



CARLSONSM

United Nations Global Compact:
Communication on Progress

July 2011

Table of Contents:

Message from Carlson President and CEO Hubert Joly	2
Responsible Business Highlights	3
Section I: Report of Progress – Human Rights	4
Section II: Report of Progress – Labor	6
Section III: Report of Progress – Environment	8
Section IV: Report of Progress: Anti-Corruption	10
Section V: Partnerships	11
About This Report	12

Message from Carlson President and CEO Hubert Joly

Carlson is a leader in the global travel and hospitality industry. In the more than 70 years since our founding by Curtis L. Carlson, we have grown and evolved – in fact, change has been key to our success. However, equally important to our success is a set of *unchanging* guiding principles known as the *Carlson Credo*. This legacy left by our founder is at the heart of everything that we do across each of our businesses: Carlson Hotels, Carlson Restaurants, and Carlson Wagonlit Travel.

Our *Credo* is simple, clear and sincere:

*Whatever you do, do with **Integrity**.*

*Wherever you go, go as a **Leader**.*

*Whomever you serve, serve with **Caring**.*

*Whenever you dream, dream with your **All**.*

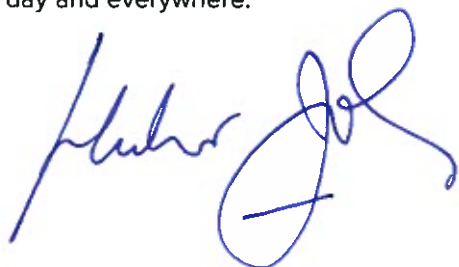
*And, **never, ever** give up.*

When we signed the *United Nations Global Compact* in 2010, we viewed it as a natural extension of our *Credo*, and of our deeply held values and commitment to responsible business. Our support is consistent with many years of actions and efforts that align with the principles of the *Compact*. For example:

- In 1999, in partnership with Queen Silvia of Sweden, the Carlson Family Foundation was one of 14 co-founders of the World Childhood Foundation, which we continue to support.
- In 2004, Carlson was the first North American travel industry signatory to the *Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism*.
- In 2007, Carlson pioneered carbon offsets for members of its loyalty programs for hotels.
- In 2009, we began supporting the MASSIVEGOOD global healthcare initiative.

This is our first *Communication on Progress* as a signatory to the *Compact*. As an organization, we are committed to upholding the principles of the *UN Global Compact* to ensure full compliance with fundamental, universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

Carlson is a strong company with great ambitions. Around the world, we are striving to earn a leadership position in each of our business segments. As we do this, we are fully committed to staying true to the *Carlson Credo* and working to advance responsible business practices – in everything that we do, every day and everywhere.



Responsible Business Highlights

- 1989** We introduced our first environmental policy
- 1991** We initiated support of the Adoption Exchange through Carlson Wagonlit Travel
- 1996** We became a founding member of International Hotels Environment Initiative
- 1999** We co-founded the World Childhood Foundation
- 2001** We established a *Business Ethics & Conduct Policy*
- 2003** We published our first *Responsible Business Handbook*
- 2003** We celebrated our first annual Responsible Business Action Month
- 2004** We signed the *Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism*
- 2004** We engaged our hotels in our first Hotel Environmental Action Month
- 2004** We received the "Worldwide Hospitality Award for Environmental Protection"
- 2006** We were rated, for the first time, as one of the "Best Places to Work for LGBT Equality"
- 2007** We began support of the Make-A-Wish Foundation through T.G.I. Friday's
- 2007** We pioneered the opportunity of carbon offsetting for members of goldpoints plussm (now Club Carlson)
- 2008** We required employees to take part in Responsible Business training
- 2008** We endorsed a global comprehensive climate-change policy
- 2008** We initiated the "12 Days of Giving"
- 2009** We attained our first corporate office Green Globe certification
- 2009** We initiated support of the MASSIVEGOOD global healthcare initiative through Carlson Wagonlit Travel
- 2009** We announced support of the Big Brothers-Big Sisters mentoring program
- 2009** We received the "Best Collaboration Award" at the Ethical Corporation's Responsible Business Awards
- 2010** We began partnership with Share Our Strength through T.G.I. Friday's
- 2010** We signed the United Nations Global Compact
- 2010** Our Rezidor Hotel Group was recognized by the Ethisphere Institute as one of the World's Most Ethical Companies
- 2011** Marilyn Carlson Nelson awarded the "Business Leader's Award" by The United Nations for the "End Human Trafficking Now" Initiative
- 2011** Our Rezidor Hotel Group was recognized by the Ethisphere Institute as one of the World's Most Ethical Companies
- 2011** We were named by *Working Mother Magazine* as a "Best Companies for Hourly Workers"

