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Regulation

Borgo Egnazia demonstrates strong alignment with globally recognized frameworks such as the GRI Standards and SDGs. The resort proactively complies with EU and Italian laws, such as the single-use plastic ban, by removing disposables and providing refillable bottles and recycling bins. The property's use of local tuff stone and traditional techniques reflects full integration with Puglia's environmental and cultural planning codes.

Beyond meeting legal requirements, the resort benchmarks itself against best-in-class operators, earning certifications like Great Place to Work® and Top Employer Italia. These attest to Borgo's leadership in labor standards, elevating it beyond regulatory minimums.

Societal Expectations

Public opinion and societal trends in sustainability heavily influence Borgo Egnazia's strategy. In recent years, NGO-led campaigns and grassroots movements have heightened awareness around issues like plastic pollution, climate change, and community well-being and the hospitality industry is expected to respond. Borgo Egnazia has proactively answered these calls. For instance, echoing environmental NGOs' push to curb single-use plastics, the resort has drastically cut plastic use on-site (guests receive refillable water bottles instead of disposable plastics) It also champions circular economy practices, an idea popularized by civil society and zero-waste advocates, by planning to turn all organic waste into fertilizer for its gardens and olive grovestheweddingedition.co.uk. These initiatives show Borgo Egnazia giving credit to and acting on the concerns raised by environmental campaigns. Rather than being pressured publicly by NGOs, the resort tends to internalize these societal expectations and implement solutions before they become criticisms.

Beyond environmental issues, civil society concerns around cultural preservation and social inclusion are particularly relevant in Italy. There is a growing movement in society to safeguard local heritage and ensure tourism benefits local communities. Borgo Egnazia's response has been remarkably aligned with these values. A standout example is the creation of Associazione CLARA, a nonprofit project born from the Borgo Egnazia team's passion for Puglian culture. Launched

in collaboration with local cultural expert Clara D'Aprile, this association aims to recover and celebrate Puglia's ancient arts, crafts, and traditionsassociazioneclara.org. In essence, the resort's founders recognized a societal need to preserve regional identity and turned it into a living part of the Borgo experience. Through CLARA, Borgo Egnazia involves local artisans and elders in workshops, festivals, and educational events, making Puglia's heritage accessible to guests and residents

alikefoodandwineitalia.comassociazioneclara.org. By investing in local culture, the resort answers public expectations that tourism should enrich rather than exploit its locale.

Shifting cultural norms around travel have also played to Borgo Egnazia's strengths. Today's travelers (especially luxury travelers) increasingly seek authentic, responsible experiences instead of generic luxury. There's a noticeable shift toward values like community engagement, "traveling slow," wellness, and sustainability in vacation choices. Borgo Egnazia anticipated this shift from its inception; it was conceived as an immersive Apulian village rather than a typical resort, embedding local lifestyle into the luxury experience. This model was somewhat ahead of its time, and has since become a reference point in Italy for territory-rooted hospitalityfoodandwineitalia.com. The resort's philosophy of "nowhere else" authenticity (rooted in local food, architecture, and traditions) aligns perfectly with the modern cultural trend of valuing locality and heritage. Moreover, norms like healthy living and zero-waste have entered the mainstream, and Borgo Egnazia's emphasis on wellness (e.g. a spa inspired by the "science of happiness" and nature) and sustainability (e.g. on-site organic gardens and waste reduction) resonates with those values theweddingedition.co.uk. In short, Borgo Egnazia stays attuned to societal expectations, from NGO agendas to evolving cultural values, and has woven those into its brand narrative and operations, thereby strengthening its reputation as a conscientious luxury destination.

Stakeholder Pressures

Multiple stakeholder groups exert pressure on Borgo Egnazia to perform well on ESG criteria, and the resort has been responding in a balanced, strategic manner. Starting with **clients**: today's guests, especially the discerning high-net-worth travelers that frequent Borgo Egnazia, often demand sustainability as part of the experience. This client pressure is evident in small details and big commitments alike. For example, customers increasingly expect waste reduction and responsible practices during their stay. Borgo Egnazia meets this by encouraging use of refillable bottles and providing recycling bins in each room. Guests also

value social responsibility; they take notice of staff treatment and community impact. Borgo Egnazia's consistently excellent workplace recognition (Great Place to Work and Top Employer awards) sends a reassuring signal to socially conscious guests that employees are treated well, which enhances the brand's appeal. In essence, fulfilling client–driven ESG demands has become part of the resort's luxury proposition. A happy consequence is stronger guest loyalty: visitors see that their values (from wellness to sustainability) are reflected in the Borgo experience, making them more likely to return or recommend the resort.

