



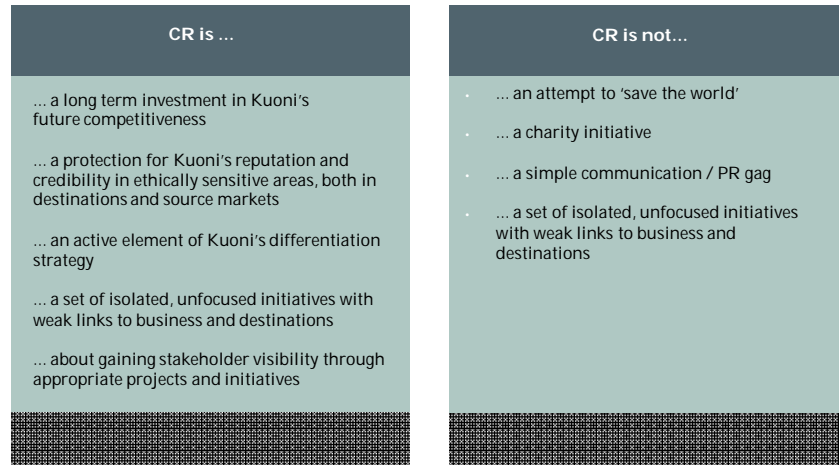
Why sustainability matters

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KUONI TRAVEL LTD
COLOMBO 4TH JULY 2012

Drivers
... Regulation increase (antitrust, corruption, H&S, Carbon taxes) broad compliance definition
... resource scarcity and availability
... Mega trends (climate change, obesity, water, renewables, etc.)
... Globalization
... Public trust (access to information)

Implications for companies
... Compliance related failures, "licence to operate", risk costs, e.g. cost of capital
... Energy & raw material quality, availability, price volatility of resources, competition
... Changing market forces and drivers, new and changing consumer patterns , new regulation
... More opportunity through access to emerging markets, but also more risk and less control
... Companies are not able to conceal anything (public eye, internet, social media, blogs)

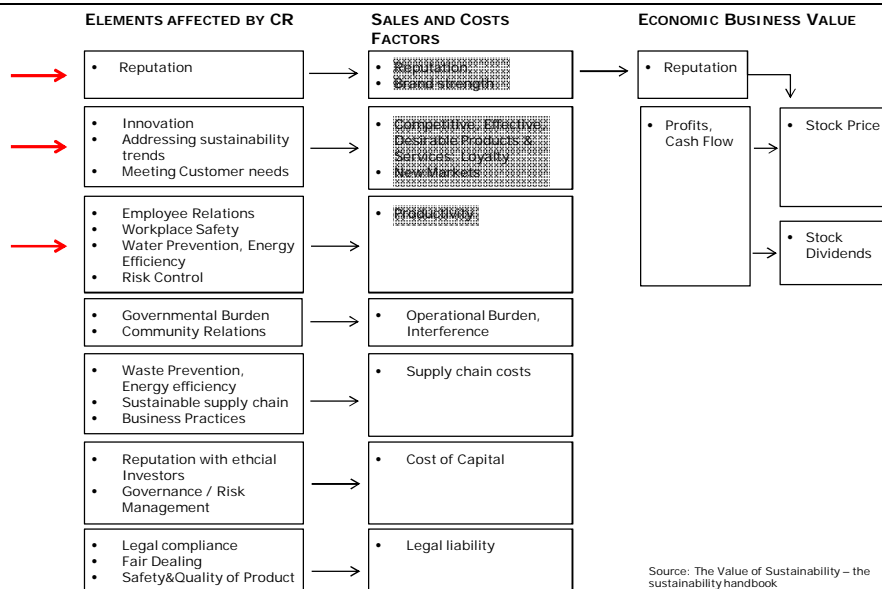
Corporate Responsibility (CR) – a strategic issue and not an attempt to 'save the world'



Source: Corporate Responsibility

CORPORATE RESPONSIBILITY

Value drivers and opportunities



Source: The Value of Sustainability – the sustainability handbook

CORPORATE RESPONSIBILITY

- **71%** of customers would make environmentally friendly choices
- Almost **50%** of global consumers are willing to pay more for products from companies that show a commitment to social responsibility
- A study by Kuoni found that **22%** of respondents said that sustainability is among the top three influencing factors when booking vacations
- **44%** of US and European customers said that if a company offered a sustainable holiday option, they would be interested.
- Consumer demand for sustainable products is growing: in 2011 sustainable specialist operators experienced growth of **11%**, while the industry as a whole only one percent (Bank Sarasin)

Most consumers will not ask for more sustainable options - they expect the tourism provider to just do it!

Hotels that position themselves as social and environmentally responsible record twice as much of regular guests than conventional hotels.

