. Something similar has occurred in **Tarragona**, where Costa took part in round-table discussions with public and private institutions and has undertaken a commitment to co-design measures to be implemented to guarantee the sustainable development of the Spanish city, capitalizing on the impact generated by our ships (45 calls in 2018).

To facilitate transport logistics for our Italian guests heading for cruises departing from long-haul destinations, in 2018 we extended our 3-year agreement with **Alitalia**, adding the Maldives and Mauritius. At the same time, thanks to our partnership with **Abruzzo Airport**, there are new direct charter flights from Pescara to India, Dubai and Northern Europe.

The diversification of our itineraries has a dual objective: to offer our guests new opportunities for travel experiences and to extend to different parts of the same region the benefits of a regular, planned influx of tourists.. Acknowledgement of this during the reporting year came in the form of the **Cruise Baltic Crown Award 2018** given to Costa Cruises (Itinerary Department) for the addition of new ports to its **Baltic Sea** cruises – notably Kotka (Finland), enabling us to diversify the positive economic impact in that area and introduce visitors to less well-known places.

In the **Middle East**, starting in the 2019 season, the strategic development alliance between the Costa Crociere Group and the **Qatar Tourism Authority** (QTA) will bring cruise ships to the port of **Doha**, thus contributing to the regional tourism development plan, whose aim is to diversify the supply of products and services and boost the economic impact. The partnership intends to capitalize on the potential of cruise tourism, this being an integral part of the Doha Port Development Project, which provides for the upgrading of existing infrastructure and the building of a new terminal by 2020. Similarly, the agreement between the **Dubai**-based holding company **Meraas**, which has a portfolio and activity in a number of sectors including tourism and hospitality, and Carnival Corporation is aimed at turning the port of Dubai into a major regional maritime tourism hub; a key part of the deal is Carnival's participation in work on the new **Dubai Cruise Terminal**. This partnership agreement will help create significant employment opportunities for citizens and residents of the UAE involved in the building and management of infrastructure as well as in catering and hospitality for cruise passengers.

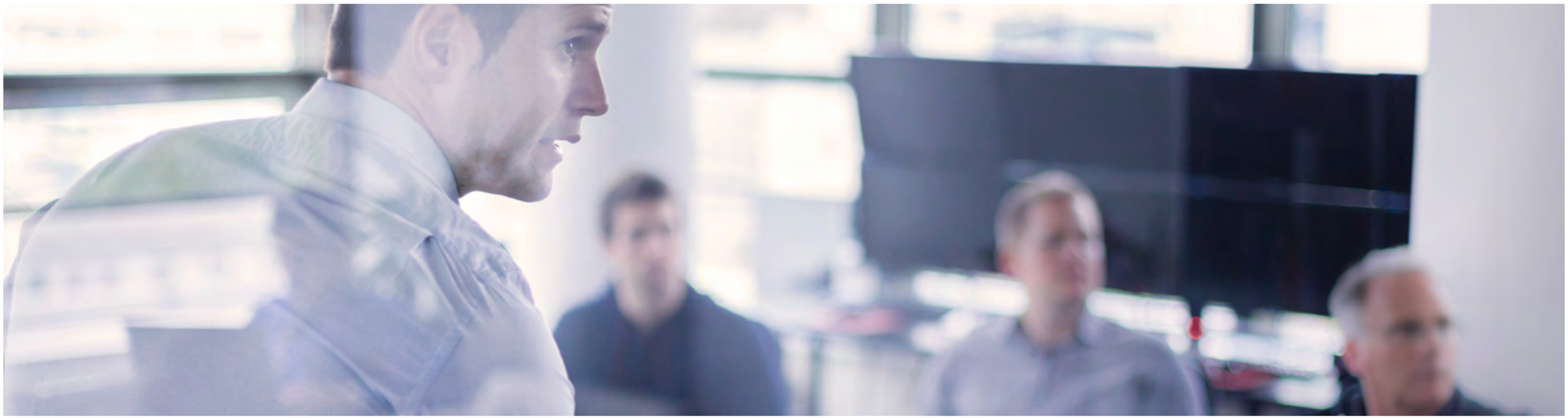
As regards the **Far East**, in 2018 a new 3-year agreement was signed between Costa, the **Singapore Tourism Board** and **Changi Airport Group** to expand the **Fly&Cruise** project in Asia. The partnership can count on Costa's global presence, on the promotion of Singapore as cruise homeport and on the fact that Changi Airport is well connected, in order to further enhance South-East Asia's reputation as a cruise destination. As for Japan, we have developed a large number of new cruise routes taking in futuristic cities like Tokyo, centers with ancient traditions such as Kobe, the industrial archeology of Nagasaki, the pilgrimage route to Shingu, and the discovery of all the facets of Japanese culture.

TOGETHER FOR GENOA

Following the Morandi Bridge collapse in Genoa on August 14, 2018, Costa decided to act at once and undertook a series of initiatives to help the city overcome the emergency. We set up our own fundraising project with a campaign directed at our guests on board: we donated €1 for each plate of *Trofie al Pesto* – Ligurian potato-flour dumplings served with the iconic Genoese sauce – served on all the ships in our fleet. In addition, passengers could choose to make their own voluntary contributions. Donations were also collected in our shoreside offices. All the funds raised were used to finance projects chosen in agreement with the Municipality of Genoa and the Ligurian Regional Administration. As part of the reconstruction efforts, in collaboration with the regional authorities, Costa mounted a communication campaign publicizing the attractions of the city and environs so as to help revitalize local tourism. Over the years Costa has always has always promoted, supported and co-designed social, cultural and community solidarity initiatives. For example, in 2018 we took part in the **Partita del Cuore** charity football match arranged in cooperation with the Municipality of Genoa and the Ligurian Regional Administration, between the **Nazionale Cantanti** (Italian pop stars' national team) and the **Campioni del Sorriso** team of sports stars and celebrities with the proceeds going to the **Istituto Giannina Gaslini** Children's Hospital in Genoa and **AIRC**, the **Italian Cancer Research Association**.

FOCUS ON OUR BUSINESS PARTNERS

Costa Cruises considers its relations with the supply chain a vital issue. The specificity of the business and the dynamics related to management of logistics and of procurement in our ports of call all over the world are key elements used as the basis on which to build solid relations that prioritize transparency. New forms of collaboration and synergies based on the search for solutions to mitigate environmental impacts, maximize value creation and encourage a responsible, innovative approach are an integral part of our ongoing dialogue with partners. With this in mind, the Company is committed to working increasingly closely with its key suppliers to create shared value for customers and other stakeholders. Over the years Costa has worked to create a global network guaranteeing compliance with the most rigorous safety standards as well as efficient logistics without overlooking the importance of reduced environmental and social impact. While complying with the rules and regulations in the countries in which it operates, Costa also applies Carnival Corporation & plc's **Business Partner Code of Conduct and Ethics**, which sets out our expectations for legal compliance and ethical behavior on the part of our partners so as to guarantee consistently high standards, transparency, workplace health and safety, and respect for the environment. We set up partnerships with suppliers based to a large extent on sustainability factors; our procurement strategies play a key role in this process, with the definition of stricter and stricter selection criteria including priority issues for Costa. In the current global context, where more and more attention is being paid to non-financial performance, the incorporation of sustainability aspects in management of the supply chain is doubly important. Relations with suppliers includes identifying and monitoring risks not covered by the Enterprise Risk Management (ERM)



model and finding means of empowerment or areas for improvement with respect to sustainability issues and the value chain. This was the background to Costa's decision to start mapping the level of its main suppliers' awareness of key sustainability issues. To this end in 2018 we administered an extensive questionnaire designed to assess performance and identify potential for improvement in particular areas. Having access to structured information of this kind is also fundamental in terms of determining what action should be taken to strengthen our links with suppliers and identifying potential new synergies. At the same time, continuous monitoring enables us to pre-empt and manage possible risks, capitalize on opportunities and obtain a clear comparison of "best in class" suppliers; this approach also makes it possible to effectively conduct a review of the qualification criteria and/or the assessment applied to specific suppliers in relation to any significant risks.

The selection of enterprises that make sustainability an integral part of their business model and their business objectives has led to the consolidation of key cooperation agreements and to the creation of cross-cutting projects with direct impacts on stakeholders (such as the agreements implemented together with Barilla, Knorr and Ferrero). Examples of best practices adopted by our premier suppliers include stocks of biodegradable **Mater-Bi** products (introduced in 2003) used in Costa's shipboard bars and restaurants, instead of single-use plastic items, which will be banned under an EU Directive (transposed into Italian law) due to enter into force in 2021. Similarly, for the cleaning and maintenance of public areas and other spaces on board, Costa uses products supplied by **Ecolab**, a global leader in water, hygiene and energy technologies and services. Most of our spa and wellness products are made by **Elemis**, which does not test on animals. Elemis is committed to natural ingredients, sourcing from local farmers, supporting local and putting back into the environment. As regards the Food&Beverage area, one of the most important in Costa's supply chain, where possible we buy seasonal produce and supplies of local fresh food, using the logistics networks in the different ports of call so as to minimize impact and support local communities. Following mapping of our entire supply chain, carried out in 2017-18, we are undertaking a number of additional measures – for example Carnival's switch to 100 per cent cage-free eggs (barn eggs). Another example of increasing sustainability of the supply chain is our strategic partnership with UNISG, including the drawing up of a list of fish species be taken off the shipboard menu, the aim being to stop serving endangered species and gradually replace overfished species by sourcing 100 per cent sustainable seafood. As for planning of shore tours, in 2018 Costa and Carnival Corporation signed the **WTTC Buenos Aires Declaration against Illegal Wildlife Trade**; this pledge entails proactive action involving promotion of only responsible wildlife-based tourism and careful selection of suppliers ensuring animal welfare.

COSTA'S RESPONSE TO THE TREND OUTLOOK

A number of important trends are impacting cruise travel in terms of consumers' preferences and consequent choices: key variables include a new way of conceiving the vacation experience, the growth of the global middle class and the increasing importance of Millennials and Generation Z as consumer generations. Travelers use tech in daily lives and are expecting smart tech when vacationing as well. The trend outlook in 2018 reveals how especially the younger generations are seeking diverse, authentic travel experiences both on board and on land; vacationers are looking for immersive, cultural experiences beyond sightseeing.

This is linked to another trend – namely that of conscious travel: global interest in human rights issues and environmental conservation, supported by the United Nations through its 2030 Agenda, is more and more likely to be a decisive factor when it comes to choosing destinations and this impacts tourism as a whole.

The cruise industry is required to address these aspects and integrate them into the product while paying special attention to the social, political and environmental issues associated with any actual or potential itinerary. Millennials and Generation Z, in particular, are expected to become the largest consumer segment for tourism by 2020; they are interested in unique, sustainable travel experiences and sustainability often guides their choices even during the planning stages of a vacation. Sustainability has become a key factor contributing to the appeal of any holiday package not only for the younger generations but basically for all demographic segments. Costa seeks to pre-empt and interpret these trends. We aim to relate to guests in ways that are dynamic and direct. There is growing guest demand for social media connectivity during the vacation as cruisers wish to fill web feeds with their diverse travel experiences both on board and on land in real time. The Company sets out to meet travelers' demands by offering travel experiences that are unique, immersive and responsible. Accordingly, Costa's strategy focuses on managing the flow of guests. The idea is to shift tourists away from overburdened areas by promoting alternative itineraries, less-visited attractions and theme tours, and developing innovative routes designed to "spread" visitors across existing sites and to new destinations altogether. We also stress that it is essential to respect the destination and preserve local heritage. Associated with this is our introduction of alternative itineraries and of additional low impact eco-tours – and the reduced impact is not just environmental. Guests on these tours appreciate the more intense, hands-on experiences enabling them to get to know the local population, their culture and their traditions in line with the priorities of sustainable tourism.

WARM HOSPITALITY

In Costa's concept of the customer experience, everything revolves around the guest: the fact that guests generally spend a long time on board allows the Company to conceive of the ship as a place to build social relations that form an integral part of the vacation experience. One of our core values is **Warm Hospitality**, namely an inclusive, personalized welcome, this being a vital part of the guest's experience. The idea of conveying values and sharing commitment is associated with a more global vision of the vacation, including reflecting on your choices and your actions while on board. In order to provide an even more personalized travel experience while on and off the ship, the Company has invested considerably in the digitalization of its communication systems; to this end, the innovative **Costa App** for smartphones is designed to accompany the guest before and during the cruise, and provides useful information in real time (e.g. restaurant and tour bookings). Tested on the Costa Diadema in 2018, the App will be available fleetwide from 2019 and will offer new features. Technology may be important and highly innovative on our ships but the human dimension remains the central pillar of the experience on board. In this regard, in 2018 we implemented a pilot project whereby, during the cruise, a **Personal Cruise Consultant** was present on board for guests, assisting them in choosing options that would tailor the vacation so as to bring it more into line with their demands and expectations.

