

SUSTAINABILITY AT SWISSÔTEL

OUR FIRST SUSTAINABILITY REPORT 2009 - 2011



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Swiss Association
for Quality and Management
Systems (SQS)

Validation of Sustainability Reports

Validation by SQS

The 2009–2011 Sustainability Report of Swissôtel Hotels & Resorts was audited by SQS. The non-financial information in the report was examined by means of evidence and a sample-based audit was performed on site. In particular, SQS checked whether

- the report addresses all essential aspects relevant to reporting about sustainability,
- the data collection is appropriate and reliable,
- the statements in the report are understandable and accurate and agree with the collected data, and
- the report is prepared in accordance with GRI requirements^{*)}.

On the basis of the audited information, we confirm that the content of the 2009–2011 Sustainability Report was carefully prepared and the published information and quantified statements present an accurate and realistic picture.

Zollikofen, November 2012

The auditors

Lea Moser

Hubert Rizzi

^{*)} Validation of the report was performed by qualified and impartial auditors of SQS, applying a systematic, documented and evidence-based approach, and checking the balance and veracity of the report's contents as well as adherence to the framework and principles of GRI; the self-declared application level may optionally be confirmed through GRI. Except for its role as validator and certifier, SQS has no business relationship with the company.

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Statement GRI Application Level Check

GRI hereby states that **Swissôtel Hotels & Resorts** has presented its report "Sustainability report" (2012) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 December 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Swissôtel Hotels & Resorts has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 December 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Managing sustainability

SUSTAINABILITY – OUR UNDERSTANDING

Successful business and a corporate responsibility for sustainable development go hand-in-hand.

Sustainability requires the reconciliation of environmental, social and economic demands - (2005 World Summit)

SUSTAINABILITY STATEMENT

Swissôtel firmly believes that successful business and a corporate responsibility for sustainable development go hand-in-hand. We consider corporate sustainability in all aspects of our business to ensure that customers, team members, the environment, local communities and all our stakeholders understand and benefit from what we do.

WHEREVER WE OPERATE WE

- Aim to minimise the effect upon the environment
- Strive to ensure the health and safety of team members, customers and other stakeholders
- Communicate openly on sustainability issues
- Maintain an open dialogue with the local communities in which we operate
- Prefer to purchase from and sub-contract to companies who embrace sustainable development and ethical standards
- Ensure that sustainability is a high priority for all team members
- Report on our sustainability performance
- Set targets to improve on performance and review progress
- Listen to feedback from stakeholders

Core values

Respect - Integrity - Ownership - Safety & Security

Vision

To become a highly recognised brand respected for its service delivery, diversity in design, and contemporary Swiss attributes

Mission statement

Treat everyone as they wish to be treated and remain true to our Swiss heritage

EDITORIAL MEINHARD HUCK

More than ever before, it is expected that companies be environmentally and socially responsible. I firmly believe that a successful business and a corporate responsibility for sustainable development go hand-in-hand. For me, sustainability should not be an additional task for us to consider and do. It should be integrated into everything we do. It is with great pride that I introduce Swissôtel's first public sustainability report for the years 2009 through 2011, which gives an account of what is happening within the company now, what we will be focusing on going forward and a little about our journey up to now.

Over the past three years, we have focused on establishing a sustainability framework to help us structure and plan how we approach our corporate responsibilities. We have established a corporate statement and strategy for sustainability and implemented a company-wide management system, including a web-based sustainability tool for tracking our performance. This work has culminated in our company being awarded a variety of international standards, including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), OHSAS 18001 (Health and Safety) and ISO 22000 (Food Safety) - of which I'm very proud. Our company has a rich history of sustainability activities, such as the SOS Children's Villages project or the various energy management programmes undertaken. I envisage that programmes like these will continue and grow as we embrace our journey towards sustainability excellence.

During economically challenging times, there may be a tendency to relax our sustainability initiatives. I believe that this is entirely the wrong attitude. In practice, being sustainable should also mean being more profitable. Efficient use of resources, ensuring the well-being of our team members, maintaining high standards of

quality and reducing waste are all examples of good sustainability practices AND better profitability.

In the near future, our focus shall be on further assessing our ecological footprint, using the data we have collected from our reporting system and the results of reviews and analyses carried out at our properties. Furthermore, we are developing a

“Our journey towards sustainability excellence is now well underway with the necessary policies, systems and strategies either in place or planned for the near future.”

company-wide eco-efficiency programme, which will be delivered to all locations by the end of 2013.

Our aim is to become a sustainability leader within our industry. This means setting clear targets for reducing our environmental impacts and improving our social performance. Being best-in-class also means being honest and transparent in the communication of our activities and social and environmental performance.

The success of our sustainability initiatives depends upon the commitments of all our stakeholders, including team members, guests, suppliers, partners and investors. I'd like to take this opportunity to thank everybody who has contributed to our sustainability programmes so far and assure you that we will continue with our strong and proactive approach to corporate responsibility, enabling us to achieve our goals of excellence in management, sustainability and performance.



Meinhard Huck
President

SUSTAINABILITY AND SWISSÔTEL

Sustainability is a central part of our core values.

SWISSÔTEL 'A PASSION FOR PERFECTION'

Swissôtel Management LLC. manages Swissôtel Hotels & Resorts - a distinctive group of deluxe hotels for today's discerning modern business and leisure travellers, combining the renowned Swiss touch with a fresh, modern and contemporary design.

Each Swissôtel offers personalised service with charm and efficiency. Located in main gateway destinations and city centres, Swissôtel hotels have convenient access to business and shopping districts and local attractions. We aim to provide comfort, luxury and practicality to our guests and offer a range of additional services to complement our lodgings, including restaurants and bars, spa and healthcare facilities, conference and meeting rooms, as well as services and other sports & leisure activities.

The corporate office is located in Zurich, Switzerland. Regional offices are based in Istanbul, Shanghai and Singapore. In 2011, the group consisted of 28 hotels in 15 countries, of which four were owned, 20 were managed and four were franchised properties.

BACKGROUND

Corporate responsibility has been a part of the company's philosophy since its creation. In 1999, the partnership with SOS Children's Villages was established and since then independent, individual initiatives in social and environmental management have taken place in many Swissôtels, including a web-based energy management tool which was implemented across the entire organisation. In 2008,

the top management took the clear decision to follow a standardised, systematic approach to implement a long-term sustainability strategy.

To involve all areas and aspects of the business, the decision was made to implement an integrated online sustainability management system following international standards. In 2009, this system was verified by achieving a certification based on ISO 9001, ISO 14001, ISO 22000 and OHSAS 18001 and was certified by SQS. This management system supports all 3 key aspects of sustainability: economy, ecology and social responsibility. It was rolled out to all Swissôtels during 2009 with a sample of hotels being externally audited by SQS. In 2010, the entire group achieved the global certification of ISO 9001, ISO 14001, and OHSAS 18001. In addition 2 hotels - Swissôtel Zürich and Swissôtel The Bosphorus, Istanbul - were certified on food safety management (ISO 22000). Based on their experience, the corporate food safety system was developed which has been rolled out to all Swissôtels on a global basis.

At the same time, over 100 sustainability indicators were defined and a web-based monitoring system - SERAM from Basel-based Sirius Technologies AG - was implemented. Hotels were trained to understand the indicators and to adopt procedures to report the best quality performance data possible.

Swissôtel has taken the decision that it will seek to improve its corporate sustainability on an ongoing basis and that it remains a top priority for all our properties, team members and stakeholders.



SUSTAINABILITY TIMELINE: 30 YEARS OF SWISSÔTEL

We are proud of our journey so far and are looking positively to the future.

1988 Web-based energy management monitor introduced in selected hotels

2000 Opening Swissôtel house at SOS Children's Village in Entebbe, Uganda

2004 'We care' initiative started at Swissôtel Merchant Court, Singapore

2011 - ISO 14001/9001/OHSAS18001 recertified globally with audits in China and USA
- Swissôtel Chicago certified Food Safety Management (ISO 22000)
- All managed & owned hotels now comply with Swissôtel sustainability standards

2010 - Eco-footprint assessed for Swissôtel Krasnye Holmy, Moscow
- Swissôtel globally certified for
• Quality Management (ISO 9001)
• Environmental Management (ISO 14001)
• Health & Safety Management (OHSAS 18001)
- Swissôtel Zürich and Swissôtel The Bosphorus, Istanbul certified for
• Food Safety Management (ISO 22000)

1999 - SOS Children's Villages partnership formed
- Swissôtel The Bosphorus, Istanbul certified ISO 9001

2002 Swissôtel Berlin certified ISO 14001, ISO 9001

2008 Development of sustainability statement and standards

2009 - Official enactment of sustainability strategy
- Implementation of global integrated online management system
- Deployed SERAM tool for collecting sustainability data
- Eco-footprint assessed for Swissôtel Grand Efes, Izmir
- CSR content published on Swissôtel website
- Guest linen washing/water-saving programme started
- Swissôtel Management Llc. certified for
• Environmental Management (ISO 14001)
• Health & Safety Management (OHSAS 18001)



ABOUT THIS REPORT

This first report shares our views, initiatives and performance on sustainability with our shareholders.

THIS REPORT

This is the first public sustainability report of Swissôtel Hotels & Resorts and covers the period from 2009 through to the end of 2011 (reporting periods are from 1st January to 31st December). The information regarding policy, strategy, operational activities and philosophy covers all locations owned or managed by the group. Franchised properties and some out-sourced operations are not included within the scope of this report, although most hotel operations are included.

All hotels produce and submit to the corporate office an individual hotel sustainability report, as part of the annual assurance process. Many of the case studies, highlights and success stories are taken from these reports and the performance data and KPIs within these reports are verified against the figures within the SERAM tool.

New buildings will be included in the reporting of performance data from their second year of operation. From 2012, data from the hotels Swissôtel Nai Lert Park, Bangkok and Swissôtel Kolkata shall be included within the report.

Swissôtel works with a variety of consultants in the area of sustainability and other industry experts to ensure the materiality and relevance of its sustainability focus areas. Our sustainability team, working with those experts, identified the topics covered and the performance indicators collected are in line with industry standards and recognised reporting benchmarks, e.g. the Global Reporting Initiative, and we believe this report provides a fair and accurate representation of our sustainability performance. The report has been externally verified to provide additional assurance.

EXTERNAL STANDARDS

Swissôtel aims to adopt or comply with relevant and value-adding external standards and reporting benchmarks in the area of sustainability and quality. The group, and therefore all hotels except franchised properties, are certified to ISO 9001, ISO 14001 and OHSAS 18001. In addition, the hotels in Zurich, Chicago and Istanbul are certified to ISO 22000 – a standard for food safety. Swissôtel considers the guidance of the ISO 26000 standard when developing and implementing social policy, strategy and procedures.

The external reporting of Swissôtel's sustainability performance follows the Global Reporting Initiative's (GRI) standards. The GRI is one of the most prevalent standards for economic, social and environmental reporting and Swissôtel currently reports to a standard equivalent to their level C. Swissôtel uses the GRI as the foundation for external reporting and aims to improve the level to which it reports over the next five years.