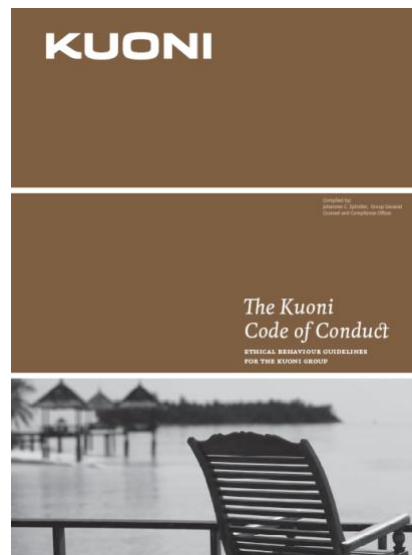




KUONI The Kuoni Code of Conduct – binding principle for Kuoni employees

ETHICAL BEHAVIOUR GUIDELINES
FOR THE KUONI GROUP

- › binding general principles of ethical behaviour for the management and staff of the Kuoni Group
- › The values underlying these principles may be regarded as the 'common sense' of everyone working at Kuoni



CORPORATE RESPONSIBILITY

6. Corporate Social Responsibility

We strive to act as a good corporate citizen which takes into full account the current and future economic, social and environmental impacts of our business. We acknowledge and live up to our responsibility to support a sustainable touristic development.

We seek to adhere to the Global Code of Ethics for Tourism of the UNWTO, which endeavours that source countries, tourist destinations, host communities and businesses maximize the positive economic, social and cultural effects of tourism and fully reap its benefits, while minimizing its negative social and environmental impacts.

In order to ensure an effective management of our corporate responsibility:

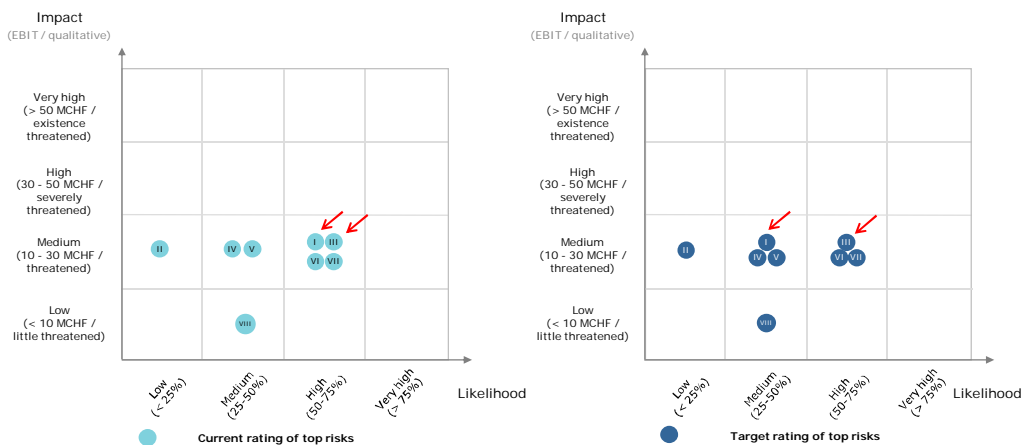
- We seek an open and transparent dialogue with internal and external stakeholders and actively report on our activities in order to achieve this.
- We define strategies and actions which are adopted group-wide and which are based on clear targeting, measurement and monitoring systems
- We aim to continuously improve our sustainability performance

In particular, we aim to:

- Create opportunities for our colleagues to thrive and develop under fair, healthy and safe conditions of employment
- Develop and continually expand the range and offer of our sustainable products and to strongly engage with our customers in their promotion
- Minimise our carbon footprint as far as possible and foster resilience to climate change impacts within our value chain. We strive towards a sustainable management of natural resources and the protection of their future productivity.

CORPORATE RESPONSIBILITY

Kuoni's top corporate responsibility risks 2011 – supply chain related issues ranked top

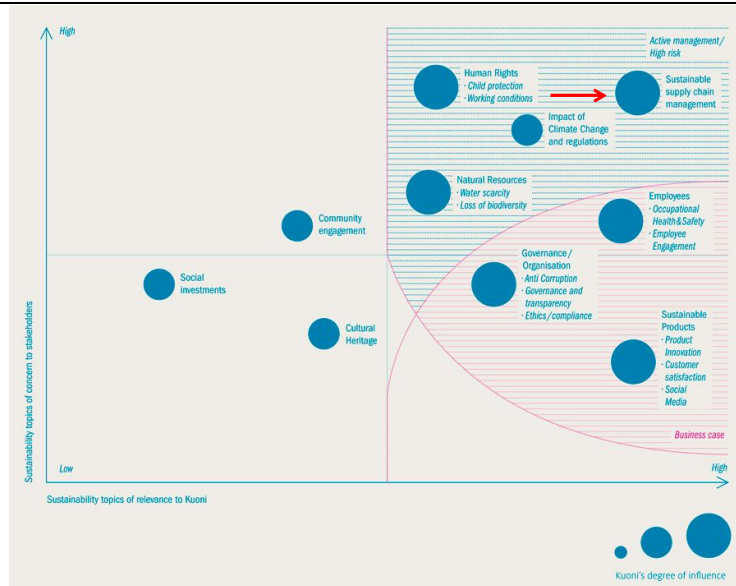


Overview of top risks

- I. Dissatisfaction of customers with local situation at the destination
- II. Heavy taxation of CO₂ emissions
- III. Violation of labor and/or environmental standards by suppliers affecting Kuoni's reputation
- IV. Governance structure hinders effective CR management