In accordance with our core values of respect for diversity and social inclusion, we have devised a project called **Adagio Tours**. For the first time in the cruise industry, guests with disabilities can take part, at no extra cost, in group shore excursions. These tours, available for booking for all the Costa Diadema's port calls from January 2019, are the result of a partnership between **Costa Crociere Foundation** and **Associazione Italiana Sclerosi Multipla** (AISM) and are designed to meet the needs of all our guests who want to enjoy their chosen destinations at a slower pace, without being impeded by architectural barriers.

The **Care Team** is a special Costa emergency response unit set up to handle cases involving individual passengers and crew. Care Team members – themselves Costa staff – are carefully selected and trained to provide practical assistance and psychological support.

CARE TEAM FACTS & FIGURES

140
VOLUNTEERS
SHIPBOARD OPERATIVES

180
VOLUNTEERS
SHORESIDE OPERATIVES

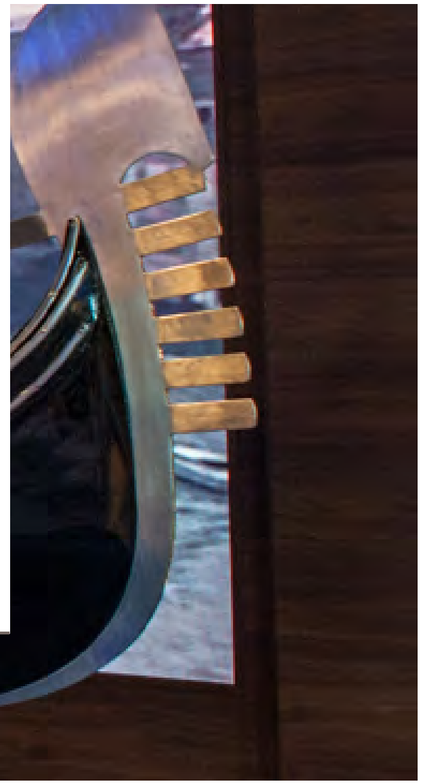
865
INDIVIDUAL CREW CASES HANDLED

1,400
INDIVIDUAL GUEST CASES HANDLED:
(78% medical disembarkations, 6% deaths due to natural causes, 3% sensitive cases, 13% other cases)

COSTA VENEZIA: THE ITALIAN EXPERIENCE IN CHINA

The Costa Venezia is the transposition of the dream that is Venice, which is truly iconographic in Chinese and Asian culture, to a mobile platform. Built in Italy, she is the first Costa ship designed for the Chinese market and is unique insofar as entirely conceived to convey the misty elegance of this fairy city – one of the world's most famous destinations epitomizing Italian beauty – to another continent. The immersive experience offered is the fruit of a meticulous conceptual project aimed at a new segment of first-time cruisers who are particularly attracted by Italian-made excellence. While the interior design reflects the canons of Venetian style, the truly innovative aspect is the adaptation to Asian culture. The end result – the harmonious reconciliation of these two elements – is what makes the Costa Venezia a truly unique example of an integrated vision of the shipboard experience. The ship's show lounge is inspired by Venice's **La Fenice** theater, the **Piazza San Marco** main atrium reproduces the atmosphere of St. Mark's Square while the restaurants feature the architectural style typical of the city's urban landscape. On board there are also other iconic elements such as original gondolas made by artisans from the **Squero di San Trovaso** boatyard.

In terms of the product, our Italian identity is readily apparent – notably as regards the warm welcome on board, the high-end shopping with leading fashion brands and the finest gastronomy. The food&wine offerings include the very best Italian dishes plus Chinese and Asian cuisine as well as local specialties in the various ports of call, and Costa intends to develop this approach further on the new additions to its fleet. The Costa Venezia also has a series of home comforts for Chinese guests: a large casino, karaoke bars and boutiques carrying international brands. The ship offers plenty of on-board smart tech, much appreciated by Asian guests: cutting-edge innovations ensure a personalized travel experience, with services such as **WeChat** and **Alipay** payments as well as other apps designed to enhance the vacation.



SHIPBOARD CITIZENS

RESPONSIBLE CONSUMPTION

-4.67%
WATER CONSUMPTION

-27%
GUEST PLATE WASTE

47
METRIC TONS
OF ALUMINUM COLLECTED
3.7
MILLION OF CANS

During the shipboard experience there is continuous interaction between the Company and its guests. Costa sees this as a great opportunity for integration of sustainability and responsibility issues in the customer experience. Our aim is to create a type of customer-centered vacation during which the guest seizes the chance to be a responsible citizen and to share experiences in the rich multicultural mix constituting the cruise. By conveying positive messages, Costa sets out to enrich cruisers' cultural baggage, involving them with particular regard to issues like categorization of waste, responsible consumption of resources, and respect for the environment and local heritage. These are, of course, all priorities as far as concerns Costa's own engagement. As regards responsible consumption of food, Costa's awareness-raising campaign **Taste don't Waste** has enabled a 27%[7] reduction in food waste in our restaurants and buffets; this shows how receptive our guests are to the call to action (see p. 90). Responsible consumption of water is another area of commitment: in this case we conducted a fleetwide campaign called **Stop the Drop**, with a video promoting water efficiency practices not only on board but also at home and stressing the urgency of this issue. The 4.67% reduction in overall consumption[8] reflects growing awareness of the options available on board to conserve water. As for categorization of waste, through its 10-year partnership with **CiAL** (*Consorzio Imballaggi Alluminio*, Italy's National Consortium for the Recovery and Recycling of Aluminum), Costa is committed to the separate collection of aluminum cans. Thanks to the direct involvement of guests in this process, the **Message in a Can** project led to the collection in 2018 of over 47 metric tons of aluminum (3.7 million cans) for recycling.

[7]In the period January to December 2018.
[8]Refers to consumption per person per day.

CUSTOMER SATISFACTION

55% NPS[9]
(+8.16% VS. 2017)

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

Another example of our emphasis on mindful travel is the way we stress to our guests the importance of interest in and respect for local cultures in the places visited. In the context of ongoing, long-term responsibility and sustainability we have developed new itineraries and shore tours. Costa's strategic vision includes the direct involvement of local stakeholders so as to ensure adequate shoreside guest hospitality while regulating the flow of visitors. The aim is to provide authentic experiences in direct contact with local people and, at the same time, guarantee preservation of the environmental, cultural and artistic heritage. While popular tourist destinations across the globe remain central to Costa's itinerary planning strategy, we are continually engaged in efforts to tackle the challenges associated with overcrowding – notably by introducing and promoting innovative, alternative destinations which, though less well known, are well worth visiting. In 2018 the Company worked on a range of shoreside excursions comprising both classic tours and diverse experiences including sport and out-and-out adventures. Our **Active Tours** prioritize both contact with nature and a positive impact locally. Costa's low environmental impact excursions provide more intense experiences, and include walking tours and alternative means of transport such as Segway PTs, Mini Mokes and electric bicycles.

We foster local culinary traditions by offering new **Food Tours** (especially in Italy), giving our guests the chance to taste typical products and meet local producers, who can showcase their produce internationally. Meanwhile, our **Discover like a "local" tours** feature immersive experiences with visits to the most meaningful sites, direct contact with the local community and an emphasis on the human touch and on the most distinctive cultural features of each place, thus providing a more authentic travel experience.

All these initiatives, based on the possibility of direct involvement and enabled by the lengthy duration of the cruise holiday, are additional options our cruisers can choose to take advantage of, in order to enrich their vacation experience. Increasing the traveler's sense of responsibility entails a radical change whereby the guest becomes a full-fledged shipboard citizen.

TOMORROW

WHAT WE ARE DOING

THE GLOBAL GOALS

For Sustainable Development

A CHANGE OF MINDSET

Designing the future for a company like ours means first and foremost knowing how to interpret that future. A cruise ship is a self-contained world whose internal organization depends on the capacity to harmoniously reconcile travelers' demands and expectations with the needs of the local communities and the ecosystems in and around the ports of call. Accordingly, our strategy revolves around the gradual transformation of a number of important areas of our business, with the definition of ambitious goals in line with the global challenges set out in Agenda 2030. An integral part of this is our decision to seek the direct engagement of everyone on board, guests and crew members alike. We can only bring about the successful transformation of a complex business model like ours, enabling it to make the transition to sustainable development, if all our stakeholders are actively involved in the path towards this ultimate aim. In our vision of responsible innovation, the human factor is key: what is required is a veritable change of mindset. This is based on reinterpreting the role of the passenger, who becomes a full-fledged shipboard citizen. In this context we have been working on major issues like tackling food wastage and reducing the use of plastic where most of the success is due not only to finding innovative solutions mitigating impact but – above all – to the willingness to embrace change or, rather, the evolution of behaviors and lifestyles in a holiday setting. This entails a new way of relating to our guests, directly engaging them in issues that may appear to be far removed from – if not in contradiction with – the fun and carefree atmosphere of a vacation. At Costa we believe that this is the correct route to follow: being responsible citizens is part of the way we do business and we intend to bring our passengers "on board" on this journey together. We are channeling our efforts in this direction because you can only change mindsets if you have everyone's commitment and positive energy.

Stefania Lallai
Sustainability and External Relations Director

TACKLING FOOD WASTE

Food plays a central role not only in our survival but also in our cultural traditions, our wellbeing and prosperity. Despite the time, money and labor invested in cultivating, processing, transporting and distributing natural resources, society has gradually accorded food less and less value. And yet food production and consumption is one of the main environmental issues of our time. **Target 12.3 of the United Nations 2030 Agenda** calls for cutting in half per capita global food waste at the retail and consumer level, and reducing food losses along production and supply chains, including post-harvest losses. A drastic decrease in food waste and a change in consumption models is a great challenge and, at the same time, a great opportunity to contribute to the increasing sustainability of regenerative food systems. Lost and wasted food comes at a steep environmental price; there is a clear link between food loss and wastage, and deforestation, as land quality and biodiversity are adversely affected. It is estimated that 40% of food waste happens in customer-facing businesses like restaurants, supermarkets and hotels. In this context, Costa decided to adopt a strategic approach in order to bring about the systematic elimination of shipboard food waste and, at the same time, to help reshape the cruise industry by including this objective in its roadmap and defining a dedicated investment plan. Focusing on **SDG 12** (Ensure sustainable consumption and production patterns) and **SDG 2** (End hunger, achieve food security and improved nutrition and promote sustainable agriculture), the Company has established a clear and shared path with the relevant stakeholders, in a context of continuous improvement. Central to this pathway is the pursuit of structured alliances with prestigious partners, the aim being to find scalable solutions and joint strategies with the deployment of innovative tools for the shipboard system. Food has always been a key element of the cruise experience; it is inextricably linked to the on-board idea of conviviality, pleasure and culture, including the discovery of other culinary traditions. The idea of altering what is one of our main strategic assets, not only tackling the issue of food waste but introducing it as part of the cruise holiday, was a major challenge, involving the search for new business solutions and making the shipboard food experience more extensive and consistent with the trend to healthier eating. Accordingly, Costa devised the **4GOODFOOD** program, a global first for the cruise and food service industries, revolving around responsible consumption and the proactive engagement of all the main interested parties. The unprecedented nature of this program and the impressive results achieved to date mean that Costa is a trendsetter. One of our goals is to encourage other industry players to take similar actions. The idea of working towards the creation of an ecosystem in which best practices are shared and implemented by other players using an evolutionary approach means choosing cooperation over competition and acting for the greater good.

4GOODFOOD

- **VALUE OF FOOD**
- **REDUCTION OF WASTE**
- **RETURN OF RESOURCES TO THE COMMUNITY**
- **RECOVERY OF SURPLUS**

940 BILLION **DOLLARS** OF ECONOMIC LOSSES GLOBALLY PER YEAR DUE TO **FOOD LOSS AND WASTE**.

40% **OF THE EARTH'S LAND SURFACE** NOW TAKEN UP BY **FOOD PRODUCTION**.

ABOUT **70%** **OF FRESHWATER** IS USED FOR IRRIGATION.

1/3 **OF CO_2 EMISSIONS** COME FROM THE GLOBAL **FOOD SYSTEM**.

35-40% **OF METHANE EMISSIONS**. ACCOUNTED FOR **BY LIVESTOCK**

30% **OF BIODIVERSITY LOSS** CAN BE ATTRIBUTED TO FOOD PRODUCTION.

Prioritizing the value of food

Announced in February 2018, the **4GOODFOOD** program defines Costa's strategy and sets the ambitious target of halving food waste on board our ships by 2020, ten years ahead of the United Nations 2030 Agenda SDGs. The systems approach conceived by the Company entailed redesigning the food experience on board and applying an evolutionary vision of the business, in line with new lifestyles and global challenges. The reduction of food wastage in a highly complex, self-contained environment like a ship meant intervening in processes of procurement as well as food preparation and distribution and, at the same time, directly engaging crew and passengers, so as to foster and disseminate a culture of sustainability and bring about a radical change in consumption patterns, with positive environmental, social and economic effects.

