

CORPORATE RESPONSIBILITY

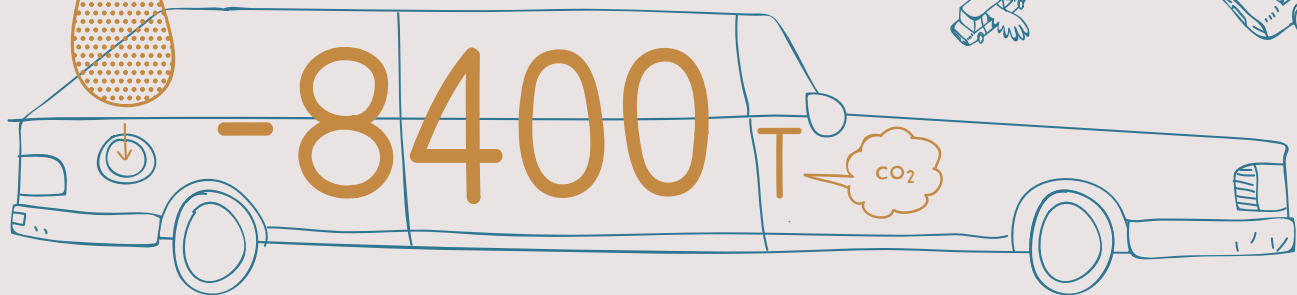
CLIMATE CHANGE:
14 800 TONNES OF CO₂ WERE COMPENSATED
BY OUR SWISS CUSTOMERS IN 2014 – THAT'S LIKE
REMOVING ALMOST 3000 CARS
FROM THE STREETS FOR ONE YEAR

-14800



CLIMATE CHANGE:
THE KUONI, MYCLIMATE AND CARITAS
PROJECT CONVERTING USED COOKING OIL
TO BIODIESEL WILL SAVE 8400 TONNES
OF CO₂ IN THE NEXT 10 YEARS

-8400



EMPLOYEE ENGAGEMENT:

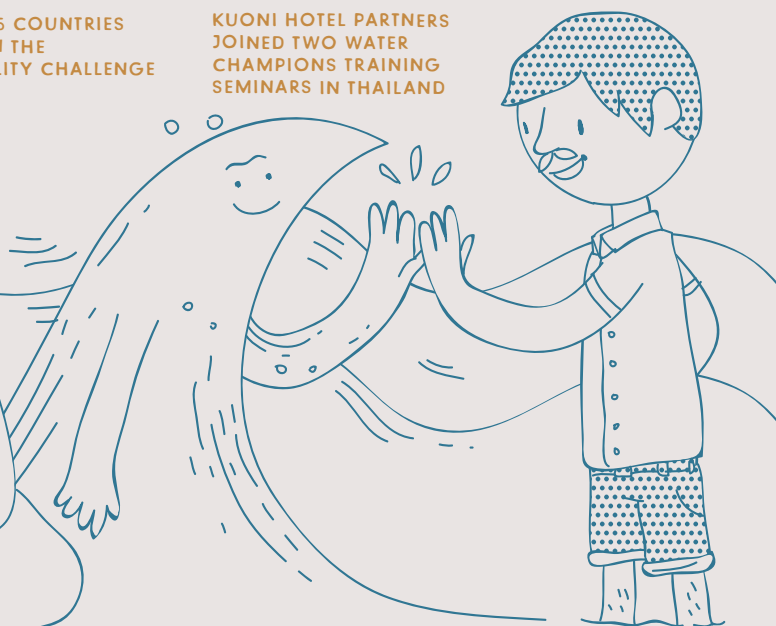
654

EMPLOYEES FROM 25 COUNTRIES
HAVE TAKEN PART IN THE
WEACT SUSTAINABILITY CHALLENGE

WATER MANAGEMENT:

45

KUONI HOTEL PARTNERS
JOINED TWO WATER
CHAMPIONS TRAINING
SEMINARS IN THAILAND





618

KUONI OFFERS TRAVELIFE SUSTAINABILITY
SYSTEM AWARDED HOTELS IN ITS TOUR OPERATING BUSINESS.
THESE HOTELS HAVE BEEN FOUND TO HAVE FAIR WORKING
CONDITIONS FOR THEIR EMPLOYEES, AMONGST VARIOUS OTHER
SUSTAINABILITY CRITERIA.



■ STATEMENT FROM THE CEO

"Kuoni's is committed to the UN Global Compact, now and in the future; we support its philosophy, values and principles. In Switzerland, Kuoni sits on the Board of the Global Compact Network. As part of our due diligence, we are dedicated to responsible tourism that respects people and the environment. In 2014 we strengthened the governance of sustainability management within our company so that it is integrated more effectively into the company's core processes."