CORPORATE GOVERNANCE

Swissôtel is managed by a single executive committee led by its president, Meinhard Huck, and consists of eight vice presidents who manage finance, HR, sales & marketing, operations (based in the Zurich corporate office) and the four business regions in which the company operates.

A sustainability committee is led by Lilian Roten, Vice President Operations, and comprises four executive committee members along with an expanded network including ambassadors from each hotel. This group oversees strategic and operational activities of the group and hotels in regard to sustainability, including performance management, project management and implementation, communications and issues management.

The president of Swissôtel Hotels & Resorts reports to the president of Fairmont Raffles Hotels International (“FRHI”), who in turn reports to the chairman and chief executive officer of FRHI. The president and chairman and CEO of FRHI report to and consult with the board of directors of FRHI Holdings Limited.

All team members have channels through which to communicate to top management any issues or ideas relating to corporate governance, responsibility or sustainability in general. These include an annual employee survey, an independent whistle-blower system for reporting any non-compliance or inappropriate behaviour, a local sustainability ambassador at each hotel and an online information sharing tool.

“It is imperative we manage our business honestly and transparently and are accountable for what we do.”



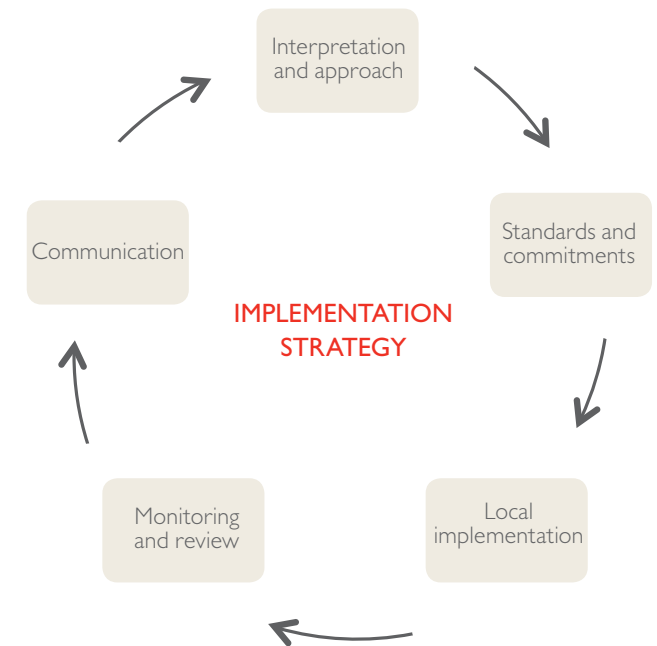
OUR APPROACH

Sustainability is good business: it means being profitable, being a fair employer, taking care of our customers and respecting the environment.

Sustainability is assessed at the corporate level with contributions from regional and hotel sustainability ambassadors to understand what it means to the group, what is relevant (or material), and what risks and opportunities exist. The Sustainability Statement defines the high-level standards which all properties and team members must comply with. It additionally describes how the company ensures that it acts responsibly under four pillars: Team, Environment, Community, Stakeholders. Internal and external standards and statements for environment, quality and health and safety all support our top-level sustainability statement and apply to all hotels worldwide. Our statements define how we operate and the minimum levels we work towards. To ensure that we improve our sustainability performance and to demonstrate to the public that we take our corporate responsibility seriously, we make commitments. These are key goals or targets that are to be achieved over a certain time period. Our performance in fulfilling these commitments is monitored and reported in a transparent way, both internally and to our stakeholders. Our commitments are a mix of quantitative and qualitative and each hotel is required to develop and implement initiatives to support the application of the corporate statement and standards. To ensure that the company is on its way to meeting the commitments that have been agreed upon and communicated, we extensively track and monitor our performance.

The most common processes for reviewing performance and management system effectiveness are:

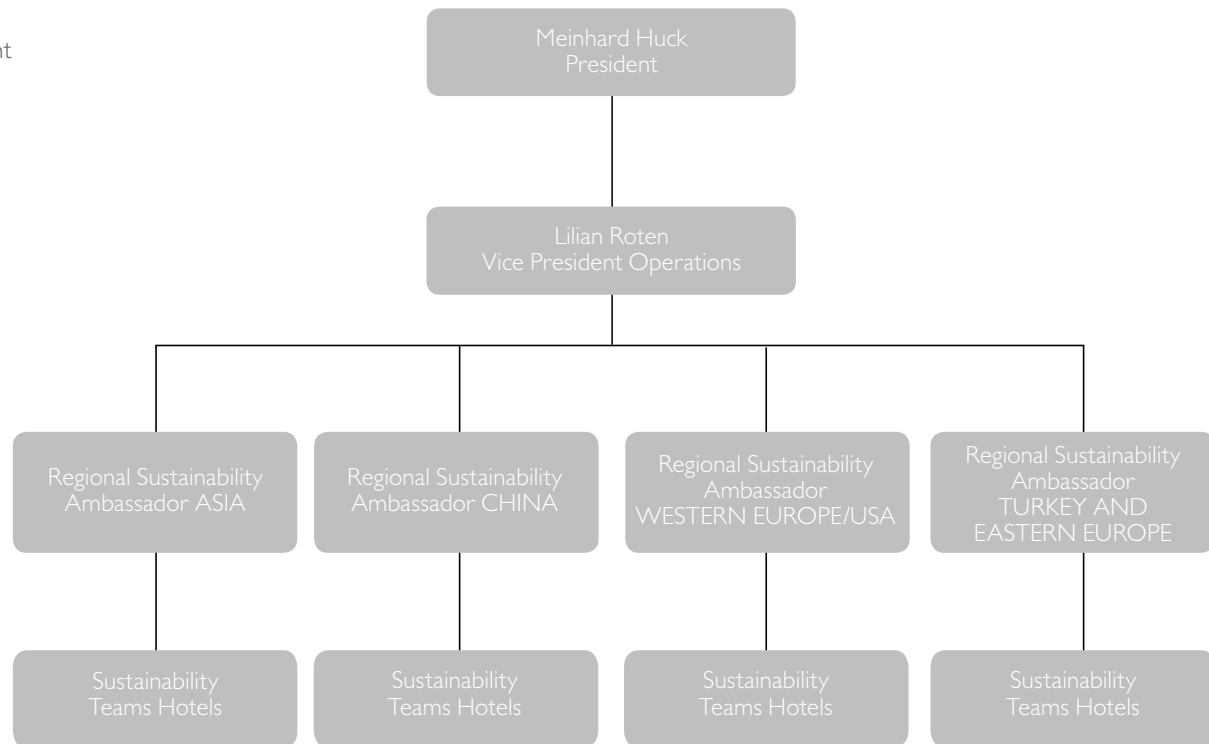
- Individual managers are set sustainability targets using our IMPACTS tool and their performance is reviewed regularly
- Performance reporting in SERAM – our online SERAM tool collects monthly and annual sustainability data, based upon the four key themes of team, environment, stakeholders and community
- Internal assurance process. Each hotel provides its own sustainability assurance report to the management company every year
- The transparency and communication of our sustainability targets and results are key elements of our corporate responsibility



SUSTAINABILITY ORGANISATION

We have integrated sustainability into our corporate structure, including a global committee and personal targets for managers.

Meinhard Huck, President, is the sponsor of the corporate sustainability initiative. He has asked Lilian Roten, Vice President Operations, to oversee sustainability at Swissôtel Hotels & Resorts. A sustainability team has been created in every hotel, consisting of representatives from various departments. At the regional level, a sustainability ambassador has been appointed who coordinates and supports the implementation of the sustainability strategy across their region, liaising with the corporate office in Zurich.



*Customers &
Partners*



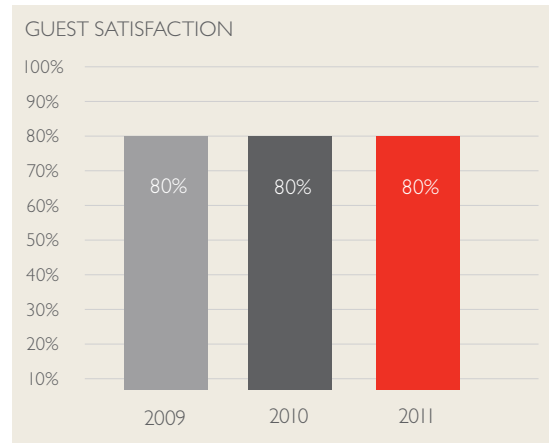
COMMUNITY AND STAKEHOLDERS

We believe the satisfaction, security, safety and open dialogue of our stakeholders is not only desirable but absolutely necessary.

GUEST SATISFACTION

Swissôtel has over 10 years of experience in the professional measurement of guest satisfaction. With an online survey tool implemented in 2009, the quantity of feedback has increased immensely over the past years. This supports the properties' initiatives to exceed customer expectations and to improve customer retention. Customer feedback is constantly analysed by management and team members in order to implement corrective and preventative actions accordingly. Furthermore, designated property quality champions are supporting departments in their activities by conducting quality meetings in which key findings, data and specific guest comments are discussed. All property quality champions participate regularly in conference calls to share comments, successes and challenges.

The strong commitment of all team members ensures a consistently high level of guest satisfaction.



11 years
of experience in professional
measurement of guest satisfaction

3 years
online feedback questionnaire

200 replies
average number of replies to customer
surveys per hotel each month



STAKEHOLDER DIALOGUE

Swissôtel is committed to openly discussing issues and plans with relevant local and international stakeholders. These stakeholders are identified at a local, regional and international level by members of the Sustainability Committee and the Executive Committee on both a routine and ad-hoc basis, ensuring that new stakeholders are included as necessary.

While interacting with local and national authorities is part of our corporate responsibility, Swissôtel does not make donations to political parties or lobby groups. Nor does it accept payments or gifts from political groups or parties, with the exception of local or national government funding for official team member training programmes.

| STAKEHOLDER | ENGAGEMENT EXAMPLES | FREQUENCY |
|-------------------------|-----------------------------|-----------|
| Team members | Colleague engagement survey | yearly |
| | Ethics hotline | ongoing |
| | e-newsflash | ongoing |
| Guests | Feedback process | ongoing |
| | Swissôtel website | ongoing |
| | Loyalty programme | ongoing |
| Suppliers & contractors | Supplier audits | ongoing |
| | Contractor training | ongoing |
| Local communities | Donations | ongoing |
| | Sponsorship | yearly |
| Local government | Government support | ongoing |
| | Business relationship | ongoing |
| Owners | Feedback | ongoing |
| | Reporting | ongoing |
| | Business relationship | ongoing |
| Investors | Reporting | ongoing |
| | Business relationship | ongoing |

HEALTH & SAFETY OF GUESTS

Swissôtel puts the same emphasis on guest safety as it does on its team members. All hotels undertake comprehensive risk assessments - following a standardised company approach - identifying the likelihood and severity of all risks and detailing the effectiveness of risk reduction and mitigation procedures and controls. Hotels are equipped with all necessary safety equipment and signage and frequent quality checks are carried out on equipment with any replacements being made as necessary. First aid, fire-safety and emergency evacuation training is provided to appropriate team members and any incidents of injury or illness are thoroughly investigated, with procedural changes put in place to prevent recurrence. All incidents of injury, illness or security breach are logged locally and reported within the central SERAM tool.