The key partnership in the program is with the **Università di Scienze Gastronomiche di Pollenzo** (UNISG), who inspired us to rethink our food experience and to prioritize the value of food on board, using a long-term vision. Together with UNISG, Costa reviewed more than 500 dishes and recipes in order to devise a culinary itinerary reflecting the local offerings in the respective ports of call, and choosing the best and most balanced combinations of tasty, nutritional ingredients, typical of the Mediterranean diet and embracing the discovery of local traditions. Our joint work was aimed at sensitizing passengers to the importance of healthy eating. The partnership with UNISG also set out to identify critical, strategic areas linked to food production and distribution with the objective of testing and implementing new models designed to prioritize and enhance the quality of food. Great attention to processes is just one of the nodes; in order to consolidate an innovative approach, it is vital to educate, involve and inspire all galley service personnel. The creation of a new corporate culture is brought about partly by means of specific training programs managed in collaboration with the university and intended for key positions. In 2018, in partnership with UNISG, training courses were organized involving our Executive Chefs and dealing with topics such as health, nutrition and sensory analysis; classroom tuition alternated with practical laboratory and galley sessions. This path plays a key role in consolidating our corporate culture, enhancing it with innovative elements and fresh stimulus concerning important food issues.

744 hours
OF DEDICATED TRAINING

INCLUDING 96 hours
FOR 6 EXECUTIVE CHEFS AT UNISG

Innovation & digitization of the galleys

Giving food value is directly associated with reduction of waste, starting from the food preparation process. This, in turn, depends on the implementation and use of monitoring and measurement systems. As there were no precedents in the cruise industry, Costa referred to a study by the **World Resources Institute** (WRI) and chose the Anglo-Saxon catering model as a benchmark for the preliminary operations of mapping and positioning. While the average Anglo-Saxon restaurant wastes 284 grams of food per person per meal, the corresponding figure for Costa's ships is 216 grams (i.e. 24% less). Though we already compared favorably, we located a suitable partner to accompany the Company in our efforts to achieve a more ambitious objective. To this end we chose **Winnow**. Together we designed a specific digitization system for our ships, using innovative technology to support the chefs in identifying critical areas. The installation of Winnow digital kitchen scales in all the galleys provides us with an overview of the nature and type of wastage divided by category (excess products past their best before dates, food – such as fruit and vegetable peel – thrown away during actual preparation, mistakes while cooking in the galley, food prepared but not served, uneaten food on guests' plates) and enables our chefs to define specific waste reduction plans for the menus on each ship. Variables such as the number of passengers on board, their nationalities and the cruise itinerary are determining factors in terms of patterns of food consumption and surpluses. For this reason, improvement actions are identified for each ship and managed in direct collaboration with our Head Office, which coordinates the procurement process accordingly.

For further information:
https://www.winnowsolutions.com/

PERFORMANCE 2018*

-34% **OVERALL REDUCTION IN FOOD WASTAGE**

-27% **GUEST PLATE WASTE REDUCTION**

-35% **CREW PLATE WASTE REDUCTION**

-34% **ESTIMATED CO_2 REDUCTION (1,227 METRIC TONS)**

*Data January-December 2018.

The implementation of Winnow's tools on the ships was also a logistic challenge, given the lack of space on board. The introduction of digital kitchen scales entailed a significant investment in terms of resources and impacted on a number of production processes with the direct involvement of the chefs. Thanks to this system, all our food waste is mapped and recorded in Winnow's Cloud systems on a daily basis. Mapping enables the chefs to intervene and implement corrective actions where required. In a highly challenging context, where it is necessary to change people's behavior and habits, the acquisition of a new awareness on the part of galley staff is crucial to the development of a reactive environment, conducive to constant improvement of performance. If we want to maintain this system in a work environment characterized by the continuous rotation of employees, consciousness-raising and education are vital.

"The implementation of the Winnow system in the galleys has had a positive impact on an economic, environmental and social level. The crew have always been motivated and engaged and now, with Winnow's support, we will continue to improve the relevant processes. For us as shipboard chefs, it's vital that we're familiar with sustainability issues and know how to mitigate the impacts of our work."

Gennaro Chiatto, Executive Chef

Creating a food waste operational unit means setting up dedicated training and re-training programs for food handlers. In 2018, following fleetwide implementation of the project, Costa and Winnow defined a large-scale training plan delivered to **3576** people. This involved not only instruction in the correct use of the scales and categorization of food but, above all, forms of empowerment designed to motivate staff and make them more proactive so that they share the Company's commitment and help bring about a change in corporate culture. The success of the food waste reduction project depends to a great extent on each individual's awareness of their role and the contribution they can make to food waste prevention.

"Food waste prevention is an opportunity that makes both environmental and economic sense for the cruise industry. We are proud to be part of Costa Cruises' ambitious goal to halve food waste by 2020. They are setting the standard in food sustainability for the cruise line entire industry."

Marc Zornes, Winnow Founder & CEO

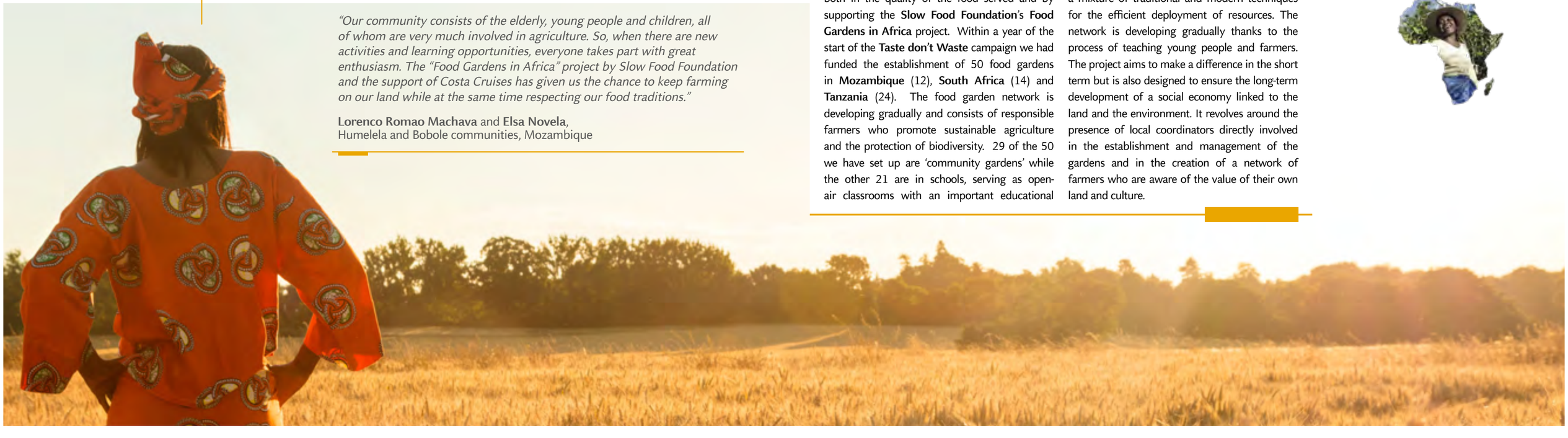
Culture and consciousness raising

TASTE DON'T WASTE

N° OF CREW MEMBERS TRAINED
9,096

100%
GUEST AND CREW AWARENESS RAISING

The development of our 4GOODFOOD program is linked to our goals of raising the awareness of millions of guests with regard to respect for food and stimulating the cruise industry as a whole to do likewise. The Company aims to achieve the proactive engagement of guests as socially aware citizens. Responsible food consumption is the basic premise of the 4GOODFOOD program and one of Costa's strategic priorities regarding sustainability. This is reflected in our shipboard communication campaign called **Taste don't Waste**, designed to obtain the commitment of guests, who play their part as informed and conscientious consumers, particularly in the buffet area. A key part of the program is the participation of guests as informed citizens who fully appreciate the value of food. **Taste don't Waste** is based on sensitization not imposition, the aim being to encourage guests to adopt responsible behaviors. The campaign takes account of the rich multicultural mix of our clientele and the fact that they are holidaymakers while they are on board, but the idea of good citizenship promoted extends beyond the vacation by stressing the benefits of healthy eating and a healthy lifestyle more generally. The watchwords are responsibility, good eating habits, the value of food and the circular economy. The long-term success of this project depends on dissemination and sharing of Costa's new philosophy. A little over a year since the launch of the campaign, we have recorded a 27% reduction in plate waste by cruisers, confirming increased sensitivity regarding this issue as a result of **Taste don't Waste**. The ultimate aim is that our guests should disembark at the end of the cruise having been positively influenced by the campaign and by Costa's focus on sustainability generally so that they continue to enact responsible behaviors on a day-to-day basis.



"Our community consists of the elderly, young people and children, all of whom are very much involved in agriculture. So, when there are new activities and learning opportunities, everyone takes part with great enthusiasm. The "Food Gardens in Africa" project by Slow Food Foundation and the support of Costa Cruises has given us the chance to keep farming on our land while at the same time respecting our food traditions."

Lorenco Romao Machava and **Elsa Novela**,
Humelela and Bobole communities, Mozambique

50 FOOD GARDENS IN AFRICA*
1,025 BENEFICIARIES

14 COMMUNITY GARDENS IN **SOUTH AFRICA** — **400** DIRECT **BENEFICIARIES** — INCLUDING **390 WOMEN**

12 COMMUNITY GARDENS IN **MOZAMBIQUE** — **75** DIRECT **BENEFICIARIES** — INCLUDING **50 WOMEN**

21 SCHOOL GARDENS AND **3** COMMUNITY GARDENS IN **TANZANIA** — **550** DIRECT **BENEFICIARIES** — OVER **500 STUDENTS** INFORMED AND TRAINED

***TYPES OF PRODUCTS**
Cereals, vegetables, fruit, local produce

FIRST 50 FOOD GARDENS SUPPORTED BY COSTA CRUISES

The digitization of Costa's galleys enables the precise measurement of the reduction in food waste and the consequent cost savings. Moreover, we are reinvesting the equivalent of those savings both in the quality of the food served and by supporting the **Slow Food Foundation**'s **Food Gardens in Africa** project. Within a year of the start of the **Taste don't Waste** campaign we had funded the establishment of 50 food gardens in **Mozambique** (12), **South Africa** (14) and **Tanzania** (24). The food garden network is developing gradually and consists of responsible farmers who promote sustainable agriculture and the protection of biodiversity. 29 of the 50 we have set up are 'community gardens' while the other 21 are in schools, serving as open-air classrooms with an important educational function and often supplying fresh vegetables for school meals. The gardens are practical models of sustainable agriculture; they use compost made with discarded vegetables, manure and ash, and a mixture of traditional and modern techniques for the efficient deployment of resources. The network is developing gradually thanks to the process of teaching young people and farmers. The project aims to make a difference in the short term but is also designed to ensure the long-term development of a social economy linked to the land and the environment. It revolves around the presence of local coordinators directly involved in the establishment and management of the gardens and in the creation of a network of farmers who are aware of the value of their own land and culture.

Fondazione Slow Food per la Biodiversità ONLUS

Giving resources back to the community

Because of the huge number of meals prepared every day on a cruise ship, some food wastage is unavoidable. For any enterprise engaged in the mass distribution of food, the achievement of zero waste is structurally impossible. Costa has implemented a solution that turns the surplus – i.e. the "ready to eat" meals which are prepared on board but not served to guests – from waste into a resource. We took advantage of the introduction of Law no. 166/2016, regulating and facilitating the donation to charity of food in Italy, and devised a strategy whereby surplus food on board our ships is retrieved, taken ashore and donated to people in need. To set up this scheme, we had to fulfill specific new procedures for the preparation of the food for offloading and work in close consultation with the Customs Office, the local Border Control Public Health & Safety Agency and ports. The ground-breaking design of this food support project is a blueprint that can be used in the future by other shipping companies. To start the donation program, Costa entered into a partnership with the food bank charity **Fondazione Banco Alimentare Onlus**, which works with local organizations all over Italy and also belongs to an international network. Thanks to this strategic alliance, our surplus food is disembarked from the galleys and sent straight to charities located near our ports of call. The scheme has huge potential insofar as it can be replicated elsewhere and by others. Savona and Civitavecchia kicked off the program in 2017 with the ports of Bari, Palermo, Marseille and Barcelona joining in 2018. Also during the reporting year, Savona doubled its contributions. In December 2018 the Caribbean ports of Fort-de-France (Martinique) and Pointe-à-Pitre (Guadeloupe) were added to the program. The national and international expansion of this circular economy project makes it particularly significant. It has proven to be agile and flexible; the scheme is manageable for the relevant institutions, ports and local authorities in different places that are subject to different laws and regulations.