Competitors in the luxury hospitality space provide another source of ESG pressure. Many peer resorts and hotel chains are now touting their sustainability credentials, from carbon-neutral hotel offerings to community philanthropy programs, as a way to attract the same high-end market. Borgo Egnazia cannot ignore these signals; it continuously benchmarks itself against leading practices. The resort's commitment to publish an annual sustainability report and to invest in initiatives like Associazione CLARA can be seen as moves to match or outpace industry peers in ESG transparency and impact. Notably, Borgo Egnazia has set itself apart in the Italian hotel sector by winning awards for corporate welfare and employee wellbeing, areas some competitors are only beginning to address. By excelling in social and environmental domains before others catch up, the resort strengthens its competitive edge. This dynamic, where competitors up their ESG game and Borgo responds in kind, creates a virtuous cycle that pushes the entire industry forward.

Government and institutional stakeholders also influence Borgo Egnazia's ESG approach. The government's influence comes through both regulation and partnership. Regulators impose sustainability mandates (as discussed in the regulatory section), but governments also increasingly prefer to showcase or do business with companies that have strong ESG profiles. A testament to Borgo Egnazia's standing was its selection as host venue for the G7 summit of 2024, effectively becoming Italy's showpiece of sustainable luxury hospitality. In that moment, the Italian government signaled confidence that Borgo Egnazia's operations reflect national values of sustainability and cultural richness. Such high-profile events put gentle pressure on the resort to maintain exemplary standards (no government wants an ESG embarrassment at a G7). Additionally, local authorities in Puglia collaborate with tourism businesses to promote sustainable development; Borgo Egnazia, for example, has worked with the regional university on training programs in sustainable hospitality, aligning with public-sector efforts to improve industry practices. This cooperation with educational and governmental bodies indicates the resort heeds the broader community and policy expectations beyond its property lines.

When it comes to **investors and owners**, the pressure is somewhat more internal but no less significant. Borgo Egnazia is a family-owned resort under the San Domenico Hotels group, so it doesn't face the same shareholder resolutions as a public company. However, the Melpignano family and any business partners are keenly aware of the rising importance of ESG in business performance and valuation. In the hospitality industry, lenders and investors (such as banks financing expansions or travel companies forming partnerships) increasingly evaluate ESG risks and criteria. Borgo Egnazia's proactive sustainability measures can be seen as a way to satisfy these expectations: by demonstrating robust environmental and social governance practices, the resort maintains access to favorable financing and partnerships. The publication of a detailed sustainability report and the attainment of third-party certifications serve as evidence to any external stakeholders, including potential investors, that ESG is taken seriously. In short, even without activist shareholders, Borgo Egnazia experiences investor-like pressure to uphold ESG excellence for long-term resilience and brand value.

Lastly, industry groups and collaborations play a subtle role in shaping Borgo Egnazia's ESG efforts. The resort is part of a larger conversation in the travel sector about sustainability. It engages with hospitality associations, luxury travel networks, and educational institutions to both learn and lead. For instance, Borgo Egnazia's partnership with the University of Bari to launch a Master's program in Hospitality & Revenue Management (with courses on sustainable tourism) illustrates how it contributes to industry-wide capacity building. It is also a member of exclusive hotel alliances (like Leading Hotels of the World) where sustainability is increasingly on the agenda. Through these channels, Borgo Egnazia is both influenced by and influencing the collective ESG agenda of its industry. Although there may not be a single industry pledge or lobby that dictates its actions, the general agenda of the luxury travel sector—namely, to become more sustainable and community-oriented—is reflected in Borgo Egnazia's strategy. The resort's willingness to share best practices and invest in the next generation of hospitality professionals suggests it sees ESG not as a box-ticking exercise, but as integral to the future of its industry and brand.

Industry Forces and Opportunities

Looking through an ESG lens, several industry forces shape Borgo Egnazia's strategic environment, presenting both challenges and opportunities.

Competitive differentiation is a key force: in the crowded luxury market, sustainability can set a property apart. Borgo Egnazia leverages ESG as part of its unique selling proposition. Its deep integration of local culture and environmentally mindful design isn't just ethical: it's a marketing strength. The

resort is *known* for its commitment to sustainability and low-impact luxury, having been built with local limestone and eco-friendly methods to harmonize with the landscape. This authentic, responsible ethos makes Borgo Egnazia stand out to travelers who might otherwise choose an international chain hotel. In fact, many affluent travelers now actively seek out resorts that align with their values. Studies show that over 75% of travelers want more sustainable holiday options, and luxury tourists in particular are "demanding tourism with a conscience." By being ahead on ESG, Borgo Egnazia attracts this growing segment, turning its sustainability profile into a competitive differentiator that rivals may find hard to match without similar long-term commitment.