During 2011, there were 3 cases of guest injuries and 3 cases of illnesses, where Swissôtel was considered to be at fault. During 2012 and 2013, a new programme promoting the health and safety of guests and team members will be rolled out across hotels, including guidelines for definition and reporting of incidents. This is one of our key focus areas and our performance shall be reviewed regularly by hotel, regional and HQ management.

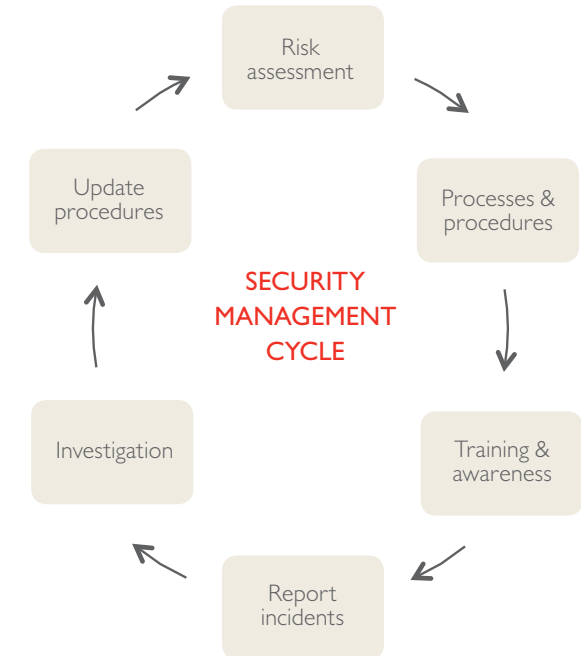


SECURITY

Swissôtel Hotels & Resorts runs an integrated management system covering safety and security and has dedicated processes supported by corresponding checklists and standard practice instructions. Based on international standards, various aspects of safety and security are covered. Risk assessments identify potential hazards - sources, severity and likelihood of occurrence, risk levels and preventive measures - and have stringent action plans in place should a major incident occur. This includes the maintenance of a corporate-managed crisis communication plan. Our security processes also include: the handling of environmental incidents, e.g. earthquakes, floods or tsunamis; the handling of hazardous substances; fires or volcanoes; technical incidents like power failures; medical incidents; epidemic scenarios; food poisoning cases; and criminal incidents, including bomb threats and terrorist attacks.

All Swissôtel hotels work with dedicated safety and security managers who possess the necessary licences and qualifications according to local laws and regulations. Every new team member undergoes an introductory programme covering safety and security topics and refresher training is given to team members on a regular basis. Different levels and types of training are provided, from basic training related to the safety and security issues of the team member's department, to regular on-the-job training following a standardised permanent instruction programme (often given by external experts and using role play scenarios).

Process compliance is audited on three levels. At the property level, a self-checking approach is used. There is a regular internal audit programme at the corporate level. Additionally, external service partners are used, including mystery shoppers, who help to simulate the customer perspective. Laboratories (microbiological tests on food samples, water and air tests) and consultants have also been hired. Swissôtel works with local authorities and official certification bodies.



“ We place nothing higher than the safety and security of our guests. ”

CASE STUDY



Sustainable purchasing in the U.S.

Swissôtel Chicago has undertaken a programme to significantly increase its purchasing from sustainable suppliers. In 2010, the hotel agreed upon a partnership with a local supplier called Testa, which is a leading pioneer in the sustainable production of local produce and foodstuffs. Among its sustainable practices are: the use of modern green technologies for energy and water conservation; its own on-site wind turbine and solar panels for energy generation; LED lighting throughout the facility; and even a rooftop garden. Testa (www.testaproduce.com) is aiming to become the first LEED (Leadership in Energy and Environmental Design) Platinum Refrigerated Foodservice distribution facility in the US.

In 2010, Swissôtel Chicago purchased 97% of its food items and 100% of its produce from Testa. This is seen as a significant benefit to both local suppliers and the environment in general.

PURCHASING

Purchasing from local businesses offers benefits to both Swissôtel and the local economy. It means direct financial income for local suppliers, which in turn adds strength and prosperity to the region, making it a more affluent and prosperous destination for travellers. Additionally, the reputation of the hotel is enhanced within the local community if it is perceived as being supportive, attracting better team members and improving government and community relations.

Swissôtel purchases from reputable suppliers who meet the purchasing standards set out by the group, ensuring a high standard of quality, food safety (where applicable) and reliability.. Those failing to meet Swissôtel's purchasing standards are given a limited period of time to become compliant or face having contracts severed. From 2013, we aim to audit all strategic suppliers on an annual basis.

In 2011, 85% of all goods purchased came from local suppliers (defined as within 75 kilometres of the property), a slight increase over previous years. Our data quality has been improving since the SERAM tool was deployed in 2009 and this will be further improved following our 2012 Supplier Quality and Sustainability initiative, aimed at improving the quality, safety and environmental standards of our suppliers and increasing our knowledge of their performance.



We are proud to partner with SOS Children's Villages.

CASE STUDIES

20 ANGLES PROJECT, SWISSÔTEL THE BOSPHORUS, ISTANBUL

The hotel worked with 20 local artists to create art based on the Swissôtel 'ô' – these pieces were then exhibited throughout Istanbul. The initiative raised €195,000, which will be used to help support young children and their families through various training programmes across Turkey.



SWISSÔTEL THE STAMFORD, SINGAPORE



The race was on at The Stamford in November 2011, with about 2,100 runners taking part in the Swissôtel Vertical Marathon – some 73 storeys up! Participants raised over 30,000 SGD, which was donated to the Japanese earthquake fund and a local Singapore hospital.

SOS CHILDREN'S VILLAGES

SOS Children's Villages has been an international, non-governmental, social development organisation active in the field of children's rights since 1949. It operates in over a hundred countries and focuses on children without parental care in difficult circumstances. The basis and aim of the association is to respect, promote and stand up for children across the world. Swissôtel supports locations around the globe in a variety of different ways through a number of projects and activities.

SPONSORSHIP AND DONATIONS

Giving back is an important part of our approach to corporate responsibility. Each hotel is encouraged to collect money or objects for local charities of their choice. Additionally, Swissôtel has been working with the SOS Children's Villages project since 1999, encouraging customers and team members to donate to this great cause, in addition to making corporate donations.

In 2011, almost 1 million euros were contributed, in the form of donations, sponsorships or in-kind goods or services. The money came from guests, team members and hotels – donations that really do make a difference to those receiving them.

Swissôtel is committed to its partnership with SOS Children's Villages on a corporate and global level, but also encourages individual hotels, team members and guests to donate to worthwhile local causes where they are able to.

In 2011:

€ 268,000

cash donations

€ 634,000

non-cash donations

€ 64,000

cash sponsorships



*Team
members*



TEAM MEMBERS

“Putting the accent on our people” is the core of our human resources and training philosophy. The success of our business is directly related to the competencies, commitment and attitude of our team members. We focus on managing change, engaging our team members and refining our leadership capabilities, which contribute to a dynamic, high-spirited and entertaining work environment.

In 2007, Swissôtel decided to undergo an “Investors In People” assessment to verify the implementation of its people-oriented management strategy. Since 1991, IIP standards have helped companies to meet and exceed their goals. IIP International is recognised as a leading business improvement tool. It is people-oriented, operating in over 70 countries, and has been delivered in 23 different languages. After a thorough three-year preparation period, Swissôtel Europe was successfully assessed and recognised as an “Investor in People”.

As the backbone of its People and Learning approach, “Investors In People” has enabled Swissôtel Hotels & Resorts to operationalise its strategies through its team members and thus increase everyone’s contribution to the success of the company. It is important for our hotel chain to regularly evaluate the impact its team members have on the business and focus on effective outcomes at the same time.

Since 2012, all hotels managed by Swissôtel and our Zurich corporate office have been awarded the “Investors In People” standard.

“Many of our colleagues in our hotels worldwide, as well as in our corporate office in Zurich, have gone through the Investors In People’s standards’ assessment. This framework is very challenging and requires a broad range of detailed criteria to be fulfilled,” says Pierre Botteron, Vice President Human Resources Swissôtel Hotels & Resorts.

“We are delighted with the certification and this achievement will help us continue to develop our management practices with the commitment of all our operations. It is adapted to today’s workforce requirements and enables us to focus on putting the accent on our people and to strengthen the development of our company. It is a very effective way to maintain consistently high standards.”

We are committed to complying with the Investors In People standards at all our hotels. We want to ensure that we set a strong basis for the continuous development of our colleagues and make certain that the quality level of our products, services and internal processes reflect our Passion for Perfection.

Learn more at: <http://www.investorsinpeople.co.uk>

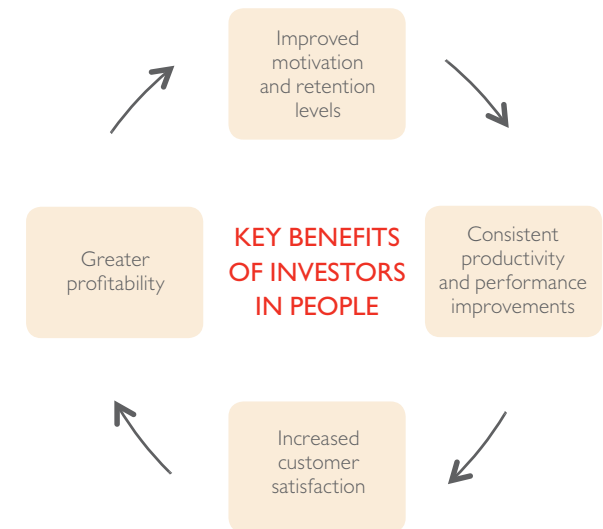


We are proud to be recognised as “Investors In People”



Pierre Botteron

Vice President Human Resources



HEALTH & SAFETY STATEMENT

At Swissôtel, health and safety is of the highest priority. We believe that all team members, guests and contractors should have the right to a safe and healthy work environment or accommodation, free from injury and illness.

To ensure this is the case we will:

- Ensure that health and safety is a core objective of hotel managers
- Promote the well-being of guests and team members
- Assess health and safety risks at each location
- Operate a health and safety audit programme
- Report upon performance on a monthly basis
- Join appropriate health and safety initiatives and groups, including a corporate-wide OHSAS 18001 certification
- Investigate all complaints and non-conformances and act upon our findings
- Provide team members with the necessary training and personal protective equipment to safely do their job



SPA manager, Swissôtel Tallinn and qualified in Elliot 6, world championships 2011

“ Each property has a health and safety management system in place. ”



Engaged team members are more creative, more productive, and more willing to go the extra mile.

CARING ABOUT THE ENGAGEMENT OF OUR PEOPLE

Swissôtel recognises that the contribution of motivated and engaged team members has a huge impact on the quality of the services delivered to guests, providing a significant benefit to the company and its performance. Swissôtel prioritises engagement of team members and actively seeks feedback from all team members through various tools such as an annual engagement survey. Colleagues are encouraged to share how they feel, helping to identify opportunities for improvement. The information gathered during the year is consolidated at group level to look for trends or hotspot areas. In addition to this, the internal online platform 'myswissotel' provides an interface between company management and the team members, allowing a constant exchange of information, ideas or feedback and suggestions.