With the collaboration of *Banco Alimentare*, to date (*) over 100,000 portions of leftover quality food have been donated to 12 associations and the project is expanding all the time. As well as the importance of retrieving precious food that would otherwise be wasted, the idea of the value of food is stressed in another way. The fact that we can provide safe meals with great nutritional value on a regular basis means that the communities receiving the food support can count on the continuity of the program and helps create shared value. This makes a real difference to the beneficiaries' lives, giving them the chance not only to eat well but also to enjoy a varied range of excellent food, sampling dishes from other cultures. All of this has a very beneficial effect on the individual's welfare, wellbeing and feeling of conviviality, all of which improve their quality of life. In short, we have enhanced the international links between our ships and the local communities in and around the various ports of call, making them even more meaningful by underlining the principle of solidarity.

9 PORTS

12 ASSOCIATIONS

MORE THAN 100,000 PORTIONS DONATED

282 CALLS

*Data from July 2017 through March 31, 2019.

"The surplus food we receive from Costa Cruises allows us to offer superior quality hot meals to the people in need who come to our association. When you partake of a community meal at the Salvation Army, it's all about dignity. Our guests feel special and valued. Helping those who've met with hard times cope with food insecurity is coupled with our goal of preserving their dignity. We believe that basic human dignity is a fundamental right for all."

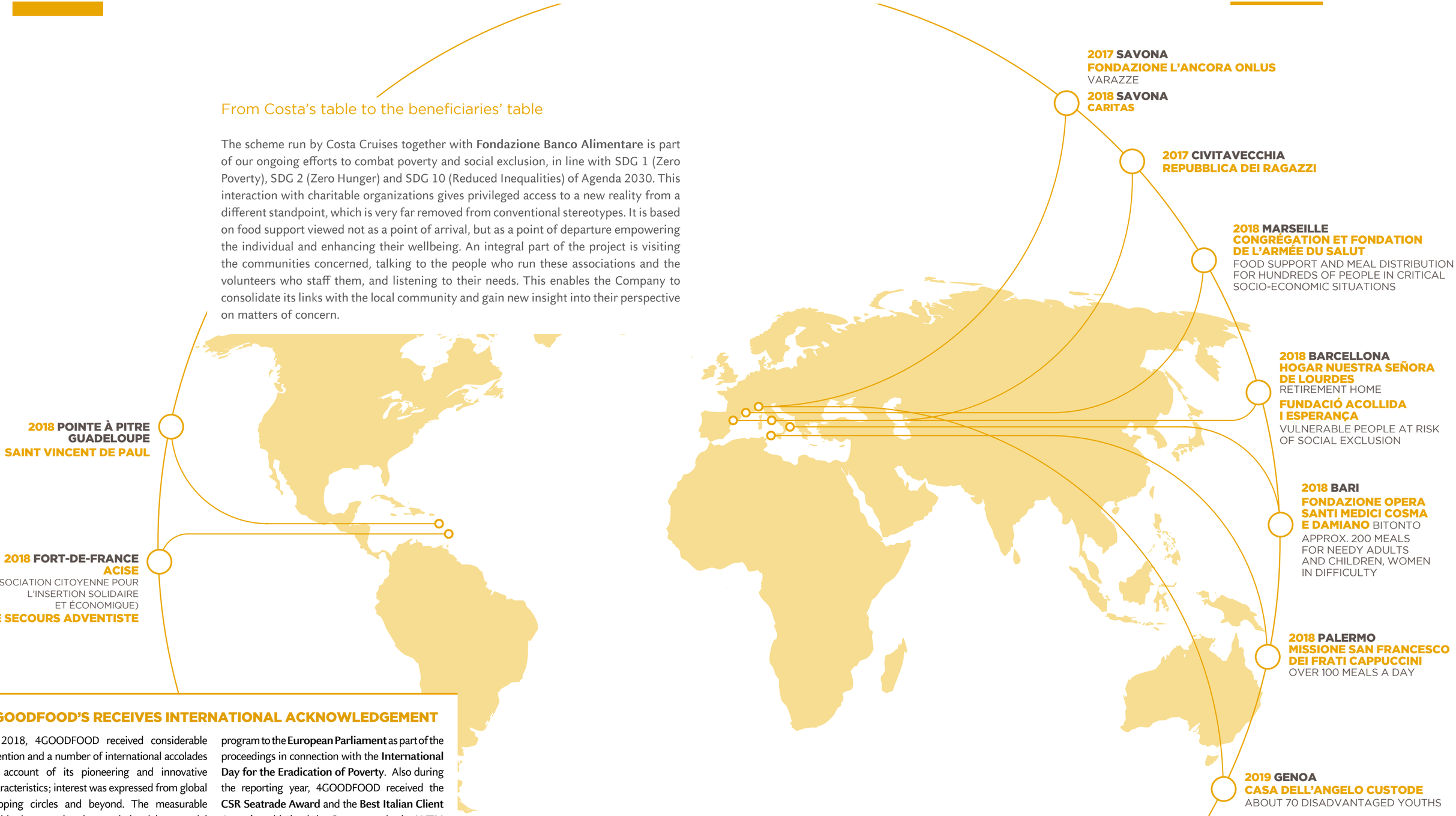
Jocelyn Bresson, Director of the Salvation Army (Marseille)

"We're delighted about this collaboration with Costa Cruises, which provides us with food that is twice as good – in terms of both nutritional value and taste. Our young people really look forward to each meal and this way mealtime is even more convivial."

Don Attilio Molteni, Interim Director
Casa dell'Angelo Custode Opera Don Guanella

From Costa's table to the beneficiaries' table

The scheme run by Costa Cruises together with **Fondazione Banco Alimentare** is part of our ongoing efforts to combat poverty and social exclusion, in line with SDG 1 (Zero Poverty), SDG 2 (Zero Hunger) and SDG 10 (Reduced Inequalities) of Agenda 2030. This interaction with charitable organizations gives privileged access to a new reality from a different standpoint, which is very far removed from conventional stereotypes. It is based on food support viewed not as a point of arrival, but as a point of departure empowering the individual and enhancing their wellbeing. An integral part of the project is visiting the communities concerned, talking to the people who run these associations and the volunteers who staff them, and listening to their needs. This enables the Company to consolidate its links with the local community and gain new insight into their perspective on matters of concern.



4GOODFOOD'S RECEIVES INTERNATIONAL ACKNOWLEDGEMENT

In 2018, 4GOODFOOD received considerable attention and a number of international accolades on account of its pioneering and innovative characteristics; interest was expressed from global shipping circles and beyond. The measurable positive impacts already recorded and the potential scalability of the program were commented on very favorably. Costa was asked to illustrate its program to the **European Parliament** as part of the proceedings in connection with the **International Day for the Eradication of Poverty**. Also during the reporting year, 4GOODFOOD received the **CSR Seatrade Award** and the **Best Italian Client Award**, and helped the Company win the **WTM World Travel Leaders Award**.

OUR COMMITMENT TO REDUCE PLASTIC

A global emergency

Plastic is cheap, lightweight and easy to make, leading to a boom in its production over the past century and a key role for plastic in the global economy. However, as a result of this skyrocketing production, our planet is drowning in plastic. Particularly in the last 15 years or so, the output of plastic waste has risen exponentially and we are unable to cope with the amount generated. Plastic constitutes up to 95% of the waste that ends up in the oceans and about 80% of this waste comes from the world's rivers, which serve as conduits of trash from the cities to the marine environment. Single-use plastics make up almost 40% of the 407 million metric tons produced annually and much of this is for short-lived plastic products like packaging. Plastic packaging accounts for about half of the plastic waste in the world and very little of this is recycled or incinerated. The biggest contribution to global plastic pollution is due to sustained economic development and to the massive increase, in developing countries (especially in South-East Asia), of single-use plastic without adequate urban waste collection facilities. Approximately 8 million metric tons of plastic adds to ocean pollution each year. The same properties that make plastics so useful — their durability and resistance to degradation — also make them nearly impossible for nature to completely break down. Around 700 animal species have already swallowed or been entangled in plastic and researchers believe that the material plays a role in rising rates of species extinction. Most plastics do not biodegrade; they gradually break down into smaller fragments known as microplastics and nanoplastics. This is one of the most worrying threats because these tiny, often invisible, plastic particles exist in huge quantities and are even more difficult to remove from the ocean. Record concentrations of microplastics have been found on the ocean floor, and inside sea ice floating in the Arctic[1]. Microplastics are also deliberately added to products such as cosmetics and detergents, further compounding the risks posed. If ingested by fish, they can damage their digestive and reproductive systems (sometimes fatally) and enter our food chain. Worryingly, little is known about the impacts of microplastics on human health. This is nothing short of a planetary crisis; urgent action must be taken against plastic pollution. The world is waking up to the problem; among the many initiatives in the last few years, at the UN Environment Conference in Nairobi in February 2017, the **United Nation Clean Seas** campaign was launched and joined by 193 nations, with the aim of engaging governments, the general public and the private sector in the fight against marine plastic pollution. Although this is not a legally binding international agreement, it lays the groundwork and could pave the way to an enforceable treaty. At the same time, **IMO (International Maritime Organization)** has developed an Action Plan to reduce plastic waste in the maritime industry, with actions to be completed by 2025; one of the members of the associated working group is **CLIA (Cruise Lines International Association)**. The action plan aims to reduce marine plastic litter and prevent it entering the oceans through ship-based activities while enhancing public awareness, education and seafarer training.

MORE THAN **8.3 BILLION METRIC TONS** OF PLASTIC WAS PRODUCED BETWEEN 1950 AND 2018

ABOUT **60%** OF THIS PLASTIC ENDED UP IN A LANDFILL OR THE NATURAL ENVIRONMENT

300 MILLION METRIC TONS OF PLASTIC WASTE IS PRODUCED EACH YEAR

ONLY **9%** OF ALL PLASTIC WASTE EVER PRODUCED HAS BEEN RECYCLED

12% HAS BEEN INCINERATED

79% HAS ACCUMULATED IN LANDFILLS, DUMPS OR THE NATURAL ENVIRONMENT

[1]Source: https://www.unenvironment.org/

The international response

The staggering scale of the problem and its implications have prompted governments to take concerted action and introduce sweeping changes in order to bring about a transformation and move towards a circular economy for plastics. **SDG 12 (Ensure sustainable consumption and production patterns)** of the **United Nations 2030 Agenda** promotes increased human well-being while decoupling economic growth from resource use and – importantly in this case – environmental degradation, notably through improved resource efficiency; this is one of the most critical and complex challenges of our time. It is necessary to create conducive environments, influence the market and economy as a whole, and build sustainable infrastructure. If the first step is to prevent plastic waste from ending up in the sea, the second is to ensure that governments, industry and citizens tackle the problem head-on and rethink the value chain, transforming the way in which plastic products are designed, produced, used and recycled. Big business can go a long way towards finding a long-term solution by developing smarter and more recyclable plastic materials with priority given to alternatives, including compostable and biodegradable plastics. In 2018, 108 countries decided to set new rules and promote domestic initiatives aimed at sustainable consumption and production. During the reporting year there was an increase in the number of nations that have adopted a total ban on the use of plastic bags. Among the many associated initiatives that have sprung up, the **Alliance to End Plastic Waste (AEPW)**[2] is made up of major global companies with the goal of investing $1.5 billion over the next five years to develop, deploy and bring to scale solutions that will minimize and manage plastic waste and promote post-use solutions. Meanwhile, the **Zero Waste International Alliance**[3] promotes positive alternatives to landfill and incineration and raises community awareness of the social and economic benefits to be gained when waste is regarded as a resource base upon which both employment and business opportunities can be built.

The first-ever **European Strategy for Plastics in a Circular Economy** was adopted in 2018. The text, approved by the EU Parliament and Council, will introduce a ban on single-use plastic items – such as cutlery, plates, cotton bud sticks, stirrers and balloon sticks – by 2021. The Directive also stipulates that by 2025 beverage bottles may only be placed on the market if they are recyclable and made from at least 35% recycled content: this will promote and improve separate collection of plastics waste. The market restrictions will also cover products made from oxo-degradable plastic, expanded polystyrene fast food containers and lightweight plastic carrier bags, except where they are required for hygiene reasons. The EU document lays down targets for Member States, for example to reduce plastic cigarette filter waste (commonly found on Europe's beaches) by 50% by 2025 and by 80% by 2030. Another example is fishing gear abandoned at sea, with a minimum collection rate of 50% to be met by 2030 and a recycling target of 15% by 2025. In January 2018, Italian lawmakers banned plastic bags in supermarkets and grocery stores in favor of eco-friendly, biodegradable and compostable alternatives. In fact, Italy is a European waste recycling leader thanks to consortiums like Conai and Corepla. It is still early days; real change will come about with an overall reduction in plastic packaging and a move away from a throwaway society. The challenge is to switch to more biodegradable and recyclable plastics. The key is to recycle more while greatly reducing single-use plastics.

