



KUONI TRAVEL HOLDING LTD, SWITZERLAND

## Organizational Regulation of Kuoni Travel Holding Ltd

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17.04.2013	17.04.2013	Group Legal Department	Board of Directors

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## 1. General remarks

This Organizational Regulation is issued by the Board of Directors of Kuoni Travel Holding Ltd (hereinafter referred to as “the Company”), in accordance with Article 17 of the Company’s Articles of Incorporation.

This Organizational Regulation regulates the Company’s internal organization and the duties, rights and obligations of the following Company management bodies:

- the Board of Directors
- the Chairman of the Board
- the committees of the Board of Directors
- the Group Executive Board
- the Internal Audit

The Company is the holding company of various (direct or indirect) controlled subsidiaries (the Company and the subsidiaries together hereinafter referred to as “the Group”). In view of this, the Company’s management bodies perform their financial, strategic and management duties not only for the Company but also for the Group.

The Board of Directors and/or the Group Executive Board issue further regulations/guidelines as and when required.

## 2. The Board of Directors

### 2.1. Constitution

The Board of Directors shall be self-constituting. It shall elect a Chairman from among its ranks, along with one or more Vice-Chairmen, according to need. The Board of Directors shall also appoint a Secretary, who need not be a Board member.

### 2.2. Duties and authorities

The Board of Directors shall exercise supreme management, supervision and control over the conduct of business of the Group. It shall determine, on its own responsibility, the Group’s strategic objectives, the ways and means by which they should be achieved and the persons to be entrusted with the management of its business activities. It shall also ensure the long-term harmonisation of the Group’s strategic and financial planning.

Unless otherwise stipulated by law, by the Articles of Incorporation or by other internal regulations, the Board of Directors shall delegate the conduct of business of the Group to the Chief Executive Officer (CEO). The Board shall further regulate the Company’s contractual relations to the CEO.

For the non-transferable and inalienable obligations of the Board of Directors reference is made to Article 716a of the Swiss Code of Obligations and Article 20 of the Company's Articles of Incorporation.

### **2.3. Further duties and authorities**

In addition to the duties and authorities specified in 2.2 above, the duties of the Board of Directors specifically extend to:

- based on corresponding requests and proposals from the Group Executive Board, regulating the principles of the following areas in particular:
  - financing policy
  - investment policy
  - asset management policy
  - risk management, sourcing and trading policy
  - further areas as and when required
- entering new and abandoning existing business segments and establishing and winding-up subsidiaries
- exercising shareholders' rights within the Group and monitoring the Group's business activities
- approving the conclusion, modification and termination of contractual agreements with third parties which are of strategic importance to the Group
- ensuring and maintaining a meaningful separation of management and monitoring/controlling functions
- acknowledging the reports of the external and internal auditors and initiating any actions required in the light thereof
- issuing, reappraising and revising any regulations and monitoring observance thereof
- ensuring an appropriate composition and planned renewal and further education of the Board of Directors
- annual appraisals of its own performance
- dealing with any legal disputes which are of particular significance to the Group
- ruling on conflicts of interest or in the event of an inability to act within the Group Executive Board

The detailed responsibilities are specified in the Rules of Procedure for the Group Executive Board and in the Group Signature and Delegation of Authority Regulation, which are both approved by the Board of Directors and form an integral part of this present Organizational Regulation. The Board of Directors shall also periodically define the principles by which it intends to perform its overall management duties.

### **2.4. Board meetings**

#### **2.4.1. Frequency and convocation**

The Board of Directors shall meet as frequently as business demands, generally six times a year. Board meetings shall be convened by the Chairman of the Board or, if the Chairman is unable to do so, by the Vice-Chairman or, if they are unable to do so, by another Board member. The

Chairman of the Board shall also convene a Board meeting generally within ten days if requested to do so in writing by any Board member or by the CEO.

Board meetings shall be convened by written invitation, to be sent at least six days in advance and to include the meeting agenda, any motions, requests or proposals to be put to the meeting which are already known, and all other requisite documentation. Urgent issues which arise after this invitation has been sent may also be discussed at the meeting; but resolutions may only be passed on such issues with the approval of all Board members both present and absent. In urgent cases, the Chairman of the Board may also convene a Board meeting in writing or by any other suitable means without observance of the usual six-day notice period.

#### **2.4.2. Attendees**

In addition to Board members, Board meetings shall generally be attended by the CEO and the Chief Financial Officer (CFO) and by other Group Executive Board members according to need. The CEO, CFO and other Group Executive Board members shall have only an advisory role, but shall be entitled to have items placed on the meeting agenda and to put requests or proposals to the Board. Further individuals who are not members of the Group Executive Board may also attend Board meetings in a specialist capacity, at the invitation of the Chairman.

#### **2.4.3. Chair**

Board meetings shall be chaired by the Chairman of the Board. In the event of the Chairman's absence, the meeting shall be chaired by the Vice-Chairman or another Board member.

#### **2.4.4. Quorums and voting**

A Board meeting shall be quorate, i.e. empowered to pass resolutions, provided a majority of its members are present. This quorum requirement shall not apply, however, to resolutions establishing the subscription of shares or the paying-in of share capital, resolutions to amend the Articles of Incorporation in connection with capital increases, or resolutions relating to capital increase reports.