Maintaining our focus on engagement enables us to deliver programmes that convey the company culture but which can also be easily deployed in our worldwide properties, with the flexibility of adapting to the different local contexts in which we operate.

Our team members are our "brand ambassadors" and are therefore our highest priority. For that reason, we ensure they receive ongoing training and development and work in an environment where communication and interaction are encouraged.

*employed at time of survey

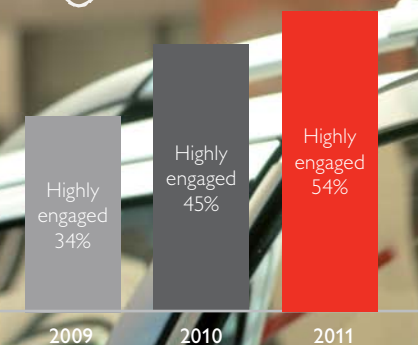
In 2011, 5,121 of our 7,146 permanently employed team members (72%)* completed the Gallup Q12 - 2011 Colleagues Engagement Survey (CES). The results revealed an overall 4.5% increase across all our properties worldwide with a score of 4.11/5.00. The engagement level has an important impact on the retention of Swissôtel colleagues. The level of highly engaged team members in 2011 increased to 54%. Year after year, we have improved our performance, reaching the 86th percentile of the industry benchmark of Gallup. In 2011, 36% of team members left the organisation, either through their own choice, retirement, redundancy or termination.

The findings of the 2011 CES were extremely positive. Some of the highlights are:

- 49% of team members are 'extremely satisfied' with their employment at Swissôtel (the highest rating available for the question "How satisfied are you with your employment at Swissôtel?").
- In 2011, 79% of team members surveyed were engaged or highly engaged.
- Overall, responses to all 12 questions of the Gallup Q12 survey showed an improvement in engagement levels, with each category scoring above average when compared with a benchmark of other companies' results.

The Colleague Engagement Survey results are key indicators for team members' attitudes and opinions and are the starting point for actions taken by the group, the different regional management teams and the local operations departments, in order to constantly improve the working environment of the teams.

Team members' engagement



SWISSÔTEL AS A LEARNING ORGANISATION

Swissôtel's company philosophy "Putting the accent on our people" revolves around listening, learning and understanding each colleague's and guest's individual needs. This has always been the centrepiece of our Human Resources and Training philosophy, fostering the role of all team members within our operations and their importance in our success. This includes engaging our team members prior to, during and after the training process, to ensure that learning continuously takes place on the job.

Swissôtel Trajectories is the name of our three distinctive leadership development programmes, which have been designed to provide a framework that facilitates the development of our most talented team members, starting after their first year with the company or after graduating from a hotel management school.

We believe that internally developing our future executives through this personalised development programme will consistently help us to be successful. At the end of 2011, there were 20 team members enrolled in one of our three Swissôtel Trajectories programmes. These help to prepare our team members for promotion and succession planning, either within the same hotel or at another Swissôtel location.

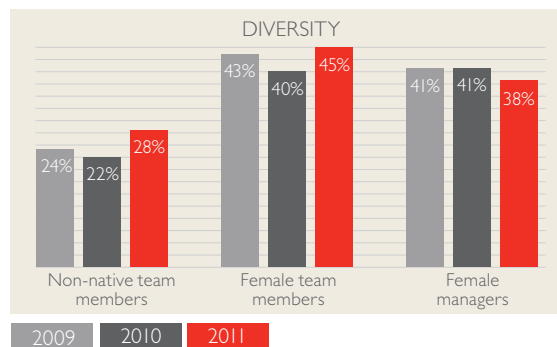
The Swissôtel Revealed Programme (the top level of the Swissôtel Trajectories framework) is a two-to-three year development cycle, during which the participant stays in his/her current assignment and develops their leadership skills through training modules, mentoring activities, assignments in special projects and management retreats and forums organised each year.

DIVERSITY

As a truly international company, Swissôtel reflects this diversity in its workforce. Our policies ensure that equal opportunities are provided to all potential and current team members to correspond with their abilities. We ensure that the best person for each position is given the role regardless of age, race, gender or other personal characteristics. We believe that a diverse workforce

“We embrace diversity and are proud of the makeup of our global organisation.”

helps to provide a good balance and positive contribution to the business. In 2011, 45% of team members were female and of team members whose role was considered managerial, 38% were female – a high percentage in any industry. The age makeup of Swissôtel is also diverse, with 48% under 30 and 12% over 50. In 2011, the general diversity trend saw an increase in the ratio of female team members and also team members under 30. The increase in non-native team members was due to a large rise at one hotel in Asia.



A quarter of all general managers are graduates of the Swissôtel Revealed programme

COMPENSATION AND BENEFITS

To attract and retain the best team members, Swissôtel offers them salaries and benefits that are competitive with industry and local market rates. In addition, the company aims to increase salaries yearly, by at least the local inflation rate. Swissôtel also provides a range of benefits, from discounts at all the hotels of the group on stays, food and beverages, to locally designed schemes offering advantages at the gym, the hairdresser's, etc. Where applicable, pensions, healthcare and bonuses are paid to team members.

CODE OF ETHICS

The way in which we manage is a crucial part of our continuity and sustainability. The world has recently seen large multinational corporations collapsing due to financial or ethical irregularities, and Swissôtel guards against these risks through the adoption and deployment of various procedures. In addition, we believe it is our duty and in our long-term interest to support the societies in which we work through fair and ethical employment and payment of taxes and other fees. Swissôtel has a zero tolerance approach to bribery and corruption – any team members suspected of a crime or malpractice will be investigated and/or reported to the local police. In addition, a whistle-blower system is available across the organisation. Any team member may anonymously report suspected crimes, malpractice or inappropriate behaviour through an externally managed process.

CHILDREN'S AND HUMAN RIGHTS

At Swissôtel we believe that childhood is for enjoyment and learning. Under no circumstances are children employed by Swissôtel. No breaches have ever occurred. However, if a case were reported it would be thoroughly investigated with swift and appropriate measures administered to rectify the situation. Any incident will be reported to the relevant authorities. Additionally, any suppliers or partners

“We will not tolerate any violations of children's or human rights.”

who employ children will be given a short period of time to rectify the situation or face cancellation of partnership agreements indefinitely. Swissôtel also respects the rights of all people and provides working conditions and terms of employment that meet or exceed local law. Any supplier or partner found to violate human rights laws will have their partnership contracts immediately terminated. As of 2012, supplier and partner audits shall include a specific focus on employment policies and practices.



Environmental responsibility



ENVIRONMENTAL MANAGEMENT STATEMENT

We consider the environment to be one of the most significant and challenging components of sustainable development.

There can be no doubt that human activity is changing the environmental landscape in a variety of ways, including climate change, water availability, deforestation and land use. We are committed to improving and reducing our impact upon the environment and will:

- Monitor emissions and identify and act upon trends or issues
- Offer guests the opportunity to participate in programmes to reduce environmental impact
- Promote energy efficiency
- Reduce waste and recycle all materials possible
- Investigate all complaints and non-compliances and act upon our findings
- Report monthly and annually on environmental performance
- Ensure that environmental training is provided to team members
- Assess environmental aspects and impacts
- Join appropriate environmental initiatives and groups



We are committed to improving and reducing our impact upon the environment



SWISSÔTEL DESIGN CONCEPT

Sustainable design – the roots necessary for a growing business.

Sustainable design is the art of designing physical objects, buildings, their environments and services, following principles of economic, social and ecological sustainability, from the micro - designing small objects for everyday use - to the macro - designing buildings, cities, and the surface of the earth. It is a growing trend in the fields of architecture, landscape architecture, urban planning, engineering, as well as graphic, industrial, interior, even fashion design.

The enormous consumption of energy, materials and resources is typical for large building structures like hotels. This can be reduced effectively by the intelligent and sustainable design of the structure and its interior.

Sustainable design is therefore not only an intelligent approach in times of global environmental challenges; it's also a smart business concept which substantially reduces operational costs.

Swissôtel Hotels & Resorts offers consulting support to its owners and architects for both new construction and renovation projects. Our aim is to maximise energy efficiency and team member productivity and to encourage the use of sustainable materials to guarantee an authentic environment. We will always focus on simplifying and improving the guest experience by using functional design and smart technology.



*Lillian
Roten*

Vice President Operations

ENVIRONMENT

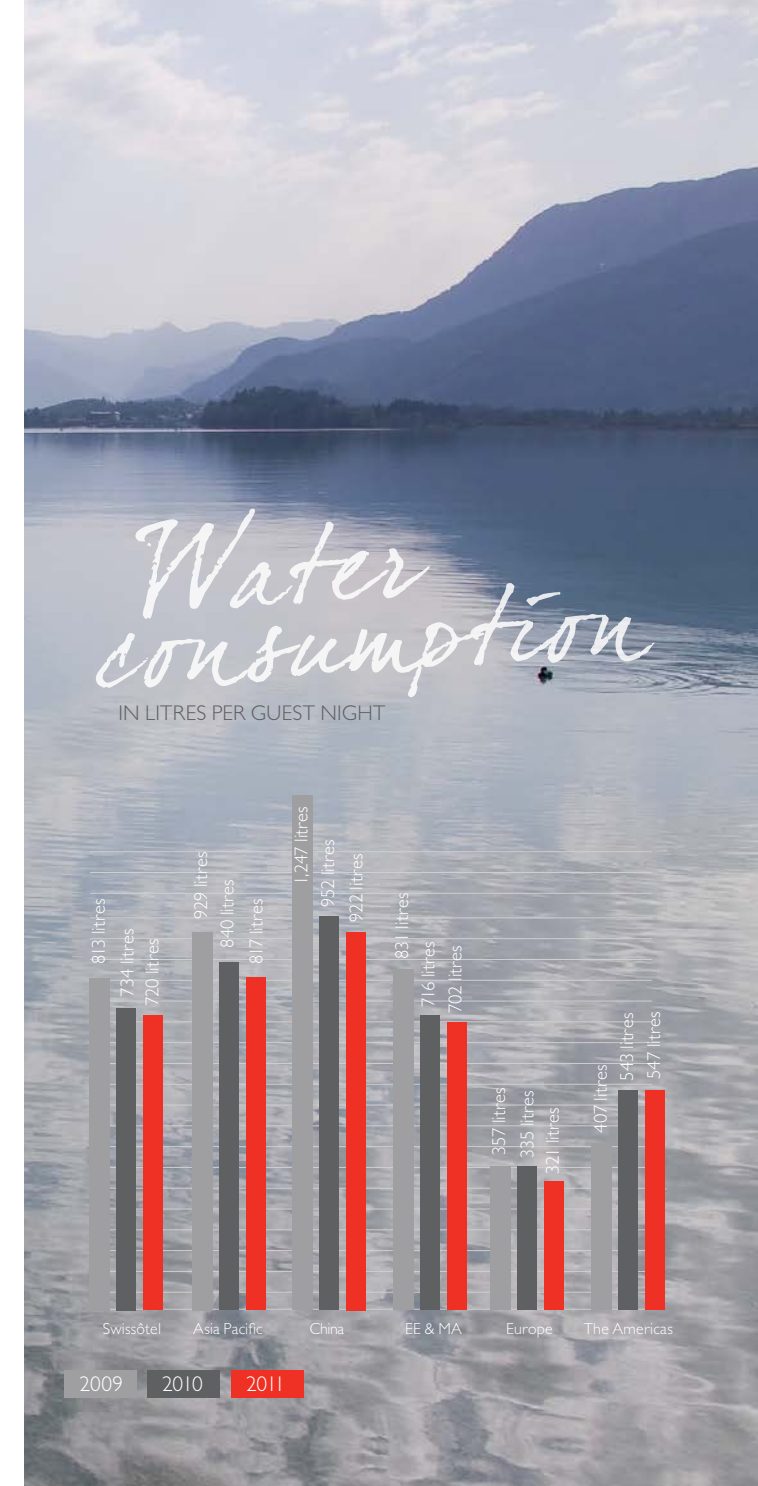
All hotels offer guests the opportunity to reduce water consumption.