[2]For further information: https://endplasticwaste.org/
[3]For further information: http://zwia.org/

Costa's path to reducing the use of plastic

HOW YOU CAN REDUCE YOUR PLASTIC FOOTPRINT

AT THE SUPERMARKET

SHOP ECO-FRIENDLY BY BUYING GROCERIES IN BULK AND AVOIDING INDIVIDUALLY WRAPPED PRODUCTS

TAKE YOUR OWN CARRIER BAGS

AT WORK

TAKE YOUR OWN REUSABLE WATER BOTTLE AND YOUR OWN COFFEE MUG TO WORK

IN YOUR SPARE TIME

DON'T USE PLASTIC CUTLERY

PICK UP AND DISPOSE OF ANY PLASTIC LITTER YOU SEE IN THE STREET

IN THE BAR

DON'T ASK FOR PLASTIC STRAWS FOR YOUR DRINKS

Large corporations are taking steps to boost their commitment to reducing the use of plastic, encouraging responsible consumption and improving recycling. The mobilization of the international community is growing together with interest and engagement on the part of ordinary citizens. The cruise industry depends on the oceans and is therefore vitally concerned by the question of plastic waste, and by marine environmental issues in general. Costa acts in accordance with the **European Strategy for Plastics in a Circular Economy**, including the **Plastics Strategy** and, more specifically, the **EU Single-Use Plastics Directive**, and also with Carnival Corporation's goals. The aim of the measures is to replace most of the current single-use plastic products (the EU Commission drew up a list of the 10 most common plastic waste items) with innovative alternatives and adopt a business model based on reuse by 2020. At Costa we intend to consolidate our commitment and act responsibly in response to the growing concerns regarding the effects plastic can have on the environment, especially the world's oceans, by adopting specific, concrete measures. Our strategic plan is structured so as to accelerate the incorporation of sustainability aspects into our business model; this necessarily involves our procurement system and raising the awareness of every single passenger on board our ships. Costa's specific program revolves around reducing the use of plastic both on board and shoreside, while at the same time recycling more and developing our approach to a more circular economy, also so as to create value from plastic products through structured partnerships. One of our goals, in line with the 4GOODFOOD program, is to sensitize and inspire our 1 million-plus guests a year with regard to the importance of the contribution that each and every one of us can make by re-thinking daily choices in order to protect the marine environment.

WHAT WE ARE ALREADY DOING

In terms of its commitment to reduce the use of plastic, Costa has always designed measures so that they can be extended and expanded, especially with regard to shipboard activities. As far as concerns food&beverage and catering generally, single-use plastic items previously used on board and ashore have been replaced by products made from biodegradable, compostable **Mater-Bi** material or wood. Where possible, Costa tends to reuse packaging, food containers and so on and we have also done away with pots of yogurt in the buffet, replacing them almost entirely with dispensers. The same applies to throw-away plastic amenity bottles and caps in guest cabins, now replaced by soap & shampoo dispensers. Additionally, the Company only purchases cosmetics and spa products if they do not contain microplastics. As for cleaning products used on board, our main supplier is **Ecolab**, a firm that specializes in low environmental impact technologies and products. Excluding the portion recovered directly for reuse, 22.48% of the plastic used on board is discharged in port facilities and sent for recycling.

USE OF MATER-BI

MATER-BI is a family of completely biodegradable and compostable bioplastics which are used to provide low environmental impact solutions for everyday products in different fields such as foodservice, packaging and organic waste collection. In laboratory tests, Mater-Bi samples have been exposed to marine sediment collected from the coastal area – a habitat where many plastic wastes end up. The test results confirm that Mater-Bi also tends to biodegrade in natural conditions, such as the marine environment, relatively quickly (less than a year), suggesting that this material may well be suitable for the manufacture of plastic products with a high risk of accidental loss or discharge.

ECOLAB PRODUCTS AND SUSTAINABILITY

Our well-established alliance with Ecolab, a global leader in water, hygiene and energy technologies and services, is an example of best practices implemented by Costa through its partnerships.

All Ecolab products used to clean and maintain the cabins, public areas and galleys are designed to decrease waste, minimize environmental impact, and reduce water and energy usage. For example, in the galleys thanks to the use of 28 gram dishwasher tablets in 4.5 kg packs instead of 80 kg of traditional liquid detergent, we have been able to reduce the amount of plastic by 75%. In addition, as regards cleaning of public spaces, the use of OASIS concentrated cleaner diluted in water, together with reuse of the container, enables savings not only of plastic but also in transport and energy costs. Meanwhile, in the laundries the implementation of the continuous cycle system has led to a substantial reduction in the consumption of energy, water and detergent. Finally, we have decreased the amount of plastic used by reducing the packaging for pallets.

22.48% OF **TOTAL** PLASTIC USED ON BOARD IS DISEMBARKED AND **RECYCLED**

SINGLE-USE ITEMS ON BOARD: (SINCE 2003)
- STRAWS, GLASSES AND PLATES MADE FROM **BIOPLASTIC** (MATER-BI)
- CUTLERY AND TOOTHPICKS MADE OF **WOOD**
- REDUCTION OF THROWAWAY YOGURT POTS IN BUFFET: **83%** SERVED IN **BULK**

PERSONAL CARE
USE OF DISPENSERS IN CABINS (SINCE 2000). REPLACING SINGLE-USE ITEMS

USE OF MICROPLASTIC-FREE COSMETICS AND SPA PRODUCTS

PACKAGING
CONTAINERS AND FOOD PACKAGES INTENDED FOR **REUSE**, WHERE POSSIBLE

CLEANING PRODUCTS
100% MICROPLASTIC-FREE

NOTES CONCERNING THE METHOD

Costa Crociere S.p.A.'s Sustainability Report 2018 (hereinafter "the Report" or "the document") is the thirteenth edition of this document, which is designed to provide stakeholders with a complete as possible account of the economic, environmental and social performance and impacts of the different activities carried out by the Company.

The Report is drawn up in accordance with the 2016 sustainability reporting standards prepared by the Global Reporting Initiative (GRI Standards), with a compliance level "in accordance-core".

The matters reported in the document are linked to the United Nations Agenda 2030 Sustainable Development Goals (SDGs), a conceptual framework guiding the Company's choices with regard to responsible innovation. Accordingly, in this Report Costa sets out to describe its ability to generate sustainable value within the complex ecosystem in which it operates through partnership mechanisms, focusing on best practices, a multi-stakeholder approach and the consequent benefits for communities, the economy and environmental impact.

Report boundary and reporting process

The Sustainability Report is drawn up annually by Costa Crociere S.p.A.'s Sustainability Department, which engages the relevant corporate functions involved in the data gathering process. The information presented has been obtained from Costa's in-house IT systems and databases, and validated by the data owners. The report boundary covers operations and activities performed in 2018 by Costa Cruises. Conversely, the Added Value and financial data concern the parent company (Costa Crociere S.p.A.) and the brands Costa Cruises and AIDA, and refer to the civil code balance sheet as approved by the Shareholders' Meeting. Where information pertains to any other definition of the report boundary, specific mention of this is made in the discussion of the particular performance indicator concerned. For the sake of completeness and internally consistent presentation of information, the organizational dimension includes data updated at the time of issue of the Report (March 2019).

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 issues discussed herein were chosen after updating the analysis of materiality, which defines the significance of each issue by considering its centrality as perceived not only by the Company but also by its stakeholders.

The choice of topics dealt with, as well as the scope and range of performance indicators, are consistent with the material issues for the Company and linked to the GRI Standards. The in-depth discussion of certain topics also voluntarily takes into account the issues dealt with by Legislative Decree no. 254/2016, which transposes into Italian law the European Directive on non-financial reporting.

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

Clarity

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

Balance and comparability

Where available, figures are provided illustrating the trends for the 3-year period 2016-2018. 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

The IT systems used to collect data for the new GRI indicators, adopted for the first time in 2018, do not provide reliable and complete data for the years 2016 and 2017. Therefore, in some cases only the figure for 2018 is shown here, based on the best available information.

ENVIRONMENTAL ASPECT

GRI 302-1 ENERGY CONSUMPTION The sum of the indicators differs from the total shown due to rounding up and down of the figures.	U.M.	2016	2017	2018
Total consumption	**GJ**	**18,568,248.21**	**18,128,426.04**	**17,002,540.55**
- shipboard	GJ	18,555,896.37	18,115,517.4	16,989,631.91
- shoreside	GJ	13,609	12,351.84	12,908.6364
Total fleet consumption	**U.M.**	**2016**	**2017**	**2018**
Energy consumption in GJ				
Total consumption Conversion factors applied: fuel (HFO – LSFO) 1 TM=40.19 GJ; MGO 1 TM= 43.33 GJ	**GJ**	**18,555,896.37**	**18,115,517.4**	**16,989,631.91**
- HFO e LSFO	GJ	15,602,028.96	16,116,687.6	15,360,761.88
- MGO	GJ	2,953,867.4	1,998,829.8	1,628,870.03
Total shoreside consumption	**U.M.**	**2016**	**2017**	**2018**
Direct energy consumption				
Heating consumption	TOE (Tons of Oil Equivalent)	120.05	120.05	120.05
Electricity consumption	TOE (Tons of Oil Equivalent)	854.09	892.76	937.22
Energy consumption in GJ Conversion factors applied: for heating consumption, from TEP to GJ: 42; for electricity consumption, from TEP to GJ: 41.86.				
Heating consumption	GJ	52.89	52.86	52.86
Electricity consumption	GJ	12,298.98	12,855.78	12,855.78

GRI 302-3 ENERGY INTENSITY	U.M.	2016	2017	2018
Pattern of fleetwide fuel consumption				
Fuel for the fleet				
Fuel consumed	g/ALB-Nm(*)	138.85	138.5	139.61
Fuel consumed	MT/kALBD(**)	35.06	34.7	33.36

(*)ALB-nm stands for Available Lower Berth nautical miles: Available Lower Berth is a standard cruise industry metric of ship passenger capacity and refers to the number of guest beds available on a cruise ship, assuming two people occupy a cabin. Combining this metric with distance travelled in nautical miles allows the incorporation of guests carried by the fleet as well as the fact that they are transported over distances.
(**) MT= metric tons of fuel consumed.

GRI 305-1 TOTAL DIRECT GHG EMISSIONS	U.M.	2016	2017	2018
Emissions from shipboard energy consumption				
CO_2 from use of fuel	**t**	**1,429,633.94**	**1,402,015.2**	**1,316,312.07**
- CO_2 from MGO	t	218,557.56	147,894	120,520.59
- CO_2 from HFO and LFSO	t	1,211,076.38	1,254,121.2	1,195,791.47
CO_2 from refrigerant releases	**t**	**43,603.47**	**34,041.96**	**33,627.74**
TOTAL	**t**	**1,473,237.41**	**1,436,057.2**	**1,350,057**

GRI 305-4 GHG EMISSIONS INTENSITY	U.M.	2016	2017	2018
GHG emissions intensity with regard to the fleet				
CO_2 produced ALB-km stands for Available Lower Berth kilometers: Available Lower Berth is a standard cruise industry metric of ship passenger capacity and refers to the number of guest beds available on a cruise ship, assuming two people occupy a cabin. Combining this metric with distance travelled in kilometers allows the incorporation of guests carried by the fleet as well as the fact that they are transported over distances. Data includes all current fleet, excluding any ships transferred out to another brand or sold externally.	kg/ALB-km	0.2349	0.2344	0.236
CO_2 percentage variation Calculated compared to 2005	kg/ALB-km	0.25	0.25	0.25

GRI 305-6 EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)	U.M.	2016	2017	2018
Emissions of ozone-depleting substances CFC-11 equivalent The ODP (ozone depletion potential) conversion factors are those given in the Montreal Protocol Technical Papers.	kg	0.112	0	0

GRI 305-7 NITROGEN OXIDES (NOX), SULFUR OXIDES (SOX) AND OTHER SIGNIFICANT AIR EMISSIONS	U.M.	2016	2017	2018
NOx, SOx and other significant air emissions by type and weight				
NOx	t	29,664.58	34,969.4	32,819.26
SOx	t	17,334.10	16,248.4	14,166.82
Particulate Matter (PM)	t	547.65	325.8	308.62
Conversion factor				
Specific emissions of NOx	g/ALB Nm	9.03	10.89	10.98
Specific emissions of SOx	g/ALB Nm	5.27	4.91	4.71
Specific emissions of PM	g/ALB Nm	0.167	0.08	0.08

Note:
For the calculation of the volume of Sox, NOx and PM 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. The Company measures and reports the ship fuel consumption rate in terms of grams of fuel per Available Lower Berth Kilometer (ALB-Km). It is pointed out that the SOx indicator also takes into account the sulfur content of the fuel; this value is obtained from the bunker delivery notes issued to the ship upon each delivery of fuel.

