

Corporate Responsibility

Statement from the CEO

“Kuoni Group is committed to the United Nations Global Compact, now and in the future; we support its philosophy, values and principles. In Switzerland, Kuoni is engaged in the United Nations Global Compact Network. As part of our due diligence, we are dedicated to delivering our services in a manner that respects people and the environment. In light of the new company structure, Kuoni reassessed the materiality of CR topics for the Group as well as for each Division in 2015 through a broad internal and external stakeholder survey.”

Zubin Karkaria, CEO Kuoni Group

Introduction

In this chapter, Kuoni informs its stakeholders about its continued engagement during 2015 in the four areas of commitment defined by the United Nations Global Compact: human rights, labour, environment and anti-corruption. This is Kuoni Group's eighth official report on Corporate Responsibility (CR). The last one was published as part of the 2014 Annual Report. All CR reporting, key performance indicators and targets are based on the latest guidelines of the Global Reporting Initiative (GRI G4). Kuoni's GRI Index 2015 is available online.

Oekom Research, one of the world's leading rating agencies in the field of sustainable investments with an investment volume of 600 billion Euro, has re-evaluated Kuoni Group's sustainability performance in January 2016. The Kuoni Group has again been awarded the rating C+ in February 2016, which puts Kuoni in the “Prime” category. This means that Kuoni in its new structure still qualifies as an investment from an ecological and social point of view. Only three of the 49 analysed companies in the leisure sector belong to the “Prime” category. Of the “Prime”, Kuoni was rated as the “most sustainable travel company”.

Human rights

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

As declared in its Statement of Commitment on 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 (UNGP).

Global Giving programme: The money raised through Kuoni's Global Giving programme in 2015 has been matched by the company with 25,000 EUR, bringing the total amount raised to 53,215 EUR. Kuoni has donated these funds to its global charity partner –

ECPAT International

– and local charities. ECPAT International was selected to be Kuoni's global charity partner after a worldwide employee vote in 2014. ECPAT International comprises a global network of organisations working together in 75 countries to eliminate child sexual exploitation including child sex tourism.

Recognising the importance of sector-wide collaboration, Kuoni is co-founder and active board member of the open multi-stakeholder platform, the Roundtable Human Rights in Tourism. In 2015, Kuoni helped develop recommendations for implementation of labour and social standards for driving personnel in the tourism sector. Kuoni is also part of a working group of the Roundtable Human Rights in Tourism which focuses on communities affected by tourism development in Sri Lanka.

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

Kuoni has been appointed as the official UEFA EURO 2016 Accommodation Agency in order to handle accommodation and other services for a selected number of key target groups related to UEFA EURO 2016. In a joint effort, the Kuoni/UEFA Supplier Code of Conduct was introduced to all accommodation suppliers of the UEFA EURO 2016 in 2015. A monitoring system was set up to assess the sustainability performance of Kuoni/UEFA EURO 2016 suppliers by way of an online self-assessment.

Statement of Commitment on Human Rights

Statement of Commitment on the environment

Kuoni's e-learning course for product and procurement staff has been launched in 2015 with the aim to raise internal awareness and understanding of the Kuoni Supplier Code of Conduct and the Sustainable Excursion Guidelines and to provide guidance on how to source ethically, how to consider human rights aspects and how to develop sustainable excursions.

Kuoni Supplier Code of Conduct

Sustainable Excursion Guidelines

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. Through its Supplier Code of Conduct, Kuoni expects its suppliers to recognise the freedom of association and the right to collective bargaining.

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 assesses where forced and compulsory labour occurs in the locations it operates and if there is any risk for Kuoni to be contributing or complicit in cases of modern slavery. Kuoni identifies preventive measures to protect especially those groups that are particularly vulnerable. Special attention is paid to protecting children from sexual exploitation in tourism, and fights child prostitution as a specific form of forced labour and modern slavery.

The Code: Kuoni has been an active member of The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism (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.