There are few subjects as high-profile and widely debated as the harm being done to the environment by the modern world. While global warming and water scarcity receive much of the attention, there is a complex and interwoven set of environmental impacts that businesses contribute to. Swissôtel aims to identify all substantial instances where it has a negative effect on the environment and to limit or remove that impact. All hotels have adopted the Swissôtel environmental risk assessment framework and procedures for identifying, managing and reporting environmental impacts and risks, according to their likelihood and severity. Following the implementation of an environmental reporting tool at all locations, it is our intention to set local, regional and global targets for reducing environmental impacts such as CO₂ emissions and water consumption.

WATER CONSUMPTION

It is estimated that up to 50% of the world's population could be subject to critical water shortages within the next 20 years¹. Indeed, some cities and countries are already experiencing this. Swissôtel believes that preserving water is a responsibility it can share with its customers. In 2011, Swissôtel consumed 2.4 million cubic metres of water, which equates to 720 litres per guest night - 1.9% lower than in 2010 and an 11% improvement over 2009. The large reduction realised during 2010 was a result of a specific focus on saving water at hotels through programmes like offering our guests a choice of laundry cleaning frequency and other hotel efficiency projects. Additionally, some hotels have begun to develop and implement other water-saving methods, such as reducing the flow rates of taps and showers and improving the water recycling schedules of spas and swimming pools.

In 2011, a water leak was uncovered at one of our Asian hotels, which meant that reductions in water consumption could have been greater if detected sooner. This has now been remedied and we will share the learning from this with other hotels. From 2012, Swissôtel will be developing and deploying a company-wide eco-efficiency programme to identify improvement opportunities and make reductions in consumption; water will be a key part of this project.

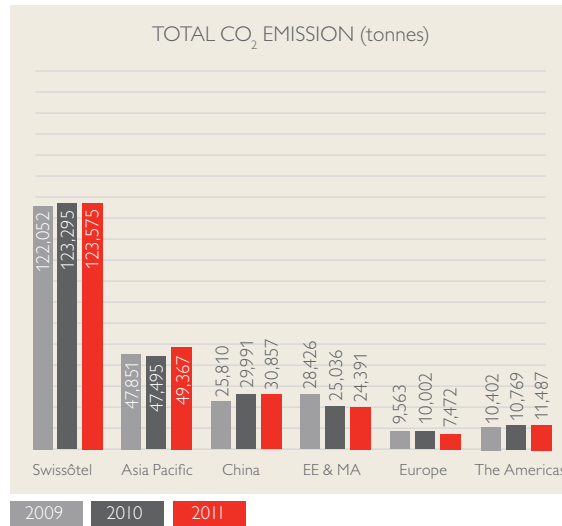


¹ Source: United Nations

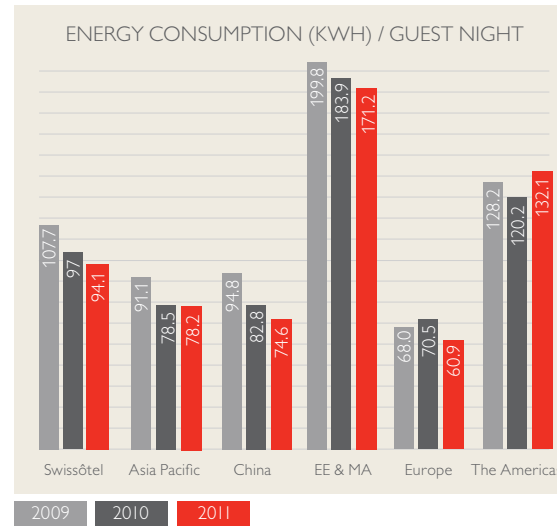
Since 2009, we have reduced our water consumption by 11% and our energy and CO₂ emissions by 13%*

*Per guest night

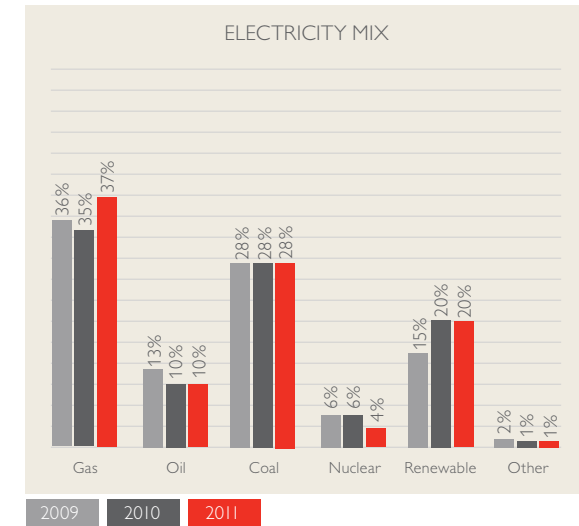
ENERGY CONSUMPTION & CO₂ EMISSIONS



The amount of carbon dioxide emitted into the air is often proportional to the type and quantity of energy consumed. Hotels consume large amounts of energy. This means that being energy conscious and efficient can minimise consumption and reduce costs, as well as producing less CO₂. Swissôtel does not use CFCs – gases used for cooling – in hotels for any refrigeration processes, such as air conditioning. In 2011, Swissôtel properties consumed 308 gigawatt hours (GWh) of energy in total. That meant 246 kilowatt hours (kWh) for each square metre of property and 94 kWh for each guest night of occupancy - 3% better than in 2010 and a 13% improvement over 2009.



Total energy consumption in 2011 was 1.5% lower than in 2010, a positive result considering that hotel occupancy rates had increased. The overall efficiency of properties improved in 2011 over previous years, which demonstrates that the energy efficiency programmes undertaken in 2010 continue to be successful. 20% of all electricity consumed was renewable or green, which recognises the efforts of some hotels in the Middle East as they change to 100% green electricity suppliers. A total of 123,575 tonnes of CO₂ were emitted by Swissôtel properties globally - including direct and supplied energy - which was flat with 2010. This represents a positive result, taking into account



the increased occupancy of hotels during the year and also the necessary conversion of Japan's supplied electricity to fossil fuel-derived, resulting from the nuclear reactor closures during the year, following the tsunami. Swissôtel Zürich replaced its oil-generated heating with district heating from a local waste gas facility. In 2011, CO₂ per guest night decreased from 38.4kg to 37.8kg globally - a 1.6% improvement over 2010 and 13% lower than in 2009.

We assess all of our operations' impact upon the environment with a goal of improving our performance.

ENVIRONMENTAL MANAGEMENT

Swissôtel recognises the need for a structured approach to managing its environmental protection programmes. It has therefore adopted the ISO 14001 standard as the framework for ensuring a globally consistent approach to environmental management. In 2009, Swissôtel began developing the necessary policies, standards, procedures and documentation to meet ISO 14001 requirements. All Swissôtel venues undergo internal and external audits on a regular basis.

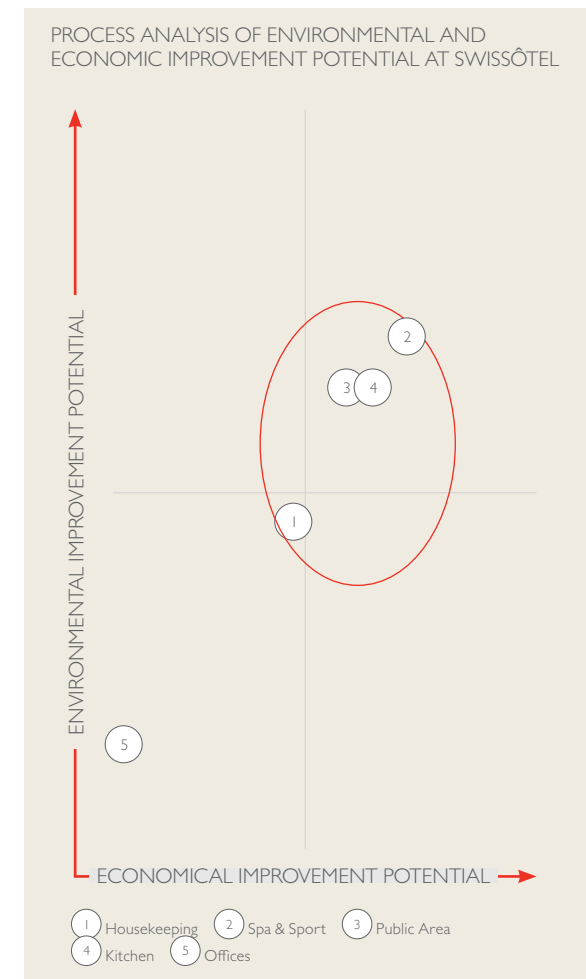
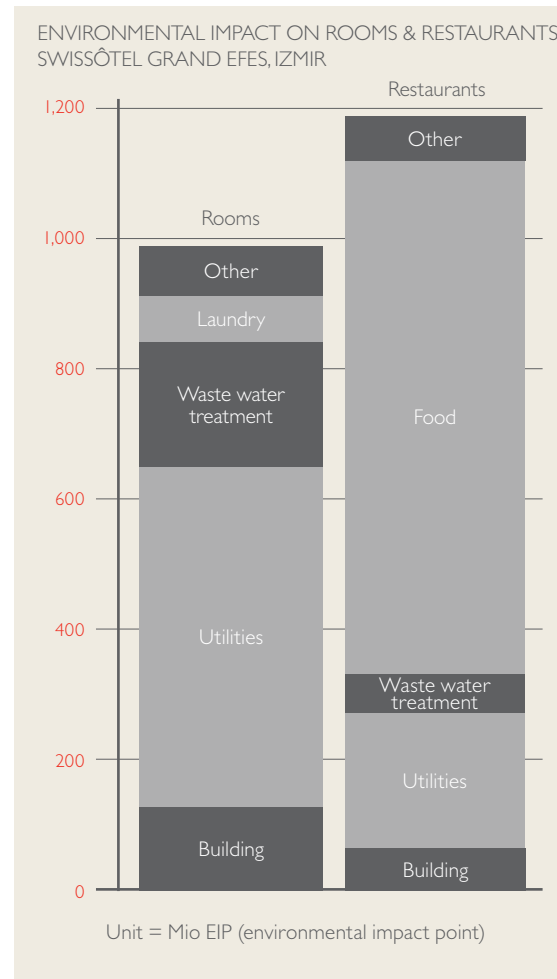
A corporate-wide tool for collecting and analysing environmental data has been deployed to underpin the environmental management system. As of 2009, all hotels and offices report their environmental performance data using the SERAM tool on a monthly and yearly basis. Categories of data reported include energy consumption, CO₂ emissions, waste, water consumption, compliance issues and other indexing values such as team members, occupancy, floor space and costs. The data collected within the SERAM system provides an overview of corporate, regional and local performance and helps with future planning and target setting.