Breakdown of types of fuel	U.M.	2016	2017	2018
FUEL OIL	%	85.06	89.68	91.05
MGO/MDO	%	14.94	10.32	8.95

GRI 303-1 WATER WITHDRAWAL BY SOURCE	U.M.	2016	2017	2018
Water consumption and withdrawal				
Total water withdrawal by source – shipboard	**m^3**	**4,099,526.65**	**3.910.834,9**	**3.764.958,96**
- water supplied	m^3	1,394,345.50	1,178,171.0	1,125,117
- water produced on board	m^3	2,729,211.20	2,794,050.1	2,752,693.68
- water supplied	%	34.01	29.7	29.01
- water produced on board	%	66.57	70.3	70.99
Water consumed per person per day* - shipboard *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.	**liters**	**226**	**221.6**	**211.27**
Total water withdrawal by source (water from aqueducts) – for shoreside uses	**m^3**	**1,394,345.5**	**1,178,171**	**1,178,930**
Water consumption in shoreside offices Including Savona cruise terminal	**m^3**	**11,600**	**11,600**	**11,600**

GRI 306-1 WATER DISCHARGE BY QUALITY AND DESTINATION	U.M.	2016	2017	2018
Wastewater				
Total gray water	**m^3**	**3,060,446.6**	**2,944,302.9**	**2,973,788.02**
- discharged at sea	m^3	3,017,444.1	2,897,197.1	2,919,489.72
- landed ashore	m^3	43,002.5	47,105.8	54,298.3
Total sewage	**m^3**	**630,944.63**	**518,252.5**	**534,810.66**
- discharged at sea	m^3	623,731.83	515,015.5	525,445.16
- landed ashore	m^3	7,212.80	3,237.0	9,365.5
Total bilge water	**m^3**	**34,902.53**	**32,095.3**	**33,756.93**
- discharged at sea	m^3	31,834.27	26,893.8	27,356.4
- landed ashore	m^3	3,068.26	5,201.5	6,400.53

GRI 306-1 WATER DISCHARGE BY QUALITY AND DESTINATION	U.M.	2016	2017	2018
Wastewater				
Total wastewater per person per day	**liters**	**203.33**	**196.2**	**196.88**
- total gray water	liters	168.57	166.8	166.870
- total sewage	liters	34.75	29.4	30.01

GRI 306-2 WASTE BY TYPE AND DISPOSAL METHOD	U.M.	2016	2017	2018
Total shipboard waste produced and disposal method				
Total shipboard waste Data includes MARPOL Category F (operational waste) as usual. The amount of Category F in cubic meters was calculated starting from the amount of Operational Waste discharged ashore (in kg).	m^3	121,994.84	113,666.4	114.730,02
Total daily waste per person	**liters**	**6.72**	**6.4**	**6.4**
Hazardous waste per person	**kg/p**	**0.039**	**0.039**	**0.05**
Total hazardous waste	**kg**	**701,734.94**	**689,960,8**	**785,985.75**
- Recycled	kg	N/A	N/A	88,938.42
- Disposal to shore reception facilities	kg	701,734.94	689,960.8	697,047.33
Disposal method	**U.M.**	**2016**	**2017**	**2018**
Discharged at sea	%	12.98	13.17	12.98
Landed ashore	%	83.19	83.96	84.93
Incinerated	%	3.83	2.87	2.10
Recycled	%	N/A	N/A	20.52
Waste recycled by category	**U.M.**	**2016**	**2017**	**2018**
Cat. A (plastic) and Cat. C (domestic waste)	%	18.53	25.3	26.20
Cat. D (cooking oil)	%	62.94	47.8	42.23
Cat. F (operational waste) 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.	%	4.94	9.3	12.60

SHIPBOARD WASTE CATEGORIES (MARPOL)

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

SOCIAL ASPECT - SHIPBOARD PERSONNEL

GRI 102-8 INFORMATION ON EMPLOYEES	U.M.	2016	2017	2018
Total shipboard personnel The data shown refers to the average number of employees currently embarked.	**no.**	**12,312**	**12,078**	**11,793**
Women	no.	1,761	1,770	1,805
Men	no.	10,552	10,308	9,988
Average number of employees in the shoreside reserve pool (waiting to replace colleagues currently embarked)	**no.**	**6,467**	**7,108**	**7,116**
Number of employees by employment contract*, gender and region *This breakdown does not apply because all shipboard personnel are regarded as being employed indefinitely.	**U.M.**	**2016**	**2017**	**2018**
TOTAL	**no.**	**12,312**	**12,078**	**11,793**
Women	no.	1,761	1,770	1,805
Men	no.	10,552	10,308	9,988
- Italy	**no.**	**1,476**	**1,406**	**1,370**
Women	no.	337	328	341
Men	no.	1,139	1,078	1,029
- Europe (except Italy)	**no.**	**427**	**431**	**438**
Women	no.	139	134	145
Men	no.	288	297	293
- South and Central America	**no.**	**1,467**	**1,170**	**1,045**
Women	no.	458	333	285
Men	no.	1,009	838	760
- Asia	**no.**	**8,930**	**9,031**	**8,888**
Women	no.	824	966	1,018
Men	no.	8,106	8,065	7,870
- Other parts of the world	**no.**	**12**	**41**	**52**
Women	no.	3	9	16
Men	no.	9	31	36

STANDARD 401-1 TOTAL NUMBER OF NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION	U.M.	2016	2017	2018
New hires				
TOTAL NO.	**no.**	-	-	**3,859**
Women	no.			959
Men	no.			2,900
TOTAL IN % TERMS	**%**	-	-	**32.7**
Women	%			8.1
Men	%			24.59
Number of new hires by age				
- under 30	**no.**	-	-	**3,284**
Women	no.			838
Men	no.			2,446
- 30 to 50 years old	**no.**	-	-	**559**
Women	**no.**			118
Men	**no.**			441
- over 50	**no.**	-	-	**16**
Women	**no.**			3

Men	no.			13
STANDARD 401-1 TOTAL NUMBER OF NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION	**U.M.**	**2016**	**2017**	**2018**
New hires				
Number of new hires by region				
- Italy	**no.**	-	-	**462**
Women	no.			183
Men	no.			279
- Europe (except Italy)	**no.**	-	-	**183**
Women	no.			77
Men	no.			106
- South and Central America	**no.**	-	-	**330**
Women	no.			117
Men	no.			213
- Asia	**no.**	-	-	**2,831**
Women	no.			565
Men	no.			2,266
- other parts of the world	**no.**	-	-	**53**
Women	no.			17
Men	no.			36
Total terminations	**U.M.**	**2016**	**2017**	**2018**
TOTAL NO.	**no.**	-	-	**4,971**
Women	no.			1,169
Men	no.			3,802
TOTAL IN % TERMS	%	-	-	**42.14**
Women	%			9.91
Men	%			32.23
Number of new hires by age				
- under 30	**no.**	-	-	**2,453**
Women	no.			659
Men	no.			1,794
- 30 to 50 years old	**no.**	-	-	**2,322**
Women	no.			499
Men	no.			1,823
- over 50	**no.**	-	-	**196**
Women	no.			11
Men	no.			185
Number of new hires by region				
- Italy	**no.**	-	-	**568**
Women	no.			189
Men	no.			379
- Europe (except Italy)	**no.**	-	-	**215**
Women	no.			93
Men	no.			122
- South and Central America	**no.**	-	-	**822**
Women	no.			301
Men	no.			521
- Asia	**no.**	-	-	**3,315**
Women	no.			574
Men	no.			2,741
- other parts of the world	**no.**	-	-	**51**
Women	no.			12
Men	no.			39

STANDARD 401-1 TOTAL NUMBER OF NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION	**U.M.**	**2016**	**2017**	**2018**
Turnover 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.	%	20.15	22.70	**26**
GRI 405-1 TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER				

Note:
Data unavailable due to the different hierarchical composition of the shipbord workforce.

STANDARD 401-3 PARENTAL LEAVE	**U.M.**	**2016**	**2017**	**2018**
Return to work and retention rates after parental leave				
Number of employees that were entitled to parental leave	**no.**	-	-	**1,808**
Women	no.			486
Men	no.			1,323
Number of employees that took parental leave	**no.**	-	-	**9**
Women	no.			9
Men	no.			0
Number of employees that returned to work in the reporting period after parental leave ended	**no.**	-	-	**2**
Women	no.			2
Men	no.			0
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	**no.**	-	-	**0**
Number of employees that should have returned to work after parental leave ended	**no.**	-	-	**7**
Retention rates of employees that took parental leave	%	-	-	**0.29**
Women	%			0.29
Men	%			0

SHIPBOARD PERSONNEL - HEALTH & SAFETY

GRI 403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES	**U.M.**	**2016**	**2017**	**2018**
Hours of exposure	**h.**	-	-	**198,840,762**
Total number of hours worked during the reporting period	**h.**	-	-	**45,237,628**
Women	h.	-	-	6,599,427
Men	h.	-	-	38,638,201
Total number of days of absence during the reporting period	**no.**	6,429	2,081	**3,129**
Women	no.	-	-	669
Men	no.	-	-	2,459
Number of incidents	**no.**	1,006	1,139	**2,436**
- reported	**no.**	618	715	**1,458**
Women	no.	-	-	334
Men	no.	-	-	1,124

SHIPBOARD PERSONNEL - HEALTH & SAFETY

GRI 403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES	U.M.	2016	2017	2018
- other	**no.**	388	424	**978**
Women	no.	-	-	261
Men	no.	-	-	717
At work	**no.**	-	-	**1,157**
Women	no.			237
Men	no.			920
- Italy	**no.**	-	-	**79**
Women	no.			16
Men	no.			63
- Europe (except Italy)	**no.**	-	-	**116**
Women	no.			46
Men	no.			70
- South and Central America	**no.**	-	-	**90**
Women	no.			33
Men	no.			57
- Asia	**no.**	-	-	**807**
Women	no.			108
Men	no.			699
- other parts of the world	**no.**	-	-	**65**
Women	no.			34
Men	no.			31
Fatalities	**no.**	0	0	**0**
Total number of lost days due to work-related injuries	**no.**	-	-	**75,103**
Women	no.			16,067
Men	no.			59,036
At work	**no.**	-	-	**59,213**
Women	no.			11,462
Men	no.			47,751
- Italy	**no.**	-	-	**6,132**
Women	no.			1,990
Men	no.			4,142
- Europe (except Italy)	**no.**	-	-	**5,079**
Women	no.			1,634
Men	no.			3,445
- South and Central America	**no.**	-	-	**4,795**
Women	no.			1,968
Men	no.			2,827
- Asia	**no.**	-	-	**39,112**
Women	no.			3,852
Men	no.			35,260
- other parts of the world	**no.**	-	-	**4,095**
Women	no.			2,018
Men	no.			2,077
Fatalities	**no.**	0	0	**0**

GRI 403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES	U.M.	2016	2017	2018
Index of gravity	%	26.16	8.46	**7.55**
Index of frequency	%	2.51	2.91	**5.88**

SHIPBOARD PERSONNEL - TRAINING

STANDARD 404-1 AVERAGE HOURS OF TRAINING PER YEAR BY CATEGORY	U.M.	2016	2017	2018
Total training hours	**h.**	801,795	1,055,087	**935,917**
Women	h.	-	-	235,486
Men	h.	-	-	700,431
Average training hours per person	h.	-	-	**49.5**

Total training hours during the reporting period by type of tuition The breakdown by type of training has been revised and therefore cannot be compared to previous years. It will constitute the baseline for future years.	U.M.	2016	2017	2018
Compliance Including training on human rights issues	h.	-	-	31,288
Behavioral	h.	-	-	40,290
Induction	h.	-	-	460,190
Language	h.	-	-	3,360
Leadership	h.	-	-	0
Managerial	h.	-	-	11,612
Professional	h.	-	-	389,177

SHORESIDE PERSONNEL - SOCIAL ASPECT

GRI 102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS	U.M.	2016	2017	2018
Total shoreside personnel 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.	no.	1,414	1,457	**1,481**
Women	no.	859	890	896
Men	no.	556	567	585
Number of employees by kind of employment	**U.M.**	**2016**	**2017**	**2018**
Full-time	no.	1,293	1,315	1,334
Women	no.	752	764	765
Men	no.	541	551	569
Part-time	no.	122	142	147
Women	no.	107	126	131
Men	no.	15	16	17
Number of employees by type of contract	**U.M.**	**2016**	**2017**	**2018**
Temporary				
TOTAL	no.	226	255	263
Women	no.	141	162	163
Men	no.	85	93	99
- Italy	no.	-	-	37
Women	no.			13
Men	no.			24
- Europe (except Italy)	no.	-	-	20
Women	no.			13
Men	no.			7
- South and Central America	no.	-	-	1
Women	no.			1
Men	no.			0
- Asia	no.	-	-	198
Women	no.			133
Men	no.			65
- other parts of the world	no.	-	-	6
Women	no.			3
Men	no.			3
Permanent				
TOTAL	no.	1,188	1,202	1,218
Women	no.	717	728	732
Men	no.	471	473	486
- Italy	no.	-	-	810
Women	no.			459
Men	no.			351
- Europe (except Italy)	no.	-	-	255
Women	no.			180
Men	no.			75
- South and Central America	no.	-	-	88
Women	no.			54
Men	no.			34
- Asia	no.	-	-	34
Women	no.			20
Men	no.			14
- other parts of the world	no.	-	-	31
Women	no.			19
Men	no.			12