Section I: Report of Progress – Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure they are not complicit in human rights abuses.

Carlson Responsible Business Policy and Practice

- *Business Ethics & Conduct Policy*
- *Employee Guide to Business Ethics & Conduct*
- *Supplier Code of Conduct*
- *Policy on the Prevention of Discrimination and Harassment*
- Living & Leading Responsible Business (Carlson Hotels)
- *ECPAT Code of Conduct* (Carlson Hotels)
- *Responsible Business Handbook* (Carlson Hotels)
- Responsible Business Action Month (September – Carlson Worldwide)
- Protection of Children and Development of People

Codes of Conduct

We have an important role to play in supporting and respecting human rights, and we have established clear policies and programs for the conduct of our employees and suppliers. Our *Business Ethics & Conduct Policy* and our *Employee Guide to Business Ethics & Conduct* begin with compliance with the laws in the countries in which we operate. Our *Supplier Code of Conduct* asks the same of our suppliers.

We ask employees and suppliers to understand the essence and spirit of our policy so that our actions are ethical. In addition, we work to ensure that all employees and suppliers understand our *Policy on the Prevention of Discrimination and Harassment*.

Living and Leading Responsible Business Training

We offer Responsible Business training programs, which include *Living Responsible Business*, designed for all hotel employees, and *Leading Responsible Business*, available for all hotel managers. These comprehensive Responsible Business training programs are designed to introduce the concepts and building blocks of working and managing in a responsible manner and include anti-trafficking training as part of our ongoing commitment to the *ECPAT Code of Conduct* to protect children against sexual exploitation in Travel and Tourism.

Responsible Business Handbook

Designed for employees of Carlson Hotels, this important guide provides the information and steps needed for creating and growing Responsible Business programs within each of our hotel locations.

Responsible Business Action Month

Each September, we celebrate Responsible Business Action Month by asking employees to get involved in community activities to help to spread the word about what it means to be a Responsible Business. We believe that by engaging all employees in this effort we can produce a positive result around the world.

Protection of Children and Development of People

We use many means to protect and enhance human rights, including but not limited to our core business activities, strategic social investment and philanthropy, advocacy and public policy engagement, and partnerships.

Carlson co-founded the World Childhood Foundation, which funds projects aimed at improving living conditions for children who live in unsafe situations, and gives them a chance for a brighter future. Current projects include art therapy for sexually exploited children, drop in centers for HIV-positive young people, and summer trips for children living in orphanages.

In 2010, Carlson received the Responsible Business Award from *Ethical Corporation* magazine for our collaboration with *The Code of Conduct for Protection of Children from Exploitation in Travel and Tourism* (*The Code*). We actively support the global effort to protect children from commercial sexual exploitation, and in 2004 we were the first major North American hospitality company to sign *The Code*. Started as a project of End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes International (ECPAT), *The Code* is an industry-driven, multi-stakeholder initiative that seeks to mobilize the tourism industry to protect children at risk of exploitation. The Code has been endorsed by the United Nations-World Tourism Organization (UNWTO) and many international governments and corporations.

In 2010, Carlson joined with other businesses such as Delta Airlines, Ford Motor, ExxonMobil and LexisNexis to launch the "Business Coalition against Human Trafficking" (BCAT). The goal of the initiative is to explore ways that companies can work to abolish sex and labor trafficking.

Carlson Chairman, Marilyn Carlson Nelson was presented with The Business Leader Award by UN.GIFT, End Human Trafficking Now and The United Nations Global Compact for her pioneering efforts and ongoing work in the travel sector to prevent child sex tourism.