ECOLOGICAL FOOTPRINT

An ecological footprint is the measure of an entity's demand on the earth's resources compared to the planet's ability to regenerate. A variety of factors may be considered during an eco-footprint assessment, with water and energy consumption being a core factor within the hotel industry.

An eco-footprint assessment was carried out at Swissôtel Grand Efes, Izmir, Turkey in 2009 and at Swissôtel Krasnye Holmy, Moscow in 2010 by Fachhochschule Nordwestschweiz, Basel. The findings have identified significant opportunities to improve efficiency and therefore reduce the eco-footprint of the hotel. Additionally, these improvement opportunities will be shared with all other hotels within the group.

Over the next 2 years, the eco-footprint assessment project will be expanded to all hotels with the goal of better understanding our impacts upon the environment and identifying and implementing measures to reduce our footprint.



WASTE

With the exception of waste items that are recycled, waste is a major contributor to environmental damage. Waste that is stored in landfills takes precious land space, can contaminate water systems and degrades to methane, a harmful greenhouse gas. Incinerated waste produces CO₂ and other substances harmful to both people and the environment. Therefore, waste minimisation is a clear example of good environmental practice. A company-wide waste efficiency and monitoring process is to be launched from 2012, to help hotels better manage and monitor the various waste streams and types they produce, while aiming to improve waste minimisation and handling. Swissôtel recognises that countries have different local regulations and practices which need to be considered when implementing a global waste management system. Currently, many hotels have high-level waste management programmes already in place. The Swissôtel Zürich, for example, has a long history of managing and improving its waste levels and handling.



Waste management contest at
Swissôtel The Stamford, Singapore

BIODIVERSITY

As an international hospitality company, we recognise that our operations have an impact upon the environment. We therefore take whatever measures are necessary to protect the local flora and fauna that make up the biodiversity of our localities.

COMPLIANCE

Swissôtel is committed to meeting or exceeding the environmental laws of the localities in which it operates. The corporate management policy and standards are distributed to all hotels for which a local set of standards and procedures are developed, ensuring compliance with both corporate requirements and local laws. Over the past three years, no significant non-compliances were recorded, i.e. cases that resulted in prosecutions or legal complaints.

CASE STUDY



Biodiversity - survival of bees

In recent years the number of honey bees worldwide has diminished at an alarming rate. Scientists warn that a number of factors may now be coming together to hit bee colonies around the world, ranging from declines in flowering plants and the use of damaging insecticides, to the worldwide spread of pests and air pollution.

We very much depend on the honey bee, since pollination affects one third of what we eat and drink.

Swissôtel Sydney and Swissôtel Zürich have decided to support bees by getting involved in urban beekeeping and keeping beehives on their properties. The bees will produce honey which can be used by the hotels in their daily food and beverage operations as well as for creating a selection of honey-inspired desserts, cocktails, corporate gifts and welcome items.

CASE STUDY

WASTE RECYCLING IN SINGAPORE

In 2011, Swissôtel The Stamford, Singapore undertook various initiatives to reduce its waste. These included the purchasing of a food waste recycling machine, partnership with a local firm to convert waste oil to bio-diesel and the installation of waste recycling stations throughout the hotel. The various programmes helped to achieve:

- 43% increase in waste-related cost savings
- 11% increase in food waste reduction
- 34 tonnes per year of products recycled that would typically be sent to landfill

*Sustainability
strategy*





Julian van den Bogaerde
Regional Vice President, China

CHINA

China has emerged as the manufacturing epicentre of the world and is intent on continuing on this path to achieve sustained supremacy in economic growth. Significant population movement towards cities and their industrial centres has become widespread and secondary and tertiary-level cities are therefore expanding and growing in importance.

This expansion brings with it continued urban development in infrastructure and private & public buildings, with an ever-increasing supply of hotels. The central government has intensified its focus on environmental issues over recent years and continues to hand down related responsibilities and accountabilities to local government to ensure best practices and initiatives are being implemented and monitored; a bilingual public domain website provides the latest updates. With the growth of the hotel industry, new, almost country-wide, star rating criteria were introduced in late 2010, together with supplementary “green hotel” criteria that elevate the importance of environmental and resource management. This new system also underpins the way hotels of the future should be constructed, to serve as a guiding light for existing hotels. Media attention and reporting on the environment, resources and food safety management have become topical and an almost daily occurrence, thereby positively raising public awareness. Initial reaction by government star rating officers to Swissôtel Hotels & Resorts’ sustainability initiatives and resource management programmes have been well received and positive, with encouragement given, and indications show that we are already ahead of our competitors.

TURKEY AND THE MIDDLE EAST

It is imperative we ensure that all stakeholders are in agreement for a sustainability project. On the one hand, there is the management team and the management company that takes the initial decision to embark on that project. Since, in a running operation, it can have a cost impact, we need to ensure that investors are on board. Nowadays, luckily, the public is increasingly aware of the importance of sustainability. For many of our owners, we are not their only investment; they are in industry, finance business, energy, etc., and sustainability is subsequently part of their daily life in other sectors. Also, the legislation in many countries is changing – there are tax benefits for investing in sustainability. Swissôtel The Bosphorus, Istanbul’s owners, for example, are, amongst other businesses, also active in the energy sector. They produce only renewable energy and so they have always supported this approach. It is also important to bring our colleagues on board. In an industry as people-intense as ours, our teams are the crucial heart of a sustainability project. Thanks to ongoing training and communication, we have been able to create enthusiasm and passion for our sustainability project.



Gerhard Struger
Regional Vice President Turkey

ASIA PACIFIC

As one of the fastest-growing regions in the world in terms of economic development and industrial production, Asia Pacific is also home to some of the most populated cities.



Aiden McAuley
Regional Vice President
Asia Pacific

Sustainability is a growing megatrend and is more than ever essential in the wake of environmental issues, globalised workforces and supply chains, as well as escalating public and government concerns about climate change, industrial pollution, food safety, and natural resource depletion. Various initiatives that have been implemented include reduced consumption in water and electricity, by installing new equipment such as meters and motion sensors for lights. Guests and team members have also been encouraged and educated on the cause for sustainability with programmes such as Earth Hour in Sydney and Go Green Projects in Osaka. In Singapore, the sharing of green tips and training in recycling saw an increase in 44% in total recycling tonnage in the first three months of implementation. In Kolkata, the hotel is located in New Town, a very recent settlement which is yet to be completely operational in terms of setting up the local government bodies (fire, health & hygiene, electricity and associated departments). The focus in Kolkata is still on establishing basic facilities in this area, like water, roads and policing, with fewer resources available for assisting in new sustainability initiatives.

EUROPE AND AMERICAS

Europe has long been at the forefront of sustainability conscientiousness and our Swissôtels follow that theme. Our European and US hotels have long-established social and environmental practices and operations and, while this perhaps limits the opportunities for strong performance increases achievable in other regions, we constantly strive to improve our sustainability impacts and results. The diversity of our European and US locations presents a varied set of challenges and opportunities. For example, hotels located in shared buildings do not always have the same opportunities for purchasing green electricity or heat as those which operate on detached premises. The recent downturn in the global economy has meant that cost effectiveness has become a key focus for US and European hotels. This has prioritised topics such as energy efficiency and waste reduction and contributed to the reductions achieved in Europe (waste and water per guest night reduced) and the US (energy per guest night reduced). All of our hotels participate in the annual We Care week-long event in a variety of different ways, such as with team member health & safety, local community projects and environmental initiatives. In addition to the We Care events, all hotels have sustainability plans and goals in place and report annually their performance and focus topics to headquarters.



Bettina Schütt
Regional Vice President,
Europe & Americas

“Many activities take place at our properties that promote or contribute to a more sustainable way of working or living.”

As well as constantly ensuring our properties operate in sustainable ways, Swissôtel dedicates a week each year to demonstrating to stakeholders some of the ways in which we care about sustainability. All hotels undertake events or programmes in which change has a positive impact upon team members, the environment or local communities. While not all activities and successes can be included here, we are proud to share some of the highlights from our regions and hotels.



Swissôtel Chicago

Swissôtel Chicago has implemented a food waste system that eliminates virtually all organic food wastes within 24 hours. The waste elimination process allows the effluent to return to the ecosystem as water. This system reduces our food waste by 137 tons per year. To increase internal awareness, the machine was given the name “Freddy”.





Swissôtel Zürich

Swissôtel Zürich implemented a heat recovery system in air conditioning units for guest rooms and substituted oil with district heating to the benefit of both reducing operational costs on behalf of the owner of the hotel and safeguarding the environment by increased energy efficiency and lower CO₂ emissions.



Swissôtel The Bosphorus, Istanbul

Swissôtel Istanbul changed over to 100% renewable electricity from suppliers and the use of in-house cogeneration equipment to maximise efficiency and minimise environmental impact. The hotel won the inaugural 2010 Swissôtel Sustainable Hotel award – recognising their commitment to sustainable development and practices.



Swissôtel Ankara

Swissôtel Ankara carried out an event with team members to donate blood in association with Red Crescent, and helped to clean local community facilities and infrastructure, e.g. sewers and canals. The hotel also purchases 100% renewable electricity from its suppliers, helping to reduce its indirect CO₂ emissions.





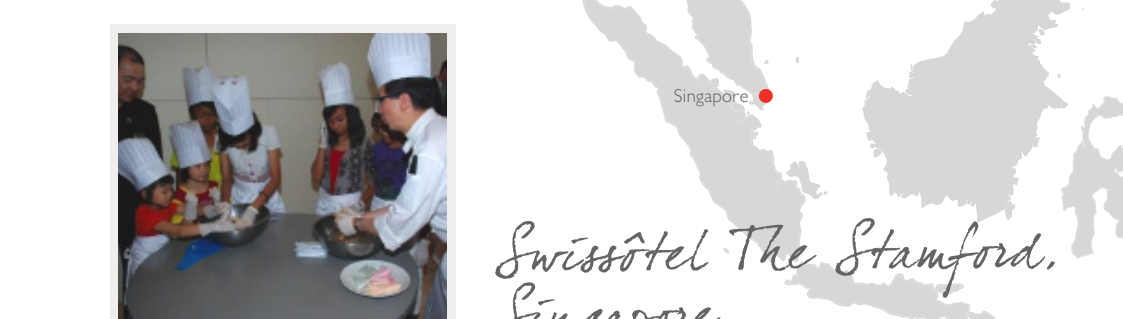
Swissôtel Beijing, Hong Kong Macau Center



In April 2010, Swissôtel Beijing joined a tree-planting project organised by the FESCO labour union in Huairou District, Beijing. By implementing a grey water system, the hotel has been able to keep the total water consumption at the same level as in 2009, despite an increase in occupancy of almost 25 percent.

