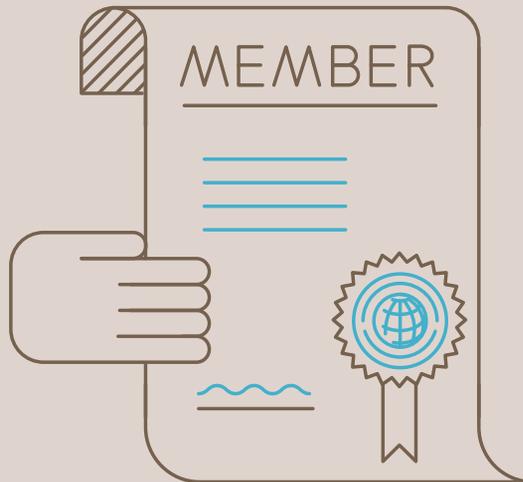


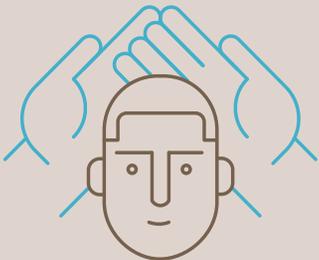
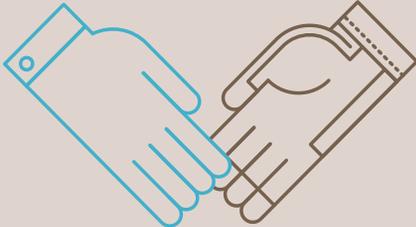
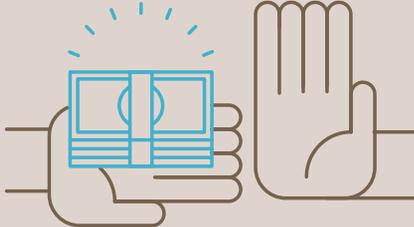


JOINING THE UN GLOBAL COMPACT

In 2013 Kuoni became a member of the UN Global Compact, a strategic initiative for companies committed to aligning their business operations and strategies to ten universally recognised principles in the fields of human rights, labour, environmental protection and anti-corruption. In so doing, the company undertakes to integrate the Initiative's goals in its corporate strategy and daily business and to promote them further through suitable partnerships. The following pages serve to update our stakeholders on our progress in these fields.



HIGHLIGHTS 2013

HUMAN RIGHTS	LABOUR
<ul style="list-style-type: none">▶ Kuoni supports two NGOs which help prevent the sexual exploitation of children in tourism. Through our support, these organisations have reached out to 2 890 children in 2013.▶ 184 stakeholders were consulted during the Human Rights Impact Assessment in India. This assessment resulted in 15 commitments for further actions by Kuoni. 	<ul style="list-style-type: none">▶ 7 Business Units have integrated Corporate Volunteering actions in 2013, with more to come in 2014. 6 charity organisations have benefited so far.▶ Kuoni offers 229 Travellife Sustainability System awarded hotel in its traditional tour operating business (up 72% from previous year). These hotels have been found to have fair working conditions for their employees, amongst various other sustainability criteria. 
ENVIRONMENT	ANTI-CORRUPTION
<ul style="list-style-type: none">▶ Kuoni published its Statement of Commitment on the Environment highlighting commitments in the areas of climate change, water management and biodiversity.▶ There are 10 candidates for the Water Champions Award in Kenya. 	<ul style="list-style-type: none">▶ Approximately 70% of employees completed an online test on anticorruption.▶ In the course of a risk assessment, 2 one-day workshops with management were held. 

■ HUMAN RIGHTS

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

In its continued effort to assess the actual and potential impacts of Kuoni's operations and its business relationships on the human rights of the people in the destinations, Kuoni has conducted a human rights impact assessment at its Destination Management Specialist Sita in India in 2013. This process allowed identifying mitigation measures to be implemented by Sita throughout 2014 and 2015 as well as engaging management and stakeholders at a corporate level, embedding human rights in Kuoni's business practice. An accompanying report which transparently explains the assessment process and the action plan is available online (Quick Search: 13126).