STANDARD 401-1 TOTAL NUMBER OF NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION	U.M.	2016	2017	2018
New hires				
TOTAL NO.	no.	-	-	125
Women	no.			70
Men	no.			55
TOTAL IN % TERMS	%	-	-	8
Women	%			55.72
Men	%			44.28
Number of new hires by age				
- under 30	no.	-	-	59
Women	no.			35
Men	no.			24
- 30 to 50 years old	no.	-	-	59
Women	no.			32
Men	no.			27
- over 50	no.	-	-	7
Women	no.			2
Men	no.			5
Number of new hires by region				
- Italy	no.	-	-	39
Women	no.			17
Men	no.			22
- Europe (except Italy)	no.	-	-	30
Women	no.			17
Men	no.			14
- South and Central America	no.	-	-	6
Women	no.			5
Men	no.			1
- Asia	no.	-	-	44
Women	no.			27
Men	no.			17
- other parts of the world	no.	-	-	6
Women	no.			5
Men	no.			1

Total terminations	U.M.	2016	2017	2018
TOTAL NO.	no.	106	98	88
Women	no.	65	69	53
Men	no.	41	29	35
TOTAL IN % TERMS	%	7.51	6.75	6
Women	%	7.61	7.74	61
Men	%	7.33	5.19	39

SHORESIDE PERSONNEL - SOCIAL ASPECT

STANDARD 401-1 TOTAL NUMBER OF NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION	U.M.	2016	2017	2018
Number of terminations by age				
- under 30	**no.**	-	-	32
Women	no.			22
Men	no.			10
- 30 to 50 years old	**no.**	-	-	44
Women	no.			27
Men	no.			17
- over 50	**no.**	-	-	12
Women	no.			5
Men	no.			7
Number of terminations by region				
- Italy	**no.**	-	-	23
Women	no.			6
Men	no.			16
- Europe (except Italy)	**no.**	-	-	31
Women	no.			25
Men	no.			6
- South and Central America	**no.**	-	-	3
Women	no.			3
Men	no.			0
- Asia	**no.**	-	-	27
Women	no.			16
Men	no.			11
- other parts of the world	**no.**	-	-	4
Women	no.			3
Men	no.			1

Turnover 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.	U.M.	2016	2017	2018
Turnover rate	%	7.50	6.70	6
Women	%	8	8	8
Men	%	7	5	9

GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	U.M.	2016	2017	2018
Total number of employees by employment contract and gender				
Executives				
Total no.	**no.**	71	70	76
Women	no.	9	10	12
Men	no.	61	60	64
Total in % terms	%	5	4.78	5.14
Women	%	13	14	16
Men	%	87	86	84
- under 30	%	0	0	0
Women	%	0	0	0
Men	%	0	0	0

GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	U.M.	2016	2017	2018
- 30 to 50 years old	%	3	2.35	2.47
Women	%	57	50	40
Men	%	53	49	50
- over 50	%	2	2.43	2.67
Women	%	43	50	60
Men	%	47	51	50
Line Managers				
Total no.	**no.**	248	265	270
Women	no.	91	101	102
Men	no.	157	164	168
Total in % terms	%	18	18	18
Women	%	37	38	38
Men	%	63	62	62
- under 30	%	0.25	0	0.08
Women	%	4	4	1
Men	%	0.03	0	0
- 30 to 50 years old	%	13	13	12
Women	%	72	71	74
Men	%	72	68	65
- over 50	%	5	5	6
Women	%	24	25	25
Men	%	28	32	35

Employees	U.M.	2016	2017	2018
Total no.	**no.**	1,094	1,121	1,134
Women	no.	758	779	781
Men	no.	336	341	353
Totali in % terms	%	77	77	77
Women	%	69	70	69
Men	%	31	30	31
- under 30	%	19	17	15
Women	%	25	24	20
Men	%	21	18	18
- 30 to 50 years old	%	54	53	54
Women	%	69	68	71
Men	%	71	71	70
- over 50	%	5	7	8
Women	%	6	7	9
Men	%	8	11	12

Blue collar workers	U.M.	2016	2017	2018
Total no.	**no.**	2	2	1
Women	no.	0	0	0
Men	no.	2	2	1
Total in % terms	%	0.14	0.14	0.07
Women	%	0	0	0
Men	%	100	100	100

GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	U.M.	2016	2017	2018
- under 30	%	0	0	0
Women	%	0	0	0
Men	%	0	0	0
- 30 to 50 years old	%	0.14	0.14	0.07
Women	%	0	0	0
Men	%	100	100	100
- Over 50	%	0	0	0
Women	%	0	0	0
Men	%	0	0	0

STANDARD 401-3 PARENTAL LEAVE	U.M.	2016	2017	2018
Return to work and retention rates after parental leave				
Number of employees that were entitled to parental leave	no.	-	-	1,481
Women	no.			896
Men	no.			585
Number of employees that took parental leave	no.	-	-	36
Women	no.			36
Men	no.			0
Number of employees that returned to work in the reporting period after parental leave ended	no.	-	-	22
Women	no.			22
Men	no.			0
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	no.	-	-	22
Women	no.			22
Men	no.			0
Number of employees that should have returned to work after parental leave ended	no.	-	-	23
Women	no.			23
Men	no.			0
Retention rates of employees that took parental leave	%	88.90	94.74	95.65
Women	%			95.65
Men	%			-

SHORESIDE PERSONNEL - HEALTH & SAFETY

GRI 403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES It is pointed out that all the indicators in this section refer to Italy only.	U.M.	2016	2017	2018
Total number of hours worked during the reporting period	h.	-	-	2,157,137
Women	h.			1,261,689
Men	h.			895,448
Total number of days of absence during the reporting period	no.	13	11	22
Women	no.	11	10	15
Men	no.	2	1	7

GRI 403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES It is pointed out that all the indicators in this section refer to Italy only.	U.M.	2016	2017	2018
Number of incidents	no.	13	7	14
Women	no.	11	6	8
Men	no.	2	1	6
At work	no.	6	3	6
Women	no.	5	2	1
Men	no.	1	1	5
Outside the workplace	no.	7	4	8
Women	no.	6	4	7
Men	no.	1	0	1
Fatalities	no.	0	0	0
Total number of lost days due to work-related injuries	no.	533	95	379
Women	no.	409	84	218
Men	no.	124	11	161
At work	no.	217	55	165
Women	no.	210	44	6
Men	no.	7	11	159
Outside the workplace	no.	316	40	214
Women	no.	199	40	212
Men	no.	117	0	2
Fatalities	no.	0	0	0
Index of gravity	%	-	-	0.01
Women	%			0.01
Men	%			0.01
At work	%	0.12	0.03	0
Women	%			0
Men	%			0.18
Outside the workplace	%	0.17	0.02	0
Women	%			0.17
Men	%			0
Fatalities	%	-	-	0
Index of frequency	%	-	-	6.49
Women	%			6.34
Men	%			6.70
At work	%	3.27	1.63	2.78
Women	%			0.79
Men	%			5.58
Outside the workplace	%	3.82	2.18	3.71
Women	%			5.55
Men	%			1.12
Fatalities	%	0	0	0

SHORESIDE PERSONNEL - TRAINING

STANDARD 404-1 AVERAGE HOURS OF TRAINING PER YEAR BY CATEGORY	U.M.	2016	2017	2018
Total training hours (EU and Asia)	**h.**	23,688	33,068	**41,077**
Women	h.	-	-	24,422
Men	h.	-	-	16,655
Average training hours per person (EU and Asia)	**h.**	-	-	**27.73**
Women	h.			27.6
Men	h.			29.27
Total training hours by employment contract (EU)	**U.M.**	**2016**	**2017**	**2018**
Executives	**h.**	-	-	**1,641**
Women	h.			321
Men	h.			1,320
Line Managers	**h.**	-	-	**8,500**
Women	h.			3,398
Men	h.			5,102
Blue collar workers	**h.**	-	-	**1**
Women	h.			0
Men	h.			1
Employees	**h.**	-	-	**24,862**
Women	h.			16,846
Men	h.			8,016
Average training hours per person by employment contract (EU)	**U.M.**	**2016**	**2017**	**2018**
Executives	**h.**	-	-	**22.8**
Women	h.			29.4
Men	h.			21.6
Line Managers	**h.**	-	-	**34**
Women	h.			37.3
Men	h.			32.1
Blue collar workers	**h.**	-	-	**1**
Women	h.			0
Men	h.			1
Employees	**h.**	-	-	**27.2**
Women	h.			26.2
Men	h.			29.4
Total training hours by type of tuition (EU and Asia)	**U.M.**	**2016**	**2017**	**2018**
Compliance Including training on human rights issues.	h.	-	-	6,385
Induction	h.	-	-	3,058
Language	h.	-	-	8,207
Leadership	h.	-	-	1,140
Managerial	h.	-	-	3,417
Professional	h.	-	-	18,870

SHIPBOARD AND SHORESIDE PERSONNEL - ETHICS AND HUMAN RIGHTS

GRI 102-17 MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS	U.M.	2018
Number of shipboard grievances	no.	62
Number of shoreside grievances	no.	5
GRI 406-1 INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN		
Number of incidents of discrimination		CONFIDENTIALITY

SUPPLY CHAIN

GRI 102-9 SUPPLY CHAIN	U.M.	2016	2017	2018
Suppliers	**no.**			
Current suppliers Includes the categories food & beverage, hotel, technical (services and materials) and fuel	no.	8,744	11,251	12,912
Suppliers qualified during the year	no.	2,166	2,239	1,745
Purchases	**U.M.**	**2016**	**2017**	**2018**
Food & beverage	%	39	35	29
Hotel	%	8	5	7
Technical	%	28	29	29
Bunker	%	25	31	35
Distribution of purchases by area of procurement (in % terms)	**U.M.**	**2016**	**2017**	**2018**
Asia	%	13.3	16.5	20.9
Europe	%	75.9	74.2	69.6
Middle East	%	0.8	0.4	0.8
North America and Caribbean	%	5	5.3	4.7
South America	%	1.7	2.7	2.6
Rest of the world	%	3.3	0.9	1.4

INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE SUSTAINABILITY REPORT AS OF 30 NOVEMBER 2018

COSTA CROCIERE SPA

Independent report on the limited assurance engagement of the Sustainability Report as of 30 November 2018

To the Board of Directors of Costa Crociere SpA

We have carried out a limited assurance engagement on the Sustainability Report (hereinafter the "Report") of Costa Crociere SpA (hereinafter "Costa Crociere" or the "Company") for the year ended 30 November 2018.

Responsibility of the Directors for the Sustainability Report

The Directors are responsible for preparing the Report in compliance with the GRI Sustainability Reporting Standards defined in 2016 (hereafter "GRI Standards"), as indicated in the paragraph "Notes 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 IAASB (*International Auditing and Assurance Standards Board*) for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the Report is free from material misstatement. The procedures consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the Report, analysis of documents, recalculations and other verification procedures.

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

PricewaterhouseCoopers Advisory SpA

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

- comparing the financial information reported in chapter "The Added Value" of the Report with the information included in the Company financial statements as of 30 November 2018 on which we issued our audit opinion, in accordance with articles 14 and 16 of legislative decree n° 39 of 27 January 2010, on 20 March 2019;
- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to the Company's strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the processes underlying the generation, recording and management of quantitative data included in the Report. In detail, we carried out:
  - ✓ meetings and interviews with management of Costa Crociere to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for the Report preparation;
  - ✓ a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the Report;
  - ✓ verification onboard the ship Costa Fortuna, in order to obtain evidence of the reliability of shipboard processes in place underlying the treatment of the information, as well as, on a sample basis, to cross check data relating to the said shipboard processes towards supporting documents;
- analysing the internal consistency of the qualitative information described in the Report and its compliance with the guidelines identified in the preceding paragraph "Responsibility of the Directors for the Sustainability Report";
- obtaining a representation letter, signed by the legal representative of Costa Crociere SpA, on the compliance of the Report with the guidelines identified in the paragraph "Responsibility of the Directors for the 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 became 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 2018 has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in the paragraph "Notes concerning the method" of the Report.

Genoa, 3 June 2019

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. We have not performed any verification procedures on the English translation of the Sustainability Report of Costa Crociere SpA as of 30 November 2018.