Section II: Report of Progress – Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Businesses should uphold the effective abolition of child labor.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Carlson Responsible Business Policy and Practice

- *Business Ethics & Conduct Policy*
- *Supplier Code of Conduct*
- *Diversity and Inclusion Policy* and the *Policy on the Prevention of Discrimination and Harassment*
- Living & Leading Responsible Business (Carlson Hotels)
- *ECPAT Code of Conduct* (Carlson Hotels)
- *Responsible Business Handbook* (Carlson Hotels)
- *Wellness – be well*
- Safety and Security
- Employee Engagement and Development

Carlson operates in countries where labor issues exist. These issues include unfair wages, women's rights, the capacity to join trade unions and collective bargaining. Carlson does not in any way participate in or condone practices that breach International Declarations covering these issues. In fact, we believe that our presence can be a positive influence. Child or forced labor is not acceptable, and we ensure this through training, local hiring policies and careful monitoring. By operating in accordance with local laws and regulations and by adhering to the Carlson *Business Ethics & Conduct Policy*, as well as to the Carlson *Supplier Code of Conduct*, we strengthen local communities by providing employment to men and women around the world.

Diversity

Carlson values and supports diversity in its workforce as a critical element of our success and competitiveness in the global marketplace. We strive to create a culturally rich work environment that mirrors the customers who place their trust in our brands. We are committed to respecting and appreciating each individual's uniqueness, talents, skills, background and experiences, and we reinforce this commitment through our *Policy on the Prevention of Discrimination and Harassment*. Carlson is committed to attracting, developing, rewarding and retaining a diverse workforce and is an equal opportunity employer that respects all facets of diversity, including ethnic origin, gender, age, sexual orientation and work/life experience. Diversity training is conducted for all employees, providing a forum for dialogue around the elements of diversity and inclusion.

Wellness

Because the health of our company depends on the well being of our employees, and because we care about our employees, Carlson is laying the foundation for a culture of wellness — a culture founded on helping every employee become more accountable for pursuing energized, productive and healthy lives. **be well** is Carlson's holistic approach to wellness that has been initiated in the United States, providing the tools and resources to support our employees on their journey to health and well being.

Safety and Security

Carlson has a safety and security program designed to protect guests and employees while maintaining and enhancing guest and employee satisfaction. One of the foundations of the program is Employee Safety. We encourage employees to report dangers or aberrations, take immediate action to prevent injury or damage, and follow-up and ensure that dangers are removed and abnormalities corrected. We face ongoing safety and security challenges and have developed a global program to address them. The focus of this program is to monitor threat developments from pandemics to crime to terrorism, globally and locally.

To support this commitment, at Carlson hotel properties, we provide training for Living & Leading Responsible Business, as well as ensure a deep understanding of the *ECPAT Code of Conduct*. Additionally, employees are provided the *Responsible Business Handbook* to help ensure understanding of, as well as compliance with standards for safety and security.

Every month we share a global safety and security report with all of our operational units. The report includes an overview of our threat assessments, input on the risk management program, examples of incidents and prevention activities as well as information on crisis management and communications in the case of an issue.

Employee Engagement and Development

We measure employee engagement on an annual basis through an independent company. All employees receive regular performance and career-development reviews at least once a year.

Section III: Report of Progress – Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Carlson Responsible Business Policy and Practice

- *Business Ethics & Conduct Policy*
- *Employee Guide to Business Ethics & Conduct*
- *Supplier Code of Conduct*
- *Living & Leading Responsible Business (Carlson Hotels)*
- *Responsible Business Handbook (Carlson Hotels)*

In 2010, we made progress in all areas of our business in reducing our environmental impact.

Carlson Wagonlit Travel

Carlson Wagonlit Travel works with clients and travelers to reduce the carbon footprint of travel. As a supplier of business services to other companies, we help our customers address their environmental impacts by making available to them information that can inform their travel decisions and aid in their reduction of their carbon footprint.

We take a three-point approach to ensure that travelers have the tools and information to incorporate environmental considerations into business decisions:

- **Carbon Calculator**
A tool to support travel decision-making that offers a standard CO2 calculation and the ability to compare air and rail options.
- **Reporting**
Environmental reporting capabilities to track business-related travel contributions to CO2 emissions. Travel managers are easily able to understand the decisions of their travelers and the impact of these decisions.
- **Emissions Management**
Based on the reporting, travel managers are able to benchmark the environmental impact, create a baseline for focus and actively manage to reduce the carbon footprint of their business travelers.