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

Through the human rights impact assessments conducted in 2012 in Kenya → and in 2013 in India, following topics were identified where Kuoni can contribute but which require a broader industry approach: impacts on the communities, children's rights, distribution of economic benefits, labour issues at key suppliers and women's rights. Kuoni wants therefore to launch a sector-wide multi-stakeholder collaboration in Kenya on these issues.

■ LABOUR

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

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

■ ABOUT THIS CHAPTER

With this chapter, Kuoni seeks to inform its stakeholders about the approach it takes toward its commitments in the four areas of intervention aligned with the UN Global Compact, specifically Human Rights, Labour, Environment and Anti-corruption.

This is the sixth official communication on CR of the Kuoni Group, the last version of which was published for the 2012 annual reporting period. All Corporate Responsibility reporting, key performance indicators and targets are based on the latest internationally recognised guidelines of the Global Reporting Initiative (GRIG4). The GRI Index is available online (Quick Search: 13127).

■ STATEMENT FROM THE CEO

"Sustainability along the entire value chain is a key pillar of Kuoni's corporate strategy. We aim to keep our stakeholders informed on how we address and improve the sustainability of our business. Our continued commitment to the UN Global Compact as well as the Communication on Progress found herein demonstrates our engagement."

– Peter Meier, CEO of the Kuoni Group

→ MITIGATION ACTIONS IN KENYA

An overview of actions undertaken in 2013 based on the pilot human rights impact assessment conducted in Kenya can be found on kuoni.com (Quick Search: 13128).

■ CORPORATE VOLUNTEERING

Not only is Kuoni committed to the four basic principles for fair labour conditions as outlined, it also understands that its colleagues are an invaluable partner in reinforcing its sustainability strategy. Encouraging employee engagement is a key focus.

To this end, corporate volunteering was launched throughout the Kuoni Group in 2013. Several units in China, India, the Netherlands, UK, UAE, South Africa, and the US implemented corporate volunteering actions in order to allow employees to engage in a good cause while spending a work day in a different and unique way. Through these actions Kuoni colleagues supported different charity organisations by, for example, running a marathon, teaching children with special needs or working in the nature (Quick Search 13129).

→ SUPPLIER CODE OF CONDUCT

Kuoni has defined its minimal requirements towards its suppliers in the Kuoni Supplier Code of Conduct, a policy document which requires suppliers to adhere to human and labour rights, compliance with local law and environmental standards, non-discrimination, anti-corruption, work place safety and hygiene and child protection. Kuoni works with the Travelife certification scheme to ensure no form of forced and compulsory labour appears in supplier hotels (Quick Search 13130).

→ THE CODE

Kuoni has been an active member of the Child Protection Code since 2006 and is represented on its board. As part of this commitment, Kuoni informs its customers about the issue, contractually obliges its partners to adopt the same ethical

For the VFS Global Division, staff have not chosen to associate themselves with any trade union. Should a need arise, VFS Global is open to recognise such registered trade unions and to represent the interest of its employees in those countries.

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

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 for individuals who are particularly vulnerable to exploitation. Kuoni pays particular attention to protecting children from commercial sexual exploitation in tourism, a form of child labour which amounts to forced labour and a contemporary form of slavery.

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

The prohibition of child labour is at the basis of any business relationship between Kuoni and its suppliers and specified in the Kuoni Supplier Code of Conduct →.

In collaboration with ITB Berlin, Tui Travel, Accor Group, GIZ and The Code → Kuoni launched a project to combat child sex tourism aiming to ensure and inspire action on the issue through testing and optimisation of web-based tools put in place in Thailand as a pilot country. In 2013 the new e-learning system has been tested and further optimised and at least 60% of The Code members in Thailand have been trained with the new system.

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, within its multicultural teams and working environment, that nobody is harassed or discriminated against for any reason such as their race, religion, belief, nationality, sex, age, sexual orientation or disability.