The Board of Directors shall pass its resolutions and effect its elections by a simple majority. In the event of a tie, the chair of the meeting shall have a casting vote. All resolutions shall generally be passed and all elections generally conducted by a show of hands, unless a member demands a written ballot. Board resolutions on a particular motion, proposal or request may also be passed by a simple majority in writing (i.e. by letter, fax, e-mail or other written medium), provided all Board members have been offered the opportunity to submit their vote and provided no member has requested an oral discussion of the issue concerned.

All resolutions passed by the Board of Directors, by Board committees or by the Group Executive Board shall be recorded in the minutes of the meeting concerned, together with notes on the key arguments and considerations behind them and any differing views expressed. Circular Resolutions shall be included in the minutes of the next Board meeting. The minutes of each Board meeting shall be approved by the Board and signed by the chair of the meeting and the Secretary.

#### **2.4.5. Signatory authority**

The Chairman of the Board, the Vice-Chairman and the chairs of the committees created by the Board of Directors shall each hold co-full signatory authority, with two signatures required. The Board of Directors shall also issue regulations specifying the signatory authorities of Group Executive Board members and other employees.

#### **2.4.6. Remuneration**

The structure and the amount of remuneration which Board members receive for their services shall be determined by the Board of Directors and specified in a separate regulation.

#### **2.4.7. Other board mandates and executive positions**

Any individual who is proposed to the General Meeting of Shareholders for election to the Board of Directors shall provide the Board of Directors with a list of their existing board mandates and executive positions held at other companies in good time, i.e. before the publication of the General Meeting's agenda and nominations for election required by law. When in office, no Board member may assume any additional board mandate or any additional executive position at another company without the prior approval of the Chairman of the Board. Such approval may only be withheld with good cause.

### **2.5. The Chairman of the Board and the Vice-Chairman**

#### **2.5.1. Responsibilities of the Chairman of the Board**

The Chairman of the Board is responsible for the formal and organizational leadership and management of the Board of Directors.

The Chairman of the Board shall also ensure, in collaboration with the Group Executive Board, that information is provided in good time on all major aspects of the Group which are of relevance to the monitoring of its activities and to the corporate decision-making process.

All relevant requisite documentation shall be supplied to Board members in an orderly and manageable form to be sent at least six days prior to the Board meeting.

#### **2.5.2. Duties and authorities of the Chairman of the Board**

The Chairman of the Board shall have the following particular duties and authorities:

1. chairing the General Meeting of Shareholders
2. convening and preparing Board meetings in collaboration with the Group Executive Board
3. chairing Board meetings
4. deciding on the presentation of individual business items to the Board of Directors
5. deciding on briefing the Board of Directors on exceptional business matters
6. deciding on urgent issues, which lie within the authority of the Board of Directors, in cases in which the Board could not meet or a corresponding circular resolution could not be passed in adequate time. The Chairman of the Board shall subsequently brief the Board without delay.
7. supervising the Group's management bodies in terms of their observance of legal requirements, the Articles of Incorporation and internal regulations, and for submitting the requisite motions, requests and proposals to the Board of Directors.
8. maintaining the share register. The procedure is specified in a regulation.

### 2.5.3. The Vice-Chairman

The Vice-Chairman of the Board shall deputise for the Chairman of the Board in the event of the latter's absence or unavailability. In such cases, the Vice-Chairman shall assume the Chairman of the Board's duties and authorities.

## 3. Board committees

The Board of Directors shall establish the following permanent committees:

- a Nomination and Compensation Committee and
- an Audit Committee

The Audit Committee shall support the Board of Directors in its non-delegable duties to provide supreme supervision and financial control (as specified in Article 716a of the Swiss Code of Obligations), by forming its own opinion of the organization and functioning of the Group's internal and external control system and of the disclosed consolidated financial statements.

The Nomination and Compensation Committee shall submit proposals to the Board of Directors on the structure and the amount of remuneration which Board members should receive and on the salaries of Group Executive Board members. The Nomination and Compensation Committee shall also approve the compensation regulations applicable to Group Executive Board members, and shall monitor their correct implementation.

The specific composition and duties of these committees are laid down in corresponding regulations (committee charters) which are attached to and form an integral part of the present Organizational Regulation. The Board of Directors is also empowered to form further Board committees for particular areas of its duties.

## 4. The Group Executive Board

### 4.1. Appointment and composition

The CEO shall be appointed and dismissed by the Board of Directors.

In addition to the CEO, the Group Executive Board shall consist at least of the following functions:

- the Chief Financial Officer (CFO)
- the Heads of the individual Divisions
- further members appointed by the Board of Directors

The above individuals shall be appointed and dismissed by the Board of Directors upon the recommendation of the CEO.

### 4.2. Function

Unless limited otherwise by law, the Articles of Incorporation, regulations or Board resolutions, the Group Executive Board shall have the duty and the authority to conduct the operational business of the Group.