Carlson Restaurants

T.G.I. Friday's restaurants have been engaged in a number of environmental initiatives over the years to reduce electricity and water usage and reduce the amount of waste shipped to landfills.

Our U.S. company-owned restaurants have reduced electricity usage by 7% since 2007 and water usage by nearly 14% over the same period. Much of the reductions have come from programs to replace incandescent bulbs and install low-flow plumbing fixtures. More than half of our company-owned units are engaged in a formal recycling program with an outside vendor. This program is yielding positive results and we are actively looking at ways to expand this program. In 2010, we recycled more than 861 kg of aluminum, 3,900 kg of plastic and nearly 2.7 million kg of cardboard.

We also began a project to optimize the number of waste hauling trips made to serve our restaurants. This project resulted in the reduction of more than 6,300 waste hauling trips. This reduces the amount of fuel used and pollutants emitted by the trucks. We are looking to expand this project across our restaurants.

Carlson Hotels

Carlson Hotels has developed a guide to minimize environmental impact and assist our hotel operators in operating a “green” friendly property. The guide offers best practices from recycling and energy use to air quality and green meetings policy.

We are constantly developing new standards that include a sustainable component, including front-desk uniforms made from recycled plastic bottles, socially responsible in-room coffee, and use of real china or linen napkins rather than disposable cups, plates and napkins.

Through our Club Carlson™ loyalty program, Carlson has partnered with The Carbon Neutral Company, which offers guests the opportunity to redeem their points for community based carbon reduction projects that balance out the equivalent CO2 associated with a trip.

The eCycling program assists hotels in the safe and responsible disposal of electronic waste (ewaste). This straightforward, global program works to minimize risk and protect our environment from potentially hazardous waste.

In Europe, the Middle East and Africa, 22% of our hotels are using renewable energy. In addition, residual waste measured as kilogram per guest night decreased between 8 and 12%.

Carlson Hotels believes external auditing and third-party evaluations are needed to validate and communicate our sustainability achievements in a fully transparent and credible way. At the end of 2009, approximately 15 percent of Carlson Hotels had achieved local, regional or nationally recognized third-party environmental ecolabel or certification. Strategic partnerships with credible, third-party certification providers are a part of our current focus.

Section IV: Report of Progress – Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Carlson Responsible Business Policy and Practice

- *Business Ethics & Conduct Policy*
- *Supplier Code of Ethics*
- Internal Audit Charter
- Technical Security Policy
- *Responsible Business Handbook* (Carlson Hotels)

We have implemented a comprehensive *Business Ethics & Conduct Policy* and *Supplier Code of Ethics*. Management and staff are trained in both documents each year. Our *Business Ethics & Conduct Policy* and our *Supplier Code of Conduct* set forth our legal and ethical standards. They apply to every individual and contractor who works for Carlson or who represents us and keeps us working toward a common goal – to behave ethically and in accordance with applicable laws.

Management has reaffirmed the values to ensure that our purpose as a business is clearly articulated and to help our employees understand the impact of their actions on Carlson's future. Some examples of how Carlson's Values tie directly to our *Business Ethics & Conduct Policy* and *Supplier Code of Ethics* can be described as follows:

- **Integrity** – Employing the highest ethical standards, demonstrating honesty, respect and open communication.
- **Accountability** – Delivering on our performance commitments and taking responsibility for our actions and our own situation.
- **Responsibility** – Ensuring that our actions deliver competitive returns for our stakeholders while ensuring benefit to our employees, customers, owners, business partners, suppliers, as well as the environment and the communities in which we operate.

"At Carlson, we approach all business situations with the highest degree of integrity. We will not engage in activities or arrangements that conflict with this principle or with the law. We will only undertake business activities that will withstand public ethical review. We will only engage vendors, suppliers and contractors who embrace the Company's ethical standards, and demonstrate the highest of legal and ethical behaviors. At Carlson, we will not bribe, lie, steal or cheat."