Content Index GRI

The following table is designed to help the reader find the location in the Report of the GRI Standard indicators.
For each indicator the table provides a reference to the pages of the 2018 Sustainability Report or to other publicly available sources.

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
Organizational Profile				
GRI 102-1 Name of the organization	SR	6	✓	
GRI 102 -2 Activities, brands, products, and services	SR	6	✓	
GRI 102-3 Location of headquarters	SR	6,8	✓	
GRI 102-4 Location of operations	SR	6,8	✓	
GRI 102-5 Ownership and legal form	SR	6	✓	
GRI 102-6 Markets served	SR	8	✓	
GRI 102-7 Scale of the organization	SR	6	✓	
GRI 102-8 Information on employees and other workers	SR	46/104	✓	The nature of the business does not allow the complete quantification of all the aspects indicated by the index, which has therefore been reported on the basis of the best information available
GRI 102-9 Supply chain	SR	68 -71	✓	
GRI 102-10 Significant changes to the organization and its supply chain	SR	6, 68-71	✓	Corporate structure unchanged compared to 2017
GRI 102-11 Precautionary Principle or approach	SR	18	✓	
GRI 102-12 External initiatives	SR www.costacruises.co.uk	46 - 67 Sustainability/ Governance	✓	
GRI- 102-13 Membership of associations	SR	16,17	✓	
Strategy				
GRI 102-14 Statement from senior decision-maker	SR	2,3	✓	
GRI 102-15 Key impacts, risks, and opportunities	www.costacruises.co.uk	Sustainability/ Governance	✓	
Ethics and Integrity				
GRI 102-16 Values, principles, standards, and norms of behavior	www.costacruises.co.uk	Sustainability/ Governance	✓	
GRI 102-17 Mechanisms for advice and concerns about ethics	www.costacruises.co.uk	Sustainability/ Governance	✓	

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
GOVERNANCE				
GRI 102-18 Governance structure	SR www.costacruises.co.uk	12,13 Sustainability/ Governance	✓	
GRI 102-19 Delegating authority	www.costacruises.co.uk	12,13 Sustainability/ Governance	✓	
GRI 102-20 Executive-level responsibility for economic, environmental, and social topics	www.costacruises.co.uk	12,13 Sustainability/ Governance	✓	
GRI 102-25 Conflicts of interest	www.costacruises.co.uk	12,13 Sustainability/ Governance	✓	
Stakeholder Engagement				
GRI 102-40 List of stakeholder groups	SR www.costacruises.co.uk	17 Sustainability/ Governance	✓	
GRI 102-41 Collective bargaining agreements	SR	46	✓	
GRI 102-42 Identifying and selecting stakeholders	SR www.costacruises.co.uk	17 Sustainability/ Governance	✓	
GRI 102-43 Approach to stakeholder engagement	SR	17, 52, 53, 58, 59, 60, 61, 66, 67, 76, 77, 90-93	✓	
GRI 102-44 Key topics and concerns raised	SR	12-17		
Reporting Practice				
GRI 102-45 Entities included in the consolidated financial statements	SR	102	✓	
GRI 102-46 Defining report content and topic Boundaries	SR	102	✓	
GRI 102 -47 List of material topics	SR	14, 102	✓	
GRI 102 -48 Restatements of information	SR	102	✓	
GRI 102-49 Changes in reporting	SR	102	✓	
GRI 102-50 Reporting period	SR	102	✓	
GRI 102-51 Date of most recent report	SR	102	✓	The previous edition of the Sustainability Report was published at www.costacruises.co.uk in June 2018
GRI 102-52 Reporting cycle	SR	102	✓	
GRI 105-53 Contact point for questions regarding the report	SR	102	✓	
GRI 102 -54 Declaration of compliance of the reporting with the GRI Standards	SR	102	✓	
GRI 102-55 GRI Content Index	SR	124	✓	
GRI 102-56 External assurance	SR	120	✓	

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
ECONOMIC				
103-1 Explanation of the material topic and its Boundary	SR	18, 19	✓	
103-2 The management approach and its components	SR	18, 19	✓	
103-3 Evaluation of the management approach	SR	18, 19	✓	
GRI 201-1 Direct economic value generated and distributed	SR	18, 19	✓	
GRI 201-2 Financial implications and other risks and opportunities due to climate change	/	/	Not applicable	
GRI 201-4 Financial assistance received from government	/	/	Not applicable	
Market Presence				
GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/	/	Not applicable	Given the diverse origins of the workforce, the type of contract applied by country of origin is not applicable
GRI 202-2 Proportion of senior management hired from the local community	/	/	Not applicable	
Indirect Economic Impact				
GRI 203-1 Infrastructure investments and services supported	SR	66, 67	✓	
GRI 204-1 Proportion of spending on local suppliers	SR	104	✓	
ENVIRONMENTAL PERFORMANCE				
103-1 Explanation of the material topic and its Boundary	SR	26-39	✓	
103-2 The management approach and its components	SR	26-39	✓	
103-3 Evaluation of the management approach	SR	26-39	✓	
GRI 301-1 Materials used by weight or volume	/	/	Not applicable	The nature of our business does not allow quantification by weight or volume of some raw materials used
Energy				
GRI 302-1 Energy consumption within the organization	SR	104	✓	
GRI 302-2 Energy consumption outside of the organization	SR	/	Not applicable	
GRI 302-3 Energy intensity	SR	104	✓	
GRI 302-4 Reduction of energy consumption	SR	29, 104	✓	
GRI 302-5 Reductions in energy requirements of products and services	/	/	Not applicable	
Water				
GRI 303-1 Water withdrawal by source	SR	35, 104	✓	
GRI 303-2 Water sources significantly affected by withdrawal of water	SR	35, 104	✓	
GRI 303-3 Water recycled and reused	SR	35, 104	✓	

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
Biodiversity				
GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/	/	Not applicable	
GRI 304-2 Significant impacts of activities, products, and services on biodiversity	SR	32	✓	
GRI 304-3 Habitats protected or restored	SR	33	✓	
GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	SR	/	Not applicable	
Emissions				
GRI 305-1 Direct (Scope 1) GHG emissions	SR	104	✓	
GRI 305-2 Energy indirect (Scope 2) GHG emissions	/	/	Not applicable	
GRI 305-3 Other indirect (Scope 3) GHG emissions	/	/	Not applicable	
GRI 305-4 GHG emissions intensity	SR	104	✓	With regard to cruise industry activity
GRI 305-5 Reduction of GHG emissions	SR	28, 29	✓	
GRI 305-6 Emissions of ozone-depleting substances (ODS)	SR	104	✓	
GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SR	104	✓	
Effluents and Waste				
GRI 306-1 Water discharge by quality and destination	SR	104	✓	
GRI 306-2 Waste by type and disposal method	SR	36, 37, 104	✓	
GRI 306-3 Significant spills	SR	35	✓	
GRI 306-4 Transport of hazardous waste	SR	104	✓	
GRI 306-5 Water bodies affected by water discharges and/or runoff	SR	32, 33	✓	
Products and services				
GRI 301-3 Reclaimed products and their packaging materials	/	/	Not applicable	
Environmental Compliance				
GRI 307-1 Non-compliance with environmental laws and regulations	SR	/	✓	*None*

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
SUPPLIER ENVIRONMENTAL ASSESSMENT				
Valutazione ambientale dei fornitori				
GRI 308-1 Percentage of new suppliers that were screened using social criteria	SR	104	✓	
GRI 308-2 Negative environmental impacts in the supply chain and actions taken	/	/	Not applicable	
Environmental complaints				
GRI 103-2 Grievance mechanisms	SR	35	✓	
SOCIAL PERFORMANCE				
103-1 Explanation of the material topic and its Boundary	SR	48-78	✓	
103-2 The management approach and its components	SR	48-78	✓	
103-3 Evaluation of the management approach	SR	48-78	✓	
Employment				
GRI 401-1 New employee hires and employee turnover	SR	109	✓	The nature of the business does not allow the complete quantification of all the aspects indicated by the index, which has therefore been reported on the basis of the best information available
GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR	/	Not applicable	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
GRI 401-3 Parental leave	SR	104	✓	
GRI 402-1 Minimum notice periods regarding operational changes	SR	/	Confidentiality	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.
GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR	104	✓	
GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation	/	/	Not applicable	
GRI 403-4 Health and safety topics covered in formal agreements with trade unions	www.costacruises.co.uk	Sustainability/ Governance	✓	
Training and Education				
GRI 404-1 Average hours of training per year per employee	SR	104	✓	
GRI 404-2 Programs for upgrading employee skills and transition assistance programs	SR	50-53	✓	
GRI 404-3 Percentage of employees receiving regular performance and career development reviews	SR	50	✓	

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
Diversity and Equal Opportunity				
GRI 405-1 Diversity of governance bodies and employees	SR	48,49		
GRI 405-2 Ratio of basic salary and remuneration of women to men	SR	/	Confidentiality	
Supplier Social Assessment				
GRI 414-1 New suppliers that were screened using social criteria	SR	104	✓	
GRI 414-2 Negative social impacts in the supply chain and actions taken	/	/	Not applicable	
Complaints about work practices				
GRI 103-2 Grievance mechanisms	SR	104	✓	
HUMAN RIGHTS				
103-1 Explanation of the material topic and its Boundary	SR	14, 48-50, 70	✓	
103-2 The management approach and its components	SR	14, 48-50, 70	✓	
103-3 Evaluation of the management approach	SR	14, 48-50, 70	✓	
Human Rights Assessment				
GRI 412-2 Employee training on human rights policies or procedures	SR	104	✓	
Non-Discrimination				
GRI 406-1 Incidents of discrimination and corrective actions taken	SR	104	✓	
Child Labor				
GRI 408-1 Operations and suppliers at significant risk for incidents of child labor	SR www.costacruises.co.uk	Sustainability/ Governance	✓	
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR www.costacruises.co.uk	Sustainability/ Governance	✓	
Security Practices				
GRI 410-1 Security personnel trained in human rights policies or procedures	SR www.costacruises.co.uk	104 Sustainability/ Governance	✓	
Rights of Indigenous People				
GRI 414 -1 Percentage of new suppliers that were screened using social criteria	SR	104	✓	
GRI 414 -2 Negative social impacts in the supply chain and actions taken	/	/	Not applicable	
GRI 411-1 Incidents of violations involving rights of indigenous peoples	/	/	Not applicable	
Complaints about human rights				
GRI 103-2 Grievance mechanisms	SR	104	✓	

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
SOCIETY				
103-1 Explanation of the material topic and its Boundary	SR	46-78	✓	
103-2 The management approach and its components	SR	46-78	✓	
103-3 Evaluation of the management approach	SR	46-78	✓	
Local Communities				
GRI 413-2 Operations with significant actual and potential negative impacts on local communities	SR	60 -67	✓	
Anti-corruption				
GRI 205-1 Operations assessed for risks related to corruption	www.costacruises.co.uk	Sustainability/ Governance	✓	
GRI 205-2 Communication and training about anti-corruption policies and procedures	SR	104	✓	
GRI 205-3 Confirmed incidents of corruption and actions taken	/	/	Not applicable	
Public Policy				
GRI 415-1 Political contributions	Code of Business Conduct and Ethics	/	Not applicable	
Anti-competitive Behavior				
GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	/	/	Not applicable	
Socioeconomic Compliance				
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	/	/	Not applicable	
Supplier Social Assessment				
GRI 414-1 Percentage of new suppliers that were screened using social criteria	SR	104	✓	
GRI 414-2 Negative social impacts in the supply chain and actions taken	/	/	Not applicable	
Complaints related to the impact on society				
GRI 103-2 Grievance mechanisms	/	/	Not applicable	

GRI INDICATORS	Publication	Reference (page)	Reporting	Omission (reason why)
PRODUCT RESPONSIBILITY				
103-1 Explanation of the material topic and its Boundary	SR	62-78	✓	
103-2 The management approach and its components	SR	62-78	✓	
103-3 Evaluation of the management approach	SR	62-78	✓	
Customer Health and Safety				
GRI 416-1 Assessment of the health and safety impacts of product and service categories	SR www.costacruises.co.uk	75	✓	
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	www.costacruises.co.uk	Sustainability/ Governance	✓	
Marketing and labelling		/		
GRI 417-1 Requirements for product and service information and labelling	/	/	Not applicable	
GRI 417-2 Incidents of non-compliance concerning product and service information and labelling	/	/	Not applicable	
GRI 102-43/102-44 Approach to stakeholder engagement	SR	75	✓	
Marketing Communication				
103-1 Explanation of the material topic and its Boundary	SR	62-78	✓	
103-2 The management approach and its components	SR	62-78	✓	
103-3 Evaluation of the management approach	SR	62-78	✓	
GRI 417-3 Incidents of non-compliance concerning marketing communications	/	/	Not applicable	
Customer Privacy				
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	/	/	Not applicable	
Socioeconomic Compliance				
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	/	/	Not applicable	