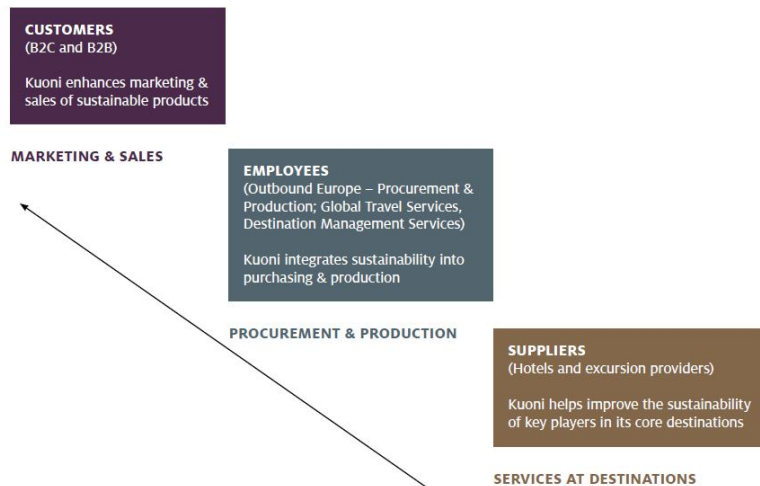
- V. Missing CR related risk assessment of destination
- VI. Misconduct of Kuoni's employees leading to negative PR
- VII. Lack of awareness of CR topics and related responsibilities across divisions, levels and employees
- VIII. Lack of project management and monitoring guidelines

KUONI Materiality Matrix



CORPORATE RESPONSIBILITY

KUONI Influencing partners along the value chain



CORPORATE RESPONSIBILITY

Advancing Sustainable Supply Chain Management

SUSTAINABLE SUPPLY CHAINS

- Kuoni Procurement & Production Unit, Kuoni Destination Management
- 15 000 suppliers
- Account for approx. 25% of environmental impact of a tourism package
- Greatest impact at destinations (economic, social and environmental)

PERFORMANCE:

- 90% of contracts have Supplier Code of Conduct included (P&P)
- 300 top hotel partners audited end of 2011 (covers 25% of guestnights)
- Workshops for suppliers in Thailand, Kenya, Bulgaria...
- Sustainable hotels labelled in Kuoni, Apollo and Helvetic Tours brochures

CORPORATE RESPONSIBILITY

Leverage sustainability to foster relationship and performance with key partners

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Top CR
Hotels

Top 300 Hotels
(26% of bednights)

Other Hotels

CORPORATE RESPONSIBILITY TARGETS @ INITIATIVES

C
Foster sustainable hotels within our key suppliers

B
LEVERAGE SUSTAINABILITY PERFORMANCE OF KEY SUPPLIERS
E.g. by offering environmental care and child protection workshops

ENSURE ADHERENCE OF ALL SUPPLIERS TO MINIMUM STANDARDS

Implement Supplier Code of Conduct

Report non-compliance

A



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Managing the Supply Chain – our Approach

1. Engaging all our suppliers
 - Adhering to minimum standards of the Kuoni Supplier Code of Conduct by introducing them in our contractual terms
2. Monitoring and improving sustainability performance of key suppliers
 - Hotel audits of key suppliers (Travelife Sustainability System)
 - Supporting key suppliers
3. Communication and Sales
 - Certification and labelling of best practice hotels (Travelife Bronze, Silver and Gold Award)
 - Selling sustainable products to our customers: mass and premium market

Supplier Code of Conduct

Travelife audits, Supporting key suppliers

Certification and labelling

Selling sustainable products

1. Ensuring minimal sustainable standards in supply chain




Supplier Code of Conduct

The Supplier Code of Conduct was established in 2007 and specifies minimum ethical requirements for all our suppliers regarding:

- Compliance with applicable law in general
- Sexual exploitation of children and adolescents
- Human rights and labour conditions
- Environment
- Local sourcing and benefiting communities
- Monitoring and enforcement

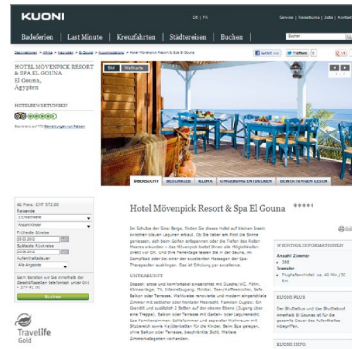


Mindestanforderungen an
Hotelpartner in alle Verträge
integriert





KUONI



CORPORATE RESPONSIBILITY

Why you should get involved

- ✓ Reduce costs
- ✓ Become a supplier of choice
- ✓ Increase the market acceptance
- ✓ Respond to increasing customer demand
- It simply makes sense.