■ ENVIRONMENT

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

Kuoni is fully aware that it is dependent upon the rich natural resources and unique landscapes at the destinations and thus has the responsibility to minimise the negative impacts of its business on the environment, while at the same time enhancing its positive actions towards life in general. To this end, Kuoni has published a [Statement of Commitment on the Environment](#) → based on the Kuoni Code of Conduct and the precautionary approach.

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

Kuoni integrates sustainability issues into its operations and supply chain and aims to implement efficient environmental management systems within key hotel partners. In November Kuoni organised a supplier workshop in Bali, Indonesia to provide hotel partners with the necessary tools and business skills to implement cost effective environmental management systems. 55 hotel managers and technical engineers participated in the two-day workshop.

approach and shows its partner hotels and their employees what they should do if they come across any cases of sexual exploitation of children in the course of their work (Quick Search 13131).

Kuoni employees donated

10 000 CHF

to Children's Rights Goa as part of the annual Christmas Campaign.

→ STATEMENT OF COMMITMENT

The Statement of Commitment on the Environment outlines Kuoni's engagement in the protection of the environment in key destinations and operations worldwide. Three priority areas which have the greatest impact on its business and product offer were defined to be climate change, water and biodiversity. The Statement of Commitment details key interventions in each of these areas. Download the Statement online (Quick Search 13132).

VFS Global has achieved

ISO 14 001:2004

certification in 2013. ISO 14001 is the world's most recognised environmental management standard.

FOSTERING BIODIVERSITY WITH THE IUCN

Kuoni has continued its engagement with the International Union for Conservation of Nature (IUCN) in two pillar initiatives aimed at maintaining biodiversity in key Kuoni destinations.

In April Kuoni and IUCN hosted a workshop in the Maldives as part of an ongoing collaboration to enhance the resilience of coral reefs against the growing threat of climate change and coral bleaching by improving local management of resort reefs. Over 40 participants were in attendance.

In October a training seminar for 30 conservationists from Sri Lanka was held with the aim of providing them with the business skills necessary to design successful ecotourism products and to support marketing initiatives.

60%

of Kuoni hotel suppliers in the Mombasa region participated in two Kuoni Water Champions training seminars held in April 2013.

Kuoni has developed the Sustainable Excursion Guidelines for decision making when sourcing or selling excursions to customers in order to guarantee that excursions take environmental, social and economic impacts into full account. The guidelines align with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and ensure that best practice guidelines for tourism businesses are met according to relevant codes of conducts such as ABTA's Animal Welfare Minimum Requirements.

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

Kuoni has focused its activities on promoting technical solutions and operational improvements in hotels, investment in community projects to minimise the adverse impacts of water competition and communication to customers, starting its activities in Kenya. A comprehensive user manual was the culmination of a pilot study. The aim was for the end-user to have the tools necessary to implement a sustainable water management in their own operations step-by-step. Any hotel committing to the process outlined in the manual will be eligible for the Kuoni Water Champion award.

■ 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 (“Group Regulation”) for further guidance. The Group Regulation has been issued by Kuoni’s Board of Directors and is fully endorsed by the Group Executive Board.

The VFS Global Division has issued its own Anti-Corruption Regulation (“VFS Regulation”) in line with the Group Regulation. The focus in 2013 was on implementation → of the Group Regulation within the Kuoni Group. Further, a corruption risk assessment was conducted across the Kuoni Group and mitigation actions are being implemented.

Monitoring: All business units must maintain adequate compliance monitoring programs 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).

→ IMPLEMENTATION

The Group Regulation was rolled-out within Outbound & Specialists and Global Travel Services Divisions and the Group functions. In the communication by the Group CEO and the Group Compliance Officer Kuoni’s commitment to integrity was reiterated and employees were asked to report any suspicious activity.

A customised e-learning module was rolled-out through the LMS (Learning Management System). Approximately 75 percent of employees of the two Divisions and the Group functions have completed the course. In some units in more exposed jurisdictions classroom trainings have been held.

All employees of the VFS Global Division were encouraged to go through the VFS Regulation in the LMS. HR managers were trained and 54 percent of VFS Global’s employees have passed an online test. Since November 2013 a revised version of the VFS Regulation is available in the LMS.