– Peter Meier, CEO of the Kuoni Group

■ INTRODUCTION

In this chapter, Kuoni informs its stakeholders about its continued engagement during 2014 in the four areas of commitment defined by the UN Global Compact: human rights, labour, environment and anti-corruption. This is Kuoni Group's seventh official report on Corporate Responsibility (CR). The last one was published as part of the 2013 Annual Report. All CR reporting, key performance indicators and targets are based on the latest guidelines of the Global Reporting Initiative (GRI G4). The GRI Index is available online (<http://www.kuoni.com/corp-responsibility/gri-index-2013>).

■ HUMAN RIGHTS

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

Kuoni strives to ensure human rights criteria are properly fulfilled in line with the United Nations Guiding Principles on Business and Human Rights. In 2014, Kuoni focused its activities on the following three pillars: (1) implementing the human rights action plans developed out of impact assessments in **Kenya and India** →; (2) assessing human rights risks and impacts; and (3) further embedding human rights in Kuoni's business practice.

Based on its experience in assessing the human rights impact of tourism, Kuoni contributed to the methodology used for a Sector-Wide Impact Assessment (SWIA) of Myanmar's tourist industry conducted by the Myanmar Centre for Responsible Business.

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

In 2014 Kuoni amended its **Supplier Code of Conduct** → to further reduce the likelihood of contributing to or being linked to human rights abuses within its value chain.

→ MITIGATION IN KENYA AND INDIA QUICK SEARCH

14126

An overview of actions undertaken in 2014 based on the human rights impact assessments can be found on kuoni.com

A new supplier monitoring system was tested at GTS and Kuoni UK to assess the sustainability performance of accommodation providers. This online self-assessment – which will be rolled out further in 2015 – will provide Kuoni with the data it needs to monitor compliance with the Supplier Code of Conduct and identify opportunities for partnerships.

Kuoni has also developed internal guidelines for sustainable excursions. These provide recommendations for product managers and contractors across the Group on how to source ethically, how to consider human rights aspects and how to develop sustainable products. An e-learning course has also been developed to raise internal awareness and understanding of the Supplier Code of Conduct and the Sustainable Excursion Guidelines. This course will be launched in 2015.

■ LABOUR

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

In its Statement of Commitment on Human Rights, Kuoni acknowledges the right to collective bargaining and freedom of association as outlined in the ILO (International Labour Organisation) Declaration on Fundamental Principles and Rights at Work.

In 2014, Kuoni entered into an informal partnership with the ILO to improve workplace cooperation at key accommodation suppliers in Kenya. Local consultants as well as workers and managers from Kenyan hotels participated in a training programme (based on the SCORE methodology) aimed at increasing productivity and service quality by improving worker-management relations.

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

→ SUPPLIER CODE OF CONDUCT

The Supplier Code of Conduct was revised in 2014 in line with the latest developments in sustainable supply chain management, and then approved by the Group Executive Board. Clauses on preventing bribery and corruption, making workplaces safe and protecting animals have been added to the revised Supplier Code, which is signed by accommodation and other service providers around the globe.

QUICK SEARCH

14127

→ THE CODE

Kuoni has been an active member of the Code since 2006 and is represented on its board. As a member, Kuoni must inform its customers about child protection, contractually oblige its partners to comply with ethical guidelines, and show its partner hotels and their employees how to respond if they come across any cases of sexual exploitation of children in the course of their work.

QUICK SEARCH

14128

■ NEW TRAVELIFE CRITERIA

In recognition of advances in sustainability in the travel industry over recent years, new certification criteria were introduced by Travelife in 2014. As a member of the Travelife Steering Group, Kuoni contributed to the development of the new criteria and is promoting them to its accommodation providers.

After three years of intensive work with accommodation providers in Tunisia, five hotels are undergoing an external sustainability audit in the spring of 2015 according to the latest Travelife criteria.

Kuoni's Supplier Code of Conduct forbids all forms of forced labour. Through its human rights due diligence process, Kuoni regularly assesses where forced and compulsory labour occurs in tourism, and identifies preventive measures to protect especially those groups that are particularly vulnerable to exploitation. Kuoni pays special attention to protecting children from sexual exploitation in tourism, and fights child prostitution as a specific form of forced labour and modern slavery.

Principle 5: Business should uphold the effective abolition of child labour.

The prohibition of child labour is a prerequisite for any business relationship between Kuoni and its suppliers. This is set out clearly in the Supplier Code of Conduct. Meaningful stakeholder consultation is necessary to identify the root causes driving child labour wherever it occurs. Kuoni has provided practical input to the development of a tool launched in December 2014 by UNICEF that helps companies to consult stakeholders on children's rights.

With the aim of furthering implementation of *The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism* → in Kuoni's business units, the following country offices of Destination Management Specialist Asian Trails have signed up to the child protection initiative since 2014: Thailand, Cambodia, Indonesia, Laos, Myanmar, Malaysia and Vietnam.