– *Employee Guide to Business Ethics & Conduct*

Section V: Partnerships

We actively seek out and develop partnerships with non-governmental organizations (NGOs), industry groups across all of our business units, and others. Our partnerships together with our strategies to align our business operations with the 10 Principles of the *UN Global Compact* constitute our efforts to fulfill the development objectives of the United Nations. Through these partnerships, Carlson is able to expand the breadth and depth of our Responsible Business efforts. Our efforts address many of the UN's Millennium Development Goals.

Millennium Development Goal 1: Eradicate extreme poverty and hunger

- Carlson Hotels located in 77 countries worldwide help to strengthen local economies and bring economic advancement opportunities to thousands.
- Second Harvest Heartland is a member of Feeding America, a national network of more than 200 food banks serving every state in the United States. The organization provides hunger relief through leadership and innovation in an effort to help those in need and eliminate hunger. Each year, Carlson Restaurants donates food to the Upper Midwest's largest hunger relief organization and to other local food banks.

Millennium Development Goal 2: Achieve universal primary education

- Carlson has supported primary education by partnering with Big Brothers Big Sisters of the Greater Twin Cities and KIPP: Stand Academy to launch Beyond School Walls. The initiative matches a company employee with a fifth- and sixth-grader to provide one-on-one mentoring. The employees give back to the community by hosting students at their offices and investing in the future of tomorrow's leaders.

Millennium Development Goal 3: Promote gender equality and empower women

- In 2004, Carlson signed the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel in Tourism. Carlson continues to be a leader in the fight to end all forms of human trafficking around the globe.

Millennium Development Goal 4: Reduce child mortality

- Carlson is a co-founder of the World Childhood Foundation, which is committed to defending the rights of the child and securing better living conditions for children and young women at risk all over the world.

Millennium Development Goal 7: Ensure environmental sustainability (including water)

- Carlson Wagonlit Travel (CWT), a global leader in business travel management, has signed a global agreement with The CarbonNeutral Company, the leading carbon offset and climate consulting firm, to provide emissions management services to CWT clients. As a result of this agreement, CWT has enhanced its *CWT Sustainable Solutions* offering, which now consists of a pre-trip carbon calculator, post-trip emissions management reporting and a range of services designed to reduce carbon dioxide (CO₂) emissions. The emissions management services provided by The CarbonNeutral Company include greenhouse gas assessment, independently verified carbon footprint analysis, internal emissions reduction programs, continuously audited carbon offsetting projects on six continents and CarbonNeutral certification of corporate travel programs.
- Carlson Hotels has demonstrated its global commitment to the environment through its participation in an Earth Day Celebration, which kicked off an ongoing, nationwide environmental sustainability initiative aimed at creating a greener planet. The initiative included:

- Planting 1,000 trees worldwide in partnership with the United Nations Environment Programme (UNEP) Plant for the Planet: Billion Tree Campaign (Radisson Hotels & Resorts and Country Inns & Suites)
- Completing brand-wide evaluations of owned and managed locations under an Energy Star program (Country Inns & Suites)
- Designating year-round parking spaces for energy-efficient hybrid vehicles at select locations

About this Report

This report serves as Carlson's first *Communication on Progress* to the United Nations Global Compact. It highlights our progress during Calendar Year 2010.

About Carlson

Carlson is a privately held, global hospitality and travel company headquartered in Minneapolis, Minnesota, USA. Carlson encompasses more than 1,070 hotels, including Radisson®, Country Inns & Suites By Carlson®, Park Inn® and Park Plaza®; more than 900 T.G.I. Friday's® restaurants; and a majority stake in Carlson Wagonlit Travel®, the global leader in business travel management. Carlson operates in more than 150 countries and its brands employ about 170,000 people.

For more information on Carlson, please visit www.carlson.com

Copyright ©2011 – Carlson

All rights reserved.

Carlson and its logo, Radisson, Country Inns & Suites By Radisson, Park Inn By Radisson, Hotel Missoni, Park Plaza, T.G.I. Friday's, and each brand's respective logos are trademarks of Carlson. Carlson Wagonlit Travel and its logo are trademarks of Carlson Wagonlit Travel.