Swissôtel Kunshan

Swissôtel Kunshan supported We Care with event with a donations event. This included blood donations to the local Red Cross and clothes and personal items donated to the Kunshan Welfare House. The hotel was also presented with two Green awards for sustainability by the Chinese government, and recorded a third straight year of reductions in electricity and water consumption.



Swissôtel The Stamford, Singapore



Swissôtel The Stamford hosted an Asian Women's Welfare Association activities day, with a variety of fun and educational events for underprivileged locals, including cookie-baking, games and high tea. There was also a donation to the AWWA - an organised run around the city.

The hotel is a strong advocate and practitioner of sustainability and invests significantly in maintaining and improving its performance. In 2010, the hotel reduced its energy consumption through a number of projects, including LED and sensor-controlled lighting and the flow-rate management of water in guest rooms. The hotel won an award for biodiversity in the 'Community in Bloom' with the Singapore National Parks project.



Swissôtel Sydney

Swissôtel Sydney initiated Focus on Kitchen, a sustainability programme that includes a new almost waste-free menu and regularly donates food to various locations. It also organised a team member trip to a local children's hospital and participated in the Australia-wide 'Australia's Biggest Morning Tea' – an event that raises funds for charitable causes.



OUR COMMITMENTS

At Swissôtel we believe that actions and results must support our words and commitments. We will openly and honestly report our sustainability performance data on an annual basis to demonstrate how we are fulfilling our commitments and meeting our targets.

| | WE BELIEVE | WE DO | WE WILL |
|--------------------------|---|---|---|
| OUR TEAM | <ul style="list-style-type: none"> All team members have a right to work in a safe and healthy environment Diversity is an important part of how we do business Attracting and retaining talented team members leads to increased efficiency and profitability | <ul style="list-style-type: none"> Have health, safety and environmental policies and management systems at every hotel Monitor injury and illness rates across the company Hire people regardless of age, gender, race or other personal characteristics Offer management training programmes for talented team members Remunerate team members to at least local market levels | <ul style="list-style-type: none"> Begin to report first aid injuries at all hotels in 2012 Include diversity questions in the annual team member engagement survey Further enhance our diversity reporting Implement our corporate food safety system (ISO 22000) in all hotels by 2013 Encourage more internal promotions |
| ENVIRONMENT | <ul style="list-style-type: none"> Understanding our impacts on the environment and improving our performance is essential Compliance to environmental standards and laws is a must | <ul style="list-style-type: none"> Ensure that all hotels have environmental management systems and comply with corporate guidelines Report a standard set of indicators from each property on a monthly and annual basis Investigate any breach or complaint thoroughly Invest in environmental protection Follow ISO 14001 standards | <ul style="list-style-type: none"> Have all hotels re-certified to ISO 14001 on a regular basis Set targets on energy, CO₂ and water Roll-out an eco-efficiency programme to all hotels by 2013 Establish a waste management framework |
| COMMUNITY & STAKEHOLDERS | <ul style="list-style-type: none"> Stakeholders should be kept aware of our activities and performance Suppliers and contractors should meet our standards on human rights and child labour Giving back to communities through donations is part of our corporate responsibility | <ul style="list-style-type: none"> Provide information through websites and reports and communicate consistently with our stakeholders Audit our suppliers Not work with partners who employ children Encourage guests and team members to donate to good causes Make donations to local and international causes and projects | <ul style="list-style-type: none"> Produce a sustainability report and update our website regularly Seek feedback from guests about our sustainability via our guest satisfaction surveys Implement an assessment programme for our strategic suppliers covering all aspects of sustainability Terminate any contracts with partners where human rights violations or child labour is discovered and not remedied Continue to partner with the SOS Children's Villages project over the coming years |

OUR RESULTS

Swissôtel collects, monthly and yearly, over 130 performance indicators in the areas Our Team, Environment, Stakeholders and Community. We use this data to assess our impacts upon society and the environment, to set targets and to reduce our negative impact wherever practically possible.

| Indicator | Unit | 2009 | 2010 | 2011 | Var (%) |
|-------------------------------|------|-------|-------|-------|---------|
| OUR TEAM | | | | | |
| Team members | no. | 6,357 | 6,716 | 7,139 | 6.3% |
| Team members under 30 | % | 44.3 | 44.3 | 47.6 | 7.4% |
| Team members 30-50 | % | 44.5 | 44.6 | 41.7 | -6.5% |
| Team members over 50 | % | 11.2 | 11.1 | 11.8 | 6.3% |
| Non-native team members | % | 24.1 | 21.5 | 27.9 | 29.8% |
| Team members female | % | 42.8 | 39.9 | 44.6 | 11.8% |
| Managers female | % | 40.5 | 41.0 | 38.4 | -6.3% |
| Turnover rate | % | 33.1 | 36.7 | 36.2 | -1.4% |
| Internal promotion rate | % | 14.5 | 11.3 | 13.5 | 19.5% |
| Injury rate | no. | 4.2 | 6.1 | 6.4 | 4.9% |
| Work-related injury cases | no. | 247 | 414 | 396 | -4.3% |
| Work-related injury days lost | no. | 1,653 | 2,132 | 1,705 | -20% |
| ENVIRONMENT | | | | | |
| Water consumption | m3 | 2.3m | 2.4m | 2.4m | 0% |
| Water per guest night | L | 813 | 734 | 720 | -1.9% |
| Gas | GWh | 100.4 | 103.7 | 100.8 | -2.8% |
| Oil | GWh | 6.71 | 5.04 | 1.26 | -75% |
| Heat supplied | GWh | 24.56 | 28.4 | 28.54 | 0.5% |
| Electricity consumption | GWh | 168.5 | 174.6 | 176.4 | 1.0% |
| Cooling supplied | GWh | 1.1 | 0.93 | 0.95 | 2.2% |
| Total energy consumption | GWh | 301.1 | 312.7 | 307.9 | -1.5% |
| Energy per area m2 | kWh | 239 | 254 | 246 | -3.1% |
| Energy per guest night | kWh | 108 | 97 | 94 | -3.1% |

*Our performance
lets us know
how well
our processes
and initiatives
are working*

We use our results to identify opportunities for improving or sharing good practices

| Indicator | Unit | 2009 | 2010 | 2011 | Var (%) |
|-----------|------|------|------|------|---------|
|-----------|------|------|------|------|---------|

ENVIRONMENT (CONT'D)

| | | | | | |
|---------------------------------|-----|---------|---------|---------|-------|
| CO ₂ direct energy | t | 21,675 | 21,888 | 20,301 | -7.3% |
| CO ₂ supplied energy | t | 100,377 | 101,407 | 103,274 | 1.8% |
| Total CO ₂ emissions | t | 122,052 | 123,295 | 123,575 | 0.2% |
| CO ₂ / guest night | kg | 43.6 | 38.4 | 37.8 | -1.6% |
| Fines | no. | 0 | 2 | 0 | n/a |
| Complaints | no. | 0 | 0 | 5 | n/a |
| Prosecutions | no. | 0 | 0 | 0 | n/a |

CUSTOMERS AND STAKEHOLDERS

| | | | | | |
|--------------------------------|-----|--------|---------|---------|--------|
| Occupancy rate | % | 65.2 | 75.5 | 76.3 | 1.1% |
| Guest nights | no. | 2,796k | 3,208k | 3,271k | 2% |
| Guest injuries: SWI fault | no. | 2 | 0 | 3 | n/a |
| Guest illnesses: SWI fault | no. | 2 | 0 | 3 | n/a |
| Local suppliers | no. | 7,461 | 5,545 | 8,472 | 52.8% |
| Total active suppliers | no. | 8,804 | 6,500 | 9,672 | 48.8% |
| Audits of suppliers | no. | 216 | 378 | 299 | -20.9% |
| Purchasing from local supplier | % | 79.7 | 84.3 | 85.4 | 1.3% |
| Donations in cash | EUR | 21,916 | 129,852 | 268,307 | 106.6% |
| Donations non-cash (value) | EUR | 200,23 | 276,597 | 634,888 | 129.5% |
| Sponsorship in cash | EUR | 25,752 | 59,453 | 64,890 | 9.1% |

FINANCIAL

| | | | | | |
|-------------------------|-----|--|--------|--------|-----|
| Revenue | EUR | | +14.4% | +12.8% | n/a |
| Rooms revenue | EUR | | +18.3% | +16.9% | n/a |
| Food & beverage revenue | EUR | | +9.6% | +7.3% | n/a |



ACHIEVEMENTS

Our team members and stakeholders contribute their time and effort towards ensuring that Swissôtel remains and becomes ever-more sustainable. For this purpose we believe that external recognition of our projects and achievements is an important part of our journey towards sustainability excellence and are proud to share what others say or think about us, both internally and publicly. Below are only a few of the many awards and recognitions given to our hotels across the world.

“ External recognition of our achievements helps to ensure we are focusing on the right areas. ”

| HOTEL | AWARD |
|---|---|
| Swissôtel Beijing, Hong Kong Macau Center | Energy-Saving Pioneers Award 2010, WWF China's Best Green Hotel 2009, Hotel Modernization Magazine Best Green Hotel 2010, Beijing Tourism Administration and Personnel Bureau |
| Swissôtel Nankai, Osaka, Japan | Japan's Leading Business Hotel 2010, World Travel Awards |
| Swissôtel Merchant Court, Singapore | Hotel Security Award 2009, National Crime Prevention Council |
| Swissôtel Nai Lert Park, Thailand | Smoke-Free Hotel Gold Star Award, 2009 |
| Swissôtel The Howard, London, UK | Green Tourism Silver Award 2009 Corporate Woman of the Year 2010 |
| Swissôtel, China Region | Top Employers Award 2009 & 2010, China Top Employers Association |
| Swissôtel Amsterdam, The Netherlands | Netherlands Leading Business Hotel 2011, World Travel Awards |
| Swissôtel Kunshan, China | Green Hotel Award 2010 & 2011, Environmental Protection Bureau 4 Green Eco Leaf Award 2009, iStay Green (US) |
| Swissôtel The Stamford, Singapore | Singapore's Leading Business Hotel 2011, World Luxury Hotel Awards |
| Swissôtel, Asia Pacific Region | Asia's Leading Business Hotel Brand 2010 & 2011, World Travel Awards |
| Swissôtel Tallinn, Estonia | Corporate Citizenship Award 2012, American Chamber of Commerce Estonia for Ethical Leadership and Corporate Responsibility |