### 4.3. Duties and authorities

In particular, the Group Executive Board shall be responsible for:

- compiling the annual and interim financial statements and providing the requisite additional information for the Board of Directors
- planning, managing and monitoring the profitability, risk positions, balance sheet structure and liquidity within the guidelines and parameters specified by the Board of Directors
- devising business strategy, the Business Plan and the budget for the following business year and submitting these to the Board of Directors
- preparing and submitting requests and proposals to the Board of Directors, especially in the areas of:
  - financing policy
  - investment policy
  - asset management policy
  - risk management, sourcing and trading policy
  - further areas as and when required

The Group Executive Board shall subsequently ensure the detailed implementation of the above areas and the observance of the principles specified for these areas, and shall provide the Board with regular updates thereon.

- implementing Board resolutions
- ensuring the observance of legal requirements and ensuring that all applicable legal requirements are familiar to employees and are complied with (Corporate Compliance). Basic principles are specified in a Code of Conduct.
- the internal organization and internal control system
- employing and dismissing employees
- supervising and monitoring external service providers
- preparing Board meetings jointly with the Chairman of the Board and presenting the documentation required
- devising proposals and requests for submission to the Board of Directors
- reporting to the Board of Directors

The Group Executive Board shall decide, upon its own authority, on all matters which are assigned to it according to the Group Signature and Delegation of Authority Regulation, as approved by the Board of Directors. The Group Executive Board may also submit such business to the Board of Directors for approval.

### 4.4. Reporting

In addition to the Annual Report, the Group Executive Board shall provide the Board of Directors with the following monthly written reports:

- a report on business developments and the observance of Board resolutions
- interim results
- a liquidity report
- new material legal actions



- any other reports requested by the Board of Directors

The CEO shall notify the Chairman of the Board immediately of any exceptional developments or events, by circular communication or any other suitable means.

## **5. Internal Audit**

### **5.1. Appointment**

The Head of Internal Audit shall be appointed by the Audit Committee. The members of the Internal Audit team shall be approved by the Chairman of the Audit Committee.

### **5.2. Functions, duties and authorities**

Internal Audit shall conduct internal audits after consultation with the Board of Directors and/or the Audit Committee. The Head of Internal Audit shall report directly to the Audit Committee. The Audit Committee is empowered to issue regulations to this effect.

Internal Audit shall conduct audits of the Group's business operations and systems, and shall assist the organizational units in achieving their objectives by providing independent support in their endeavours to regulate, improve and ensure the effectiveness of their risk management and their measures of internal controls. All organizations within the Group are subject to Internal Audit.

### **5.3. Special audits**

The Board of Directors or (subject to the approval of the Chairman of the Audit Committee) the Group Executive Board may commission Internal Audit to conduct special audits or to place further orders whose scope extends beyond their normal internal auditing activities.

### **5.4. Access rights**

When performing the duties specified in 5.2 above, Internal Audit and their assistants shall have unlimited rights to all information and access to all and any documentation.

### **5.5. Reporting**

Internal Audit shall submit regular reports of their work and findings to the Audit Committee and, at the Audit Committee's request, to other management bodies of the Group.

### **5.6. Coordination**

Internal Audit and the external auditors shall coordinate their work as extensively as possible. Details are specified in the Integrated Audit Planning Manual issued annually by the Audit Committee.

### **5.7. Delegation**

The Board of Directors may wholly or partially delegate the authorities specified in this section to its Audit Committee.

## **6. Final provisions**

### **6.1. Conflicts of interest**

Any member of the Board of Directors or the Group Executive Board or any employee of the Group's business who has a direct or indirect interest in an item of the Group's business shall inform the Board of Directors thereof without delay. In case any possible conflict of interest exists upon assuming office or occurs afterwards, a written statement shall be submitted to the Board of Directors without any delay.

Any member of the Board of Directors or the Group Executive Board shall withdraw temporarily from any meeting at which an item of business is dealt with which affects their own interests and/or the interests of any persons close to them or of any legal entity with which they are involved.

### **6.2. Confidentiality**

The Board of Directors, the Group Executive Board and other persons involved shall treat as strictly confidential and not divulge to any third party any and all facts of which they become aware in the performance of their duties. This duty to maintain confidentiality shall also extend beyond the termination of the office or position held. All business documents (including possible copies) must be returned to the Company or the relevant member of the Group at the latest upon such termination.

### **6.3. Assuming other functions**

Members of the Group Executive Board shall only be permitted to assume public functions or mandates or to conduct other business for their own or for others' account with the approval of the Board of Directors.

### **6.4. Age limit**

A member of the Board of Directors steps down from the Board of Directors at the day of the Annual General Meeting following his 70<sup>th</sup> birthday.

### **6.5. Amendments**

This Organizational Regulation may be amended by the Board of Directors by a simple majority at any time.

### **6.6. Entry into effect**

This Organizational Regulation shall enter into effect on April 17, 2013 and shall supersede all prior versions.

### **6.7. Miscellaneous**

In case of diverging interpretations the German original takes precedence over the English translation.

On behalf of the Board of Directors of Kuoni Travel Holding Ltd:

Henning Boysen  
Chairman of the Board

David J. Schnell  
Member of the Board