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

The Kuoni Code of Conduct outlines the company's commitment to ensuring that within its multicultural teams and working environment nobody is discriminated against because of their race, religion, beliefs, nationality, sexual orientation, gender, age or disability.

■ ENVIRONMENT

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

In 2013, Kuoni published a *Statement of Commitment on the Environment* → based on its own Code of Conduct and the precautionary principle. This was followed in 2014 by the implementation of detailed measures relating to climate change, water management and biodiversity. It has become clear that Kuoni can contribute significantly to preserving the diverse natural resources and unique landscapes of holiday destinations, especially by working with stakeholders such as suppliers, employees, customers, NGOs and international organisations.

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

Kuoni strives to sensitise its stakeholders along the whole value chain to the issues of climate change and environmental protection. In 2014 Kuoni, in collaboration with “Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)”, launched a project to promote sustainability awareness at partner hotels in Morocco. One of the project’s aims is to train hotel staff in sustainability issues such as environmental management and resource efficiency. Fourteen hotels in Marrakesh and Agadir have already signed up to the project.

The Sustainable Excursion Guidelines launched in 2014 ensure that environmental aspects are given due consideration when buying and selling daytrips. The Guidelines comply with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and ensure that best practice codes for tourism – such as ABTA’s Animal Welfare Minimum Requirements – are followed.

→ STATEMENT OF COMMITMENT

In its Statement of Commitment on the Environment, Kuoni sets out its commitment to protect the environment in major destinations and operations worldwide. The most important areas that have the biggest impact on Kuoni’s business activities and products were identified as climate change, water management and biodiversity. The Statement of Commitment details key interventions in each these three areas.

QUICK SEARCH

14129

654

employees from 25 different countries took part in the WeAct Challenge, which showed employees how to live more sustainably by earning, tracking and competing for points for sustainable action.

Kuoni continued its work on biodiversity with the International Union for Conservation of Nature in 2014. As part of a project launched in 2013 in Sri Lanka to support eco-tourism, further training was carried out in 2014 to help providers get into the market.

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

Kuoni aims to implement technical solutions and operational improvements that help reduce water consumption by hotels. A comprehensive user handbook was developed in 2014 to promote efficient water management in Thai hotels. The handbook gives hotels the tools they need to gradually introduce sustainable water management. 45 Kuoni partner hotels in Bangkok and Phuket learned about the importance of water in tourism at two workshops in November 2014; they were also introduced to the handbook. Once they have successfully implemented the processes described in the handbook, hotels can apply for the Kuoni Water Champion Award.

Hotels participating in the Water Champion programme in Thailand have saved up to

20%

of water per guest per night.

■ ANTI-CORRUPTION

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

Commitment & Policy: Kuoni is committed to doing business ethically and believes that bribery and corruption are wrong and not acceptable. According to the Kuoni Code of Conduct (“CoC”), each employee is obliged to comply with all applicable laws, rules and regulations as well as with internal regulations and guidelines. The CoC also states that gifts and hospitality may not be given, offered or received with the intent or prospect of influencing decision making or other conduct and refers to Kuoni’s Group Anti-Corruption Regulation for further guidance. The Group Anti-Corruption Regulation has been issued by Kuoni’s Board of Directors. The VFS Global Division has issued its own Anti-Corruption Regulation in line with the Group Regulation.

Implementation: In 2014 Kuoni established mitigating action plans on anti-corruption based on previous risk assessments covering the five key areas of communication, contracting, process-related training, general awareness raising and monitoring. Key leadership functions throughout Kuoni Group have been handed responsibility for implementing dozens of actions. For example, Human Resources functions across the divisions were trained and tasked with integrating anti-corruption in the annual performance review process and in new-employee orientation through e-learning as well as training on processes related to clearance of gifts. Anti-corruption clauses have been added to supplier contracts, and this is being communicated to suppliers. Further, a dedicated compliance function has been established for VFS Global, and the Anti-Corruption Regulation is being communicated to local governments.

■ MANAGEMENT COMMITMENT

"The Kuoni Group is committed to conducting business around the world with the highest degree of ethics and integrity. This is key to keeping Kuoni one of the world's leading travel services provider. Ensuring our customers' and stakeholders' continuing trust is fundamental to the success of our business. As part of this commitment, Kuoni's Board of Directors and Executive Board fully endorses implementation of anti-corruption policies and processes."

— Peter Meier, CEO of the Kuoni Group

■ MONITORING

All business units must maintain adequate compliance monitoring programmes and Group Internal Audit reviews the effectiveness of the Regulation and compliance with it. Findings are reported to the Audit Committee and the Group Compliance Officer. Kuoni urges all employees to report any violation of the Regulation. Reports to the Group Compliance Officer can be made on a confidential basis or anonymously (whistleblowing).