At the same time, **substitution risk** is the flip side of this coin: if Borgo Egnazia were to lag in sustainability, it could lose guests to more ESG-progressive alternatives. Fortunately, the resort's leadership understands this risk. Its ongoing innovations, eliminating most single-use plastics, embracing renewable practices, and offering authentic community-based experiences, significantly reduce the chance that a guest will perceive some other hotel as a "greener" or more socially responsible choice. Essentially, Borgo Egnazia is preempting substitution threats by continuously elevating its own sustainability game. The loyalty it earns from guests who appreciate its values acts as a buffer against would-be substitutes. For example, a traveler concerned with environmental impact might skip a generic five-star hotel in favor of Borgo Egnazia, knowing that at Borgo their footprint is lighter and their money supports local culture. This dynamic means ESG excellence is not just good ethics but good risk management against customer churn.

Supply chain risk is another industry force with ESG dimensions. The hospitality business relies on complex supply chains, food, energy, linens, and amenities, which can be vulnerable to both environmental and social disruptions. Borgo Egnazia has taken steps to mitigate these risks in sustainable ways. By sourcing as much as possible from local and on-site producers, the resort shortens its supply chain and gains more control. Vegetables, fruits, herbs, and olives are grown on the property's own land and end up in the resort's kitchens as "spanking-fresh" ingredients. This farm-to-table approach not only guarantees quality and authenticity, but also reduces dependence on long supply lines that could be disrupted by global issues (from climate impacts to geopolitical events). Similarly, using local materials and craftspeople for maintenance and construction ties the resort's operations to the relatively stable local economy. An added benefit is reducing the carbon footprint associated with transporting goods from afar. On the social side, ethical sourcing is important. Borgo Egnazia's use of regional suppliers means it's supporting fair labor practices close to home and can easily verify working conditions, unlike a far-flung supply chain that

might hide labor violations. All these efforts reduce ESG-related supply chain vulnerabilities, making the resort more resilient in the face of industry-wide challenges (like volatility in international food markets or scrutiny over procurement ethics).

Strict sustainability standards can also become regulatory barriers that shape industry competition. Compliance with environmental and social regulations requires significant investment, something Borgo Egnazia has treated not as a burden but as an opportunity to build a moat. The resort's early adoption of green building practices, for instance, gave it a head start in an era when such practices were not yet common. Any new entrant trying to develop a similar resort in Puglia today would face the same rigorous regional regulations on landscape protection and cultural preservation that Borgo Egnazia navigated, but they'd also have to match Borgo's now well-established reputation and goodwill earned through compliance. In this way, Borgo Egnazia's ESG compliance creates a barrier to entry for less committed competitors. Its existing property is not only fully permitted and in harmony with local rules, but also celebrated for that harmony. For example, integrating centuries-old olive trees into the golf course or preserving the look of a traditional village weren't just aesthetic choices; they were smart strategic moves that made the resort "future-proof" against tighter regulations. Now, with climate-related rules tightening (emissions caps, energy efficiency mandates, etc.), Borgo Egnazia is relatively well-positioned. It likely already meets many upcoming standards, whereas a competitor might have to retrofit or redesign. Thus, regulatory pressure, often seen as a threat, in Borgo's case fortifies its competitive position: the cost and complexity of meeting high ESG standards discourages would-be rivals from easily replicating its model.

Finally, ESG considerations are opening new **opportunities** for Borgo Egnazia. One major opportunity is in branding and partnerships. As global travel organizations and luxury consortia prioritize sustainability, Borgo Egnazia can leverage its ESG leadership to form new alliances and marketing channels. We see this in how it has attracted global events: hosting the G7 summit in 2024 was not only a recognition of the resort's excellence but also a chance to elevate its profile to world leaders and media. Such exposure can lead to increased interest from event planners, luxury travel advisors, and high-profile guests who specifically seek venues with a strong sustainability ethos. Another opportunity lies in product and service innovation. Borgo Egnazia can develop eco-themed guest experiences, such as wellness retreats focused on nature and nutrition, or volunteer tourism programs that allow guests to participate in local community projects. These offerings meet a growing demand for meaningful, impact-rich travel and can command premium pricing. Additionally, by being an early mover in ESG within its industry, Borgo Egnazia could influence or even help set new



industry standards, giving it thought leadership status. This has already begun in small ways, such as its collaboration on academic programs and its frequent coverage in the press as a model for sustainable luxury travel. In a business sense, strong ESG performance also opens doors to sustainability-linked financing or government incentives for further expansion. If the Melpignano family seeks to expand their hospitality portfolio, demonstrating success with Borgo Egnazia's sustainability can attract investment funds that are earmarked for ESG-friendly projects. Overall, by embracing ESG deeply, Borgo Egnazia not only mitigates risks but unlocks fresh avenues for growth, proving that doing good can go hand-in-hand with doing well in the luxury hospitality industry.