SUSTAINABILITY PERFORMANCE TRANSFORMATION MAP

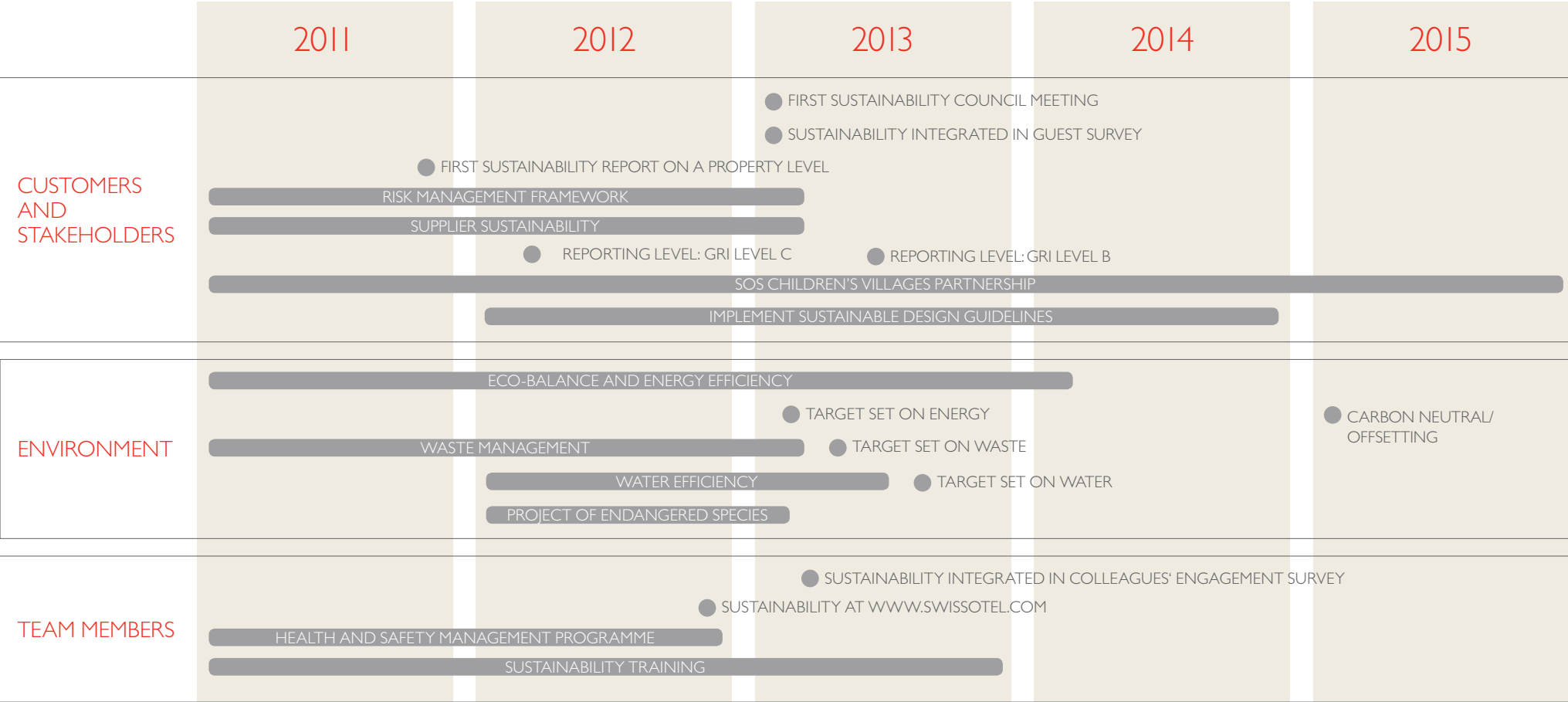
Our goal is to become leaders in sustainability – a journey that will take time and effort. We have defined what we believe leaders in sustainability should do and achieve and have rated our practices and progress as either basic, advanced or leading.

| | BASIC | ADVANCED | LEADING |
|--------------------------------|--|--|---|
| MANAGEMENT | Have a policy ● | Have a policy and supporting standards ● | Have corporate-wide management system and supporting documents ● |
| | Have corporate guidelines ● | Have local and corporate guidelines ● | Management structures and organisation contain great diversity ● |
| | Managers are aware of sustainability programme ● | Managers advocate sustainability and ensure compliance to standards/policy ● | Managers have sustainability objectives as part of their performance review ● |
| | Have a person responsible for sustainability ● | Have a sustainability committee and dedicated person responsible ● | Have a board level committee, management level committee and team of dedicated people ● |
| COMMUNICATION AND TRANSPARENCY | Have some sustainability information on website ● | Have a dedicated sustainability website ○ | Have a continually updated website with latest information ○ |
| | Produce internal reports for management ● | Publish annual external sustainability report ● | Publish annual external report and intermediate performance summaries, often via website ● |
| | Communicate policy and some performance ● | Communicate on policy, performance, targets and key issues ● | Communicate about policy, performance, issues, targets, risks and threats, financial impacts and future plans ● |
| | Reporting to internal standards ● | Report according to GRI level C ● | Report according to GRI level A or B. Also complete other external reports, such as Carbon Disclosure Project, DJSI, etc. ○ |
| | Some team members are aware of sustainability activities within company ● | All team members are aware of sustainability policy and activities ● | All team members are integral to sustainability programme, fully understand their roles and inputs, and actively contribute to a better company ● |
| PERFORMANCE AND COMMITMENTS | Have some KPIs and performance monitoring ● | Collect company-wide performance data on various performance indicators ● | Collect comprehensive data from all business units on a frequent basis ● |
| | Data is only reviewed internally ● | Data is reviewed externally ● | Data is externally reviewed and audited against international standards, e.g. AA1000 ○ |
| | Some trend data is available ● | At least three years of historical data are available and some improvements are recognised ○ | At least five years of historical data available and normalised against other business indicators. Improvements are frequently demonstrated ○ |
| | Some qualitative goals are established ● | Qualitative and quantitative goals established and performance against targets monitored and reported ○ | Qualitative and quantitative goals established and performance against targets monitored and achieved in most or all areas ● |
| | Have some projects that contribute to better sustainability, e.g. energy reduction programme ● | Have company-wide projects to improve corporate responsibility ● | Have significant corporate programmes to reduce negative environmental and social impacts, which are integrated into core of company's way of working ● |
| RECOGNITION | Sustainability is a small part of the brand, usually locally ● | Recognised by sustainability researchers/experts, industry groups or peers as having a positive corporate responsibility approach. Corporate and local inclusion of sustainability in branding/advertising ● | Company is internationally recognised as a sustainability leader, both in terms of brand and public perception ○ |
| | Ad-hoc, local awards for good practices relating to corporate responsibility ● | Some awards and recognition for sustainability e.g. ISO 14001, Investors in People ● | Wins highly acclaimed individual awards, e.g. best employer, DJSI super-sector leader. ○ |

● Fulfilled ● In progress ○ Not yet in place

SUSTAINABILITY ROAD MAP

To ensure that we succeed in our goal of becoming a sustainability leader, we have identified core processes and programmes that we will initiate over the next five years. By achieving our objectives and meeting these milestones, we aim to be industry leaders in good management and sustainability practices.



REFERENCE TO GRI STANDARDS

| GRI | Description | Page |
|----------|---|--------------|
| 1 | STRATEGY AND ANALYSIS | |
| 1.1 | President's statement | 5 |
| 1.2 | Key impacts, risks and opportunities | 37, 41, 42 |
| 2 | ORGANISATION PROFILE | |
| 2.1 | Name of organisation | 6 |
| 2.2 | Primary brands, products and services | 6 |
| 2.3 | Operational structure | 10, 11 |
| 2.4 | Location of organisation's headquarters | 11 |
| 2.5 | Number of countries where the organisation operates | 8, 34-36 |
| 2.6 | Markets served | 8, 11, 34-36 |
| 2.7 | Significant changes during the reporting period | n.a. |
| 2.8 | Awards received in the reporting period | 7, 40 |
| 3 | REPORT PARAMETERS | |
| 3.1 | Reporting period | 8 |
| 3.2 | Date of most recent previous report | n.a. |
| 3.3 | Reporting cycle | 8, 42 |
| 3.4 | Contact | 45 |
| 3.5 | Defining content, including materiality, priority issues and stakeholders | 8, 10, 14 |
| 3.6 | Boundary of the report | 8 |
| 3.7 | Basis for reporting joint ventures, etc. | 8 |

| GRI | Description | Page |
|----------|--|------------|
| 3.8 | Restatements | n.a. |
| 3.9 | Changes in reporting scope/boundary | 8 |
| 3.10 | GRI table | 43 |
| 4 | GOVERNANCE | |
| 4.1 | Governance structure and committees | 9, 11 |
| 4.2 | Chairman and executive officer | 9 |
| 4.3 | Unitary board structure | 9 |
| 4.4 | Shareholder/team member recommendations | 9, 14, 23 |
| 4.14 | List of stakeholder groups engaged by the organisation | 14 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage | 14, 21 |
| 5 | ECONOMIC PERFORMANCE INDICATORS | |
| EC 6 | Local suppliers | 16, 39 |
| EC 8 | Non-cash donations | 17, 39 |
| 6 | ENVIRONMENTAL PERFORMANCE INDICATORS | |
| EN 3 | Direct energy consumption | 28, 38 |
| EN 4 | Indirect energy consumption | 28, 38 |
| EN 7 | Energy initiatives | 28, 29, 35 |
| EN 9 | Water sources | 27, 38 |
| EN 16 | GHG emissions | 28, 29, 39 |

| GRI | Description | Page |
|-----------|--|----------------|
| EN 28 | Non-compliance | 30 |
| EN 30 | Environmental expenditure | n/a |
| 7 | LABOUR PRACTICES & DECENT WORK PERFORMANCE INDICATORS | |
| LA 1 | Total workforce | 21, 38 |
| LA 7 | Incidents and absence | 20, 38 |
| LA 8 | Education, training, support | 22, 23 |
| LA 13 | Diversity | 22, 38 |
| 8 | HUMAN RIGHTS PERFORMANCE INDICATORS | |
| HR4 | Discrimination cases | 9, 23 |
| HR6 | Measures taken to eliminate child labour | 16, 23 |
| 9 | SOCIETY PERFORMANCE INDICATORS | |
| SO 1 | Community programmes | 17, 35, 36, 39 |
| SO 8 | Fines and non-compliance | 30, 39 |
| 10 | PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS | |
| PR 2 | Health & safety incidents (customers) | 14, 39 |
| PR 5 | Customer satisfaction | 13 |

*GRI = Global Reporting Initiative

GLOSSARY

| | |
|------------------|--|
| CFC | Chlorofluorocarbon |
| CO ₂ | Carbon dioxide |
| CO _{2e} | Carbon dioxide equivalent |
| CSR | Corporate social responsibility |
| EUR or € | Euros |
| GHG | Greenhouse gases |
| GRI | Global Reporting Initiative |
| Guest night | Person staying at hotel for one night |
| GWh | Gigawatt hours |
| HR | Human resources |
| IIP | Investors In People |
| ISO | International Standards Organisation |
| k | Thousand units e.g. 50k = 50,000 |
| kWh | Kilowatt hours |
| KPI | Key performance indicator |
| LED | Light emitting diode |
| LEED | Leadership in Energy and Environmental Design |
| Occupancy rate | % of rooms available that are occupied |
| OHSAS | Occupational Health & Safety Assessment Series |
| SERAM | Social Environmental Reporting And Management tool |

“ We avoid acronyms wherever possible, but sometimes they are necessary... ”

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