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

The prohibition of child labour is a prerequisite for business relationships between Kuoni and its suppliers. This is set out clearly in the Supplier Code of Conduct. In 2015, Kuoni initiated a collaborative initiative with UNICEF and other businesses to assess the impact travel and tourism might have on children's rights in Vietnam. Through meaningful consultations on the ground, this pilot project assessed potential impacts, including also child labour. Based on the findings, recommendations will be provided to the industry in 2016.

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. Kuoni believes that diversity and inclusion are business-critical to build the right talent pool. Thus, Kuoni bases the employment relationship – including recruitment and hiring, compensation, working conditions and terms of employment, access to training, promotion, and termination of employment or retirement – on the principle of equal opportunity and fair treatment. Kuoni is proud to already have a very diverse workforce, particularly in terms of nationality and is continuously working on improving gender diversity in senior leadership positions.

Code of Conduct EN

Code of Conduct DE

Environment

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

Kuoni's Statement of Commitment on the Environment is based on its own Code of Conduct and the precautionary principle. The company has therein committed that where there are threats of serious or irreversible environmental damage; lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. This is also applied in business, especially related to animals featured in excursions as further outlined in the company's Sustainable Excursion Guidelines, which rely on the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

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

Kuoni reports its environmental impact and carbon footprint to the Carbon Disclosure Project (CDP) each year. The CDP is an international initiative, which is led by 822 institutional investors with a combined value of USD 95 trillion. Kuoni was named by the CDP as Sector Leader in the Germany, Austria and Switzerland region in 2015. A Sector Leader company is one that displays a high level of transparency on climate protection (carbon footprint, target setting, and emission reductions etc.) through its actions, and/or reported data, compared to other companies within the industry. It also shows a company's commitment to combatting climate change and increasing the accuracy of its environmental data.

Environmental management system processes have enabled VFS Global Services reduce its environmental impacts and increase its operating efficiency with the help of organisation-wide initiatives and drive. VFS Global Services has successfully completed three years of ISO 14001 certification and will undergo recertification in year 2016. At the 17th World Congress on Environment Management held in New Delhi, India on 11 July 2015, VFS Global garnered the prestigious Golden Peacock Environment Management Award within the services category. Environment-friendly practices and processes imbibed by the company, which included efforts such as optimal energy usage at the workplace, investment in carbon offsetting projects and various social outreach endeavours that comprised awareness campaigns and volunteering efforts, contributed to this win.

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 suppliers. A comprehensive handbook and award system was previously developed for Thai hotels, giving them the tools they need to promote efficient water management. Once participants successfully implemented the processes described in the handbook, they could apply for the Water Champion Award. The award recognises hotels that have implemented a sound sustainable water management system and have supported local communities through access-to-water projects. Eleven from seventeen participating hotels were recognised in November 2015 with the prestigious award. The participating hotels saved a total amount of water equivalent to 58 Olympic-sized swimming pools, equivalent to average water needs of 32,200 people for a month. One hotel in Phuket managed to save enough water through the installation of rainwater harvesting tanks that it no longer required freshwater delivery by 35 trucks each month.

Anti-corruption

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

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

Following an external analysis, Kuoni introduced additional anti-corruption measures in 2015. Previously, the General Counsel was responsible for the Group compliance functions, but Kuoni recently created a new Group Compliance Officer (GCO) function. The GCO is responsible for drafting and revising the corporate compliance concepts and regulations relating to the Group Code of Conduct, anti-corruption, sanctions, money laundering and the fight against fraud as well as for designing training documents, presenting training courses and monitoring compliance through spot checks. The GCO maintains a whistle-blower hotline and is responsible for the Group-wide fight against fraud. Corresponding regulations approved by the Board of Directors were issued to centrally regulate the fraud combating processes and provide a comprehensive definition of fraud that also includes all cases of corruption.

Controls: All business units must monitor compliance with the internal directive in a suitable manner. Internal Audit and the GCO carry out spot checks to monitor the effectiveness and observance of the directive. The findings are reported to the Audit Committee and, if the GCO did not participate in the audits, to the GCO. Kuoni encourages all employees to report breaches of the internal directives. Reports can be submitted to the GCO confidentially or anonymously (whistle